



Annual Report 2020



Rated 'AM1' by VIS

CORPORATE INFORMATION

Board of Directors

Azhar Hamid (Chairman)

Yasir Qadri (Chief Executive Officer)

Syed Furrukh Zaeem

Naz Khan*

Arif Akmal Saifie

Sadia Saeed

Imran Sarwar

Audit Committee

Naz Khan* (Chair)

Imran Sarwar

Sadia Saeed

Arif Akmal Saifie

Risk and Compliance Committee

Imran Sarwar (Chairman)

Syed Furrukh Zaeem

Yasir Qadri

Azhar Hamid

Arif Akmal Saifie

HR & Compensation Committee

Azhar Hamid (Chairman)

Naz Khan*

Syed Furrukh Zaeem

Sadia Saeed

Yasir Qadri

Shariah Advisory Board

Mufti Muhammad Hassaan Kaleem
Member

Mufti Muhammad Najeeb Khan
Member

**Resigned effective July 20, 2020.*

Chief Financial Officer

Umair Ahmed

Company Secretary

Bilal Javaid

Registered Office

4th Floor, STSM Building,
Beaumont Road, Civil Lines,
Karachi, Pakistan.

Head Office

4th Floor, STSM Building,
Beaumont Road, Civil Lines,
Karachi, Pakistan.

UAN: (92-21) 111-825-262

Fax: (92-21) 32214930

Date of incorporation of the Management

Company/ Pension Fund Manager

Incorporated in Pakistan on
3 April 2001 as a Public Limited
Company under the Companies
Ordinance, 1984

Management Quality Rating

AM1 by VIS Credit Rating Company

Funds Under Management

UBL Liquidity Plus Fund

Launch Date: 21 June 2009

UBL Government Securities Fund

Launch Date: 27 July 2011

UBL Money Market Fund

Launch Date: 14 October 2010

UBL Income Opportunity Fund

Launch Date: 29 March 2013

UBL Growth & Income Fund

Launch Date: 2 March 2006

UBL Asset Allocation Fund

Launch Date: 20 August 2013

UBL Stock Advantage Fund

Launch Date: 4 August 2006

Al-Ameen Islamic Sovereign Fund

Launch Date: 07 November 2010

Al-Ameen Islamic Aggressive Income Fund

Launch Date: 20 October 2007

Al-Ameen Islamic Cash Fund

Launch Date: 17 September 2012

Al-Ameen Shariah Stock Fund

Launch Date: 24 December 2006

Al-Ameen Islamic Asset Allocation Fund

Launch Date: 10 December 2013

Al-Ameen Islamic Cash Plan-I

Launch Date: 29 May 2020

Al-Ameen Islamic Dedicated Equity Fund

Launch Date: 05 Jan 2016

Al- Ameen Islamic Financial Planning Fund - II

Launch Date: 21 February 2017

UBL Pakistan Enterprise Exchange Traded Fund

Launch Date: 24 March 2020

UBL Financial Planning Fund

Launch Date: 28 September 2017

Al- Ameen Islamic Financial Planning Fund - III

Launch Date: 28 May 2018

UBL Dedicated Equity Fund

Launch Date: 29 May 2018

UBL Financial Sector Fund

Launch Date: 06 April 2018

UBL Special Saving Fund

Launch Date: 09 November 2018

UBL Cash Fund

Launch Date: 23 September 2019

Conventional Investment Plans

UBL Mahana Munafa Plan

UBL Children Savings Plan

UBL Equity Builder Plan

UBL Wealth Builder Plan

Islamic Investment Plans

Al-Ameen Mahana Munafa Plan

Al-Ameen Children Savings Plan

Al-Ameen Equity Builder Plan

Al-Ameen Wealth Builder Plan

Al-Ameen Hajj Savings Plan

Al- Ameen Islamic Financial Planning Fund

Launch Date: 23 June 2015

UBL Retirement Savings Fund

Launch Date: 10 May 2010

Al-Ameen Islamic Retirement Savings Fund

Launch Date: 10 May 2010

Al-Ameen Islamic Energy Fund

Launch Date: 13 December 2019

Al-Ameen Islamic Special Saving Plan-II

Launch Date: 09 March 2020

Al-Ameen Islamic Aggressive Income Plan-I

Launch Date: 16 April 2020



DIRECTORS' REPORT

The Board of Directors of UBL Fund Managers Limited is pleased to present to you the reports of its **UBL Liquidity Plus Fund (ULPF)**, **UBL Money Market Fund (UMMF)**, **UBL Cash Fund (UCF)**, **UBL Government Securities Fund (UGSF)**, **UBL Income Opportunity Fund (UIOF)**, **UBL Growth and Income Fund (UGIF)**, **UBL Asset Allocation Fund (UAAF)**, **UBL Stock Advantage Fund (USF)**, **UBL Dedicated Equity Fund (UDEF)**, **UBL Financial Sector Fund (UFSF)**, **UBL Financial Planning Fund** [comprising UBL Active Principal Preservation Plan I (UAPPP-I), UBL Active Principal Preservation Plan II (UAPPP-II), UBL Active Principal Preservation Plan III (UAPPP-III)], **UBL Pakistan Enterprise Exchange Traded Fund (UPEETF)**, **UBL Special Saving Fund (USSF)** [comprising UBL Special Savings Plan - I (USSP-I), UBL Special Savings Plan - II (USSP-II), UBL Special Savings Plan - III (USSP-III), UBL Special Savings Plan - IV (USSP-IV), UBL Special Savings Plan - V (USSP-V) and UBL Special Savings Plan - VI (USSP-VI)], and **UBL Special Saving Fund II (USSF II)** [comprising UBL Special Savings Plan VIII (USSP-VIII)] for the year ended June 30, 2020.

ECONOMY REVIEW – FY20

The fiscal year 2019-20 remained challenging for the country, with the real GDP growth slumping to -0.38% as compared to 1.91% in the FY19. The slowdown in economic activities persisted in the 1H FY20 as the earlier stabilization measures taken by authorities came in effect. However, with the outbreak of Covid-19 the situation got further vulnerable after the mid of March '20 as the country went in strict lockdown for almost 2 months which stopped all the economic activities in the country and earlier expectations of recovery by 2QCY20 were turned down as this global pandemic has created severe impact on country's overall aggregate demand. The said vulnerabilities also reflected in 10MFY20 LSM data, declining by 8.68% YoY. The major fall came from automobiles, petroleum, Iron and steel products, pharmaceutical and chemicals. In order to face the extraordinary circumstances and to restrain the economic growth, both monetary and fiscal authorities took severe measures including: 1) a hefty reduction in policy rates of 625 bps since March '20, declining from 13.25% to 7%, 2) approval of a rapid financing facility of USD1.4bn by IMF along with some other inflows from International Financial Institutions to meet immediate fiscal and external financing requirements 3) government decision to defer the hike in utility prices.

Average headline inflation for FY20 rose to 10.7%, significantly higher than average headline inflation of 7.3% in FY19. The uptick in FY20 inflation was brought about by higher food prices, partly due to supply and administrative issues, while non-food inflation remained relatively controlled owing to lower fuel prices, subdued increase in house rents and weak domestic demand. We expect headline inflation numbers to remain muted during the next 6-7 months on account of subdued commodity prices, gradual and back-loaded increase in utility tariffs, few new taxation measures in the budget and high base effect of last year. In view of subdued inflation outlook, a manageable external account position and weak domestic economic activity, SBP further cut its policy rate by 100 bps to 7.0% in an unscheduled monetary policy review meeting during the month. We think the current easing cycle is nearing an end as risks to growth, inflation and macroeconomic stability look more balanced now. A normalizing yield curve corroborates our view.

On external front, encouraging improvement has been witnessed as the 11MFY20 current account deficit significantly reduced by 74% from USD 12.4 bn to USD 3.2 bn. The primary reason for a decline in current account deficit was a significant decline of 20% YoY in imports (down from USD 57.9 bn to USD 46.6 bn). The major decline in imports came from Petroleum, Textile and Other manufacturing group. Exports also declined by 7% YoY (down from USD 27.9 bn to USD 25.9 bn), however, remittances increased from USD 21.7 bn in FY19 to USD 23.1 bn in FY20 showing a growth of 6.4% YoY. Moreover, with heavy debt inflows overall balance of payment position witnessed a surplus of USD 3.4 bn as against negative balance of USD 1.1 bn in SPLY.

On the fiscal side, fiscal deficit on 10MFY10 came in at 5.3% (PKR 2,222 bn) vs 5.6% (PKR 2,128 bn) in SPLY and primary deficit was -0.5% in 10MFY20 as compared to 1.4% primary deficit in SPLY. We expect FY20 to close with a deficit of 9-10% on account of weak collections & higher expenditure in 4QFY20 due to Covid19 related developments. For FY21, the Government is targeting a fiscal deficit of ~7% of GDP. However, we expect the Government to overshoot the aforementioned number by 1-2% on account of lower collections & higher expenditure despite decreasing local borrowing cost.

DEBT MARKET REVIEW

During FY20, market appetite for the government securities remained strong. In twelve PIB auctions in FY20, heavy participation amounting to PKR ~5 trillion was observed. Out of these Government preemptively accepted PKR ~1.9 trillion. Strong participation was mainly on the back of interest rate's peaked-out expectation in the beginning of the financial year along with the overall improvement in the fiscal position and estimates of higher external financing. Due to momentous demand, Government leveraged its position by slashing the cut off rates by 628, 536 and 456 bps for 3Y, 5Y and 10Y PIBs, respectively during the Fiscal year 2020.

In case of floating rate PIBs, Government introduced 3Y floater PIB and 5Y floater PIB in addition to the existing 10Y floater PIB from June'20. Total participation of PKR ~1,578 billion was observed in the floating rate PIB against the target of PKR ~900 billion. While Government accepted PKR ~818 billion during FY'20.

Government has started issuance of 5-Years floating rate Ijara Sukuk since April'20 and successfully conducted 3 auctions and accepted PKR 197 billion against the target of PKR 225 billion.

Till August 2019, market bid mostly for the 3 months T-Bills. However, in the anticipation of declining interest rate scenario, heavy participation in the 12M T-Bills was observed in the subsequent auctions. Yield curve comparison is given below:

Tenor	PKRV as on 30-06-2019 (%)	PKRV as on 30-06-2020 (%)	Change (%)
3-Months	12.75	7.15	-5.6
6-Months	12.85	7.09	-5.76
12-Months	13.13	7.05	-6.08
3-Years	13.85	7.55	-6.3
5-Years	13.88	8.14	-5.74
10-Years	13.72	8.71	-5.01

STOCK MARKET REVIEW FOR FY20

After a strong recovery of ~50% from its low of 28,764 points and touching its peak of 43,200 points during the mid-Jan'20, the benchmark index succumbed to host of negative triggers eroding all previous gains and appeared as worst performing since Dec'08 in the month of March'20. Major catalysts for sluggish performance of the index included 1) outbreak of Covid-19 pandemic, 2) significant fall in global oil prices as the OPEC+ members couldn't reach an agreement in the late Feb'20 3) disruption in global demand and supply and 4) fear of economic slowdown due to Covid-19. However, later the benchmark index recouped much of its losses and closes FY20 with minimal gains of 1.5% YoY primarily due to 1) significant decline in policy rate by 625 bps from 13.25% to 7% as an emergency response by the Central Bank, ii) recovery in global oil prices, iii) approval of a rapid financing facility of USD 1.4 bn by IMF along with USD 3 bn inflow from International Financial Institutions and Commercial Banks to meet immediate fiscal and external financing requirements iv) a host of relief measures announced by the federal government to lessen the impact of Covid-19 on different sectors of the economy & v) further decline in money market yields.

Further, fear of economic slowdown and economic uncertainty created by Covid-19 forced the foreign investors to remain net seller in the equity market with offloading shares worth USD 284 mn. On the contrary, local Individuals and insurance companies bought equities worth USD213mn /128 mn respectively. In terms of activity, average volume and value traded during the period under review stood at 135 mn shares and PKR 6.2bn, up 40% / 18% YoY, respectively. Moreover, Sector wise Pharmaceuticals and Cements outperformed KSE100 by 61% and 38%, whereas Banks and E&Ps lagged the benchmark index by 12% and 9%, respectively.

COMMODITY MARKET REVIEW

On commodities front, Gold outperformed the other commodities during the period under review, increasing by 22.6% YoY. During the 1HFY20, Gold prices remained volatile but later started increasing mainly due to dismal performance of global equity markets and lower economic growth. Further, the uncertainty created by Covid-19 pandemic pushed investors toward the safe haven asset classes like Gold which led the spike in Gold prices.

On the other end, Crude oil prices (Brent) declined by 37.6% YoY from USD 64.0/BBL during the start of FY20 to USD 39.9/BBL in the end of FY20. The primary reason for significant decline in oil prices was price war between the OPEC and its allies as they were unable to agree on production cuts. With the price war between both, crude oil prices went down below \$15/bbl. However, later the crude oil prices recovered as both agreed for production cuts as the fear of Covid-19 dampened global oil demand.

FUTURE OUTLOOK

The fiscal year 2020 remained extremely challenging for the Pakistan economy, as earlier measures taken by authorities to stabilize along with expectation of recovery in the economy in late 2HFY20 were turned down due to exaggerated impact created by the Covid-19 pandemic. However, going forward with the authorities' focus shifting towards revival of economy and supporting growth and employment,



we believe going forward economic activity would recover and GDP growth will improve. With resumption of IMF program in 2QFY21 overall macro indicators are expected to improve.

Inflation is expected in the range of 6-8% during FY21 mainly due to high base impact. We expected inflation to bottom out in Jan'20. After 625 bps cut in policy rate, real interest rates have turned negative at the moment, however, they are expected to be positive going forward due substantial decline in inflation.

On the external front, we expect current account deficit to remain contained as subdued commodity prices and services imports neutralize the impact of lower exports and remittances. Further, with the deferral in debt repayments for the next 12 months, Government is likely to achieve balance of payments stability. For the FY21 we expect CAD to remain in range of USD 4.5-5.5 bn and overall balance of payments is expected to be positive by USD1-2 bn.

On the fiscal side, we expect budget deficit to remain elevated in the range of 9-10% of GDP during FY20 because of weak revenue collection and high current expenditures in the 4QFY20. In the budget FY20-21, no major new taxes have been levied rather hefty tax relief has been provided by the Government along with high current expenditures, this altogether has left very limited room on fiscal side. Thus, it is expected that fiscal challenges will persist also in FY21 and fiscal deficit can remain in range of 8-9% during FY21.

We believe economy is expected to recover from recession and GDP growth is expected to be 2.1% in FY21 therefore attractive valuation along with improving economic fundamentals in FY21 forced us to hold a sanguine view on domestic equity market. Even after downgrading our earnings due to Covid-related slowdown and lower oil prices, earnings yield differential from 10Y PIB yield is over 4.0% (12.8% vs 8.74%), much higher than the average yield differential of 0.7% over the last 10 years.

At current levels, the market is trading at an undemanding PE of 7.4x against historical average of ~8.5x and a P/B of 1.0x v/s. historical average of 1.8x leaving further room for rerating, offering attractive dividend yields of 6.1% much higher as compared to regional average DY of ~3.0%. The market cap to GDP currently stands at 15.3%. Further, after the recent rates cut and lower returns from other investment avenues equity remains much attractive.

Fund Performance and Announcements

1) UBL LIQUIDITY PLUS FUND (ULPF)

The Fund earned total income of PKR 1,272.634 million for the year ended June 30, 2020 which mainly includes markup / interest income on bank balances, Government Securities. After accounting for the expenses of PKR 124.520 million, the Fund managed to earn a net income of PKR 1,148.114 million. The net assets of the Fund were PKR 19,465.281 million as at June 30, 2020 representing the net asset value of PKR 100.9783 per unit.

The Chief Executive under the authority granted by the Board of Directors approved interim distributions of PKR 1,134.408 million to the unit holders.

VIS Credit Rating Company Limited has reaffirmed the AA(f) rating of the Fund during the year.

2) UBL CASH FUND (UCF)

The Fund earned total income of PKR 114.444 million for the year ended June 30, 2020 which mainly includes markup / interest income on bank balances, term deposit receipts, Government Securities and. After accounting for the expenses of PKR 4.897 million, the Fund managed to earn a net income of PKR 109.547 million. The net assets of the Fund were PKR 1,819.304 million as at June 30, 2020 representing the net asset value of PKR 100.0410 per unit.

The Chief Executive under the authority granted by the Board of Directors approved interim distributions of PKR 43.886 million to the unit holders.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned and maintained the AA+(f) rating of the Fund during the year.

3) UBL MONEY MARKET FUND (UMMF)

The Fund earned total income of PKR 576.754 million for the year ended June 30, 2020 which mainly includes markup / interest income on bank balances, placements and Government Securities. After accounting for the expenses of PKR 66.44 million, the Fund managed to earn a net income of PKR 510.310 million. The net assets of the Fund were PKR 5,049.781 million as at June 30, 2020 representing the net asset value of PKR 100.7142 per unit.



The Chief Executive under the authority granted by the Board of Directors approved interim distribution of PKR 12.1955 per unit to the unit holders during the period ended June 29, 2020 i.e. (12.20%).

VIS Credit Rating Company Limited has reaffirmed the AA(f) rating of the Fund during the year.

4) UBL GOVERNMENT SECURITIES FUND (UGSF)

The Fund earned total income of PKR 404.051 million for the year ended June 30, 2020 which mainly includes markup / interest income on bank balances, term deposit receipts, Government Securities and. After accounting for the expenses of PKR 48.662 million, the Fund managed to earn a net income of PKR 355.389 million. The net assets of the Fund were PKR 3,156.763 million as at June 30, 2020 representing the net asset value of PKR 105.6231 per unit.

The Chief Executive under the authority granted by the Board of Directors approved interim distribution of PKR 15.8363 per unit to the unit holders i.e. (15.84%).

VIS Credit Rating Company Limited has reaffirmed the A+(f) rating of the Fund during the year.

5) UBL INCOME OPPORTUNITY FUND (UIOF)

The Fund earned total income of PKR 104.684 million for the year ended June 30, 2020, which mainly includes markup / interest income on bank balances, placements, government securities, corporate bonds / sukuks and investment in margin trading system. After accounting for the expenses of PKR 14.014 million, the Fund managed to earn a net income of PKR 90.670 million. The net assets of the Fund were PKR 607.342 million as at June 30, 2020 representing the net asset value of PKR 110.0966 per unit.

The Chief Executive under the authority granted by the Board of Directors approved interim distribution of PKR 17.4593 per unit to the unit holders during the period ended June 26, 2020 i.e. (17.46%).

VIS Credit Rating Company Limited has reaffirmed the A-(f) rating of the Fund during the year.

6) UBL GROWTH & INCOME FUND (UGIF)

The Fund earned total income of PKR 242.469 million for the year ended June 30, 2020 which mainly includes markup / interest income on bank balances, Government Securities, Corporate Sukuks. After accounting for the expenses of PKR 33.467 million, the Fund managed to earn a net income of PKR 209.001 million. The net assets of the Fund were PKR 877.591 million as at June 30, 2020 representing the net asset value of PKR 84.9655 per unit.

The Chief Executive under the authority granted by the Board of Directors approved interim distribution of PKR 11.6753 per unit to the unit holders during the period ended June 26, 2020 i.e. (11.68%).

VIS Credit Rating Company Limited has reaffirmed the A(f) rating of the Fund during the year.

7) UBL STOCK ADVANTAGE FUND (USF)

The Fund earned a total income of PKR 346.949 million for the year ended 30 June, 2020 (including an unrealized loss of PKR 168.102 million on re-measurement of investments). The earnings of the Fund represent Capital Gain, income from bank balances and dividends. After accounting for expenses of PKR 210.402 million. The net assets of the Fund were PKR 5,758.755 million as at June 30, 2020 representing the net asset value of PKR 60.17 per unit.

8) UBL ASSET ALLOCATION FUND (UAAF)

The Fund earned a total income of PKR 160.228 million for the year ended 30 June 2020 (including unrealized loss of PKR 1.180 million). The earnings of the Fund mainly include income from Government Securities, bank balances, / Corporate TFC's, Term Deposits Receipts amounting to PKR 89.428 and dividend income of PKR 26.485 million. After accounting for expenses of PKR 30.135 million, the net income of the Fund amounted to Rs. 130.093 million. The net assets of the Fund were PKR 926.274 million as at June 30, 2020 representing the net asset value of PKR 136.2837 per unit.

The Chief Executive under the authority granted by the Board of Directors approved interim distribution of PKR 10.8102 per unit to the unit holders during the period ended June 30, 2020 i.e. (10.81%).



9) UBL DEDICATED EQUITY FUND - (UDEF)

The Fund incurred a gross loss of PKR 0.303 million for the period ended 30 June 2020 (including realized loss of PKR 11.540 million). The earnings of the Fund represent income from bank balances, gains on investments and dividends. After accounting for expenses of PKR 6.813 million, the Fund incurred a net loss of PKR 7.116 million. The net assets of the Fund were PKR 36.568 million as at June 30, 2020 representing the net asset value of PKR 86.2142 per unit.

10) UBL FINANCIAL SECTOR FUND - (UFSE)

The Fund incurred a total loss of PKR 83.167 million for the period ended 30 June 2020. The earnings of the Fund represent income from bank balances, realized and unrealized gains on investments and dividends. After accounting for expenses of PKR 29.527 million, the Fund incurred a net loss of PKR 112.694 million. The net assets of the Fund were PKR 626.295 million as at June 30, 2020 representing the net asset value of PKR 67.9130 per unit.

11) UBL FINANCIAL PLANNING FUND (UFPF)

UFPF consists of the following plans:

a) UBL Active Principal Preservation Plan - I

The Plan earned a total income of PKR 3.548 million for the period ended 30 June 2020. The earnings of the Plan represent income from bank balances and capital gains from sale of investments. After accounting for expenses of PKR 0.624 million, the Plan managed to earn a net income of PKR 2.924 million. The net assets of the Plan were PKR 51.658 million as at June 30, 2020 representing the net asset value of PKR 103.7512 per unit.

b) UBL Active Principal Preservation Plan - II

The Plan earned a total income of PKR 6.733 million for the period ended 30 June 2020. The earnings of the Fund represent income from bank balances, term deposits receipts and capital gains from sale of investments. After accounting for expenses of PKR 2.324 million, the Plan managed to earn a net income of PKR 4.409 million. The net assets of the Plan were PKR 194.359 million as at June 30, 2020 representing the net asset value of PKR 101.6049 per unit.

The Chief Executive under the authority granted by the Board of Directors approved interim distribution of PKR 1.9860 per unit to the unit holders i.e. (1.99%).

c) UBL Active Principal Preservation Plan - III

The Plan earned a total income of PKR 5.019 million for the period ended 30 June 2020. The earnings of the Plan represent income from bank balances, term deposits receipts and capital gains from sale of investments. After accounting for expenses of PKR 0.676 million, the Plan managed to earn a net income of PKR 4.343 million. The net assets of the Plan were PKR 155.098 million as at June 30, 2020 representing the net asset value of PKR 101.2829 per unit.

12) UBL PAKISTAN ENTERPRISE EXCHANGE TRADED FUND (UBLPEETF)

The Fund earned a total income of PKR 0.639 million for the period from 20 March, 2020 to 30 June, 2020. The earnings of the Fund represent income from bank balances and dividends. After accounting for expenses of PKR 0.1620 million. The net assets of the Fund were PKR 36.326 million as at June 30, 2020 representing the net asset value of PKR 11.5321 per unit.

The Chief Executive under the authority granted by the Board of Directors approved interim distribution of PKR 0.0655 per unit to the unit holders during the period ended June 24, 2020 i.e. (0.07%).

13) UBL SPECIAL SAVINGS FUND

USSF consists of the following plans:

a) UBL SPECIAL SAVINGS PLAN - I (USSP – I)

The Plan earned a total income of PKR 50.093 million for the period ending 30 June 2020. The earnings of the Plan represent markup / interest income on bank balances and Government Securities. After accounting for expenses of PKR 7.695 million, the Plan managed to earn a net income of PKR 42.398 million. The net assets of the Plan were PKR 330.953 million as at June 30, 2020 representing the net asset value of PKR 107.0617 per unit.



The Chief Executive under the authority granted by the Board of Directors approved interim distributions of PKR 39.603 million to the unit holders.

b) UBL SPECIAL SAVINGS PLAN - II (USSP – II)

The Plan earned a total income of PKR 103.431 million for the period ending 30 June 2020. The earnings of the Fund represent markup / interest income on bank balances and Government Securities. After accounting for expenses of PKR 11.914 million, the Plan managed to earn a net income of PKR 91.517 million. The net assets of the Plan were PKR 743.144 million as at June 30, 2020 representing the net asset value of PKR 107.0269 per unit.

The Chief Executive under the authority granted by the Board of Directors approved interim distributions of PKR 85.535 million to the unit holders.

c) UBL SPECIAL SAVINGS PLAN - III (USSP – III)

The Plan earned a total income of PKR 32.570 million for the period ending 30 June 2020. The earnings of the Plan represent markup / interest income on bank balances and Government Securities. After accounting for expenses of PKR 3.216 million, the Plan managed to earn a net income of PKR 29.354 million. The net assets of the Plan were PKR 122.480 million as at June 30, 2020 representing the net asset value of PKR 111.3854 per unit.

The Chief Executive under the authority granted by the Board of Directors approved interim distributions of PKR 14.2 million to the unit holders.

d) UBL SPECIAL SAVINGS PLAN - IV (USSP – IV)

The Plan earned a total income of PKR 28.081 million for the period ending 30 June 2020. The earnings of the Plan represent markup / interest income on bank balances and Government Securities. After accounting for expenses of PKR 3.178 million, the Plan managed to earn a net income of PKR 24.903 million. The net assets of the Plan were PKR 200.280 million as at June 30, 2020 representing the net asset value of PKR 106.1967 per unit.

The Chief Executive under the authority granted by the Board of Directors approved interim distributions of PKR 23.674 million to the unit holders.

e) UBL SPECIAL SAVINGS PLAN - V (USSP – V)

The Plan earned a total income of PKR 642.427 million for the period ending 30 June 2020. The earnings of the Plan represent markup / interest income on bank balances and Government Securities. After accounting for expenses of PKR 26.41 million, the Plan managed to earn a net income of PKR 616.012 million. The net assets of the Plan were PKR 5,164.633 million as at June 30, 2020 representing the net asset value of PKR 101.0475 per unit.

The Chief Executive under the authority granted by the Board of Directors approved interim distributions of PKR 651.282 million to the unit holders

f) UBL SPECIAL SAVINGS PLAN - VI (USSP – VI)

The Plan earned a total income of PKR 24.663 million for the period ending 30 June 2020. The earnings of the Plan represent markup / interest income on bank balances and Government Securities. After accounting for expenses of PKR 2.506 million, the Plan managed to earn a net income of PKR 22.157 million. The net assets of the Plan were PKR 171.117 million as at June 30, 2020 representing the net asset value of PKR 103.2856 per unit.

The Chief Executive under the authority granted by the Board of Directors approved interim distributions of PKR 22.064 million to the unit holders

14) UBL SPECAIL SAVINGS FUND II (USSF II):

USSF II comprises of UBL Special Savings Plan VIII (USSP-VIII). The Plan earned a total income of PKR 7.012 million for the period ended 30 June 2020. The earnings of the Plan represent markup / interest income on bank balances and Government Securities. After accounting for expenses of PKR 1,182 million, the Plan managed to earn a net income of PKR 5.830 million. The net assets of the Plan were PKR 154.286 million as at June 30, 2020 representing the net asset value of PKR 101.6827 per unit.



The Chief Executive under the authority granted by the Board of Directors approved interim distributions of PKR 8.026 million to the unit holders.

STRATEGY, REVIEW AND OUTLOOK OF FUNDS

For Strategy, Review and Outlook of funds, please refer the respective sections of the Fund Manager's Report for the year.

CORPORATE GOVERNANCE

The Management Company is committed to high standards of corporate governance and the Board of Directors is accountable to the stakeholders for good corporate governance. Management is continuing to comply with the provisions of best practices set out in the code of corporate governance particularly with regard to independence of non-executive directors.

A formal and effective mechanism is put in place for an annual evaluation of the Board's own performance.

The Board has an approved Director Remuneration Policy for remuneration of independent (non-executive) directors. The main objective of the policy is to define the principles to attract and retain high-caliber, experienced Independent directors (Non-Executive) by offering market competitive fee levels as required by the Listed Companies (Code of Corporate Governance) Regulations 2019. The Independent Directors are entitled to a fee for attending Board meetings and Board Committee meetings as per Directors remuneration policy.

Risk framework and Internal Control System:

The Management Company has in place an approved Risk Management Policy that provides the framework to manage risks associated with its activities. It is designed to identify, assess, monitor and manage risks emanating from across the entity.

The Management Company follows Enterprise Risk Management (ERM) which is a process, ongoing and flowing through an entity effected by people at every level of an organization applied in strategy setting applied across the enterprise, at every level and unit, and includes taking an entity-level portfolio view of risk designed to identify potential events that, if they occur, will affect the entity and to manage risk within its risk appetite.

The following specific statements are being given to comply with the best practices of corporate governance:

- Financial Statements of Funds present fairly the statement of affairs, the results of operations, cash flows and the changes in unit holder's fund;
- Proper books of accounts have been maintained by the Funds;
- Appropriate accounting policies have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgments;
- Relevant International Financial Reporting Standards, as applicable in Pakistan, provision of the Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003, Non-Banking Finance Companies and Notified Entities Regulations, 2008, requirements of the Trust Deed and directives issued by the Securities & Exchange Commission of Pakistan have been followed in the preparation of the financial statements;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- There are no significant doubts upon the Funds' ability to continue as going concern, except for UBL Active Principal Preservation Plan – I, UBL Active Principal Preservation Plan – II, UBL Active Principal Preservation Plan – III since these have been prepared on a basis other than going concern as these plans are due to mature on or before June 30, 2021.
- There has been no material departure from the best practices of corporate governance, as detailed in the Listed Companies (Code of Corporate Governance) Regulations 2019;
- Performance table of Funds and pattern of unit holding is given in the Annual report;
- The statement as to the value of investments of provident fund is not applicable on the Funds but applies to the Management Company; hence no disclosure is made in the Directors' Report of the Funds;



- Outstanding statutory payments on account of taxes, duties, levies and charges, if any have been fully disclosed in the financial statements;

UBL Fund Managers Limited has total seven directors:

- Male: Five Directors;
- Female: Two Directors

The composition of Board is as follows:

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

* Ms. Naz Khan has resigned effective July 20, 2020

** Mr. Arif Akmal Saifie was appointed as a director effective March 20, 2020

*** Mr. Tauqeer Mazhar resigned as a director effective January 30, 2020

The UBL Fund Managers Board's primary responsibility is to supervise affairs of the Company and provide direction to its management. The management is responsible to keep the Board informed regarding Company's affairs and effectively implement directions and guidelines given by the Board.

The Board, in exercise of effective governance and internal control system, strives to balance the spectrum of stakeholders of the Company, including its shareholders, unit holders of funds under management, customers, employees, regulators and the communities in which it operates. In all actions taken by the Board, the Directors exercise independent business judgment in what they reasonably believe to be in the best interests of the Company.

According to best corporate governance practices, the Board of directors of UBL Fund Managers Limited has established several Board Committees to augment Risk Management, Internal Control system and good corporate governance throughout the entity. These Committees facilitate the Board and the Management on issues related to their particular area of competence.

The Board has the following committees:

Board Audit Committee

Name	Designation	Type of Directorship
Ms. Naz Khan*	Chairman	Independent Director
Mr. Arif Akmal Saifie**	Member	Non-Executive Director
Mr. Imran Sarwar	Member	Non-Executive Director
Ms. Sadia Saeed,	Member	Non-Executive Director
Mr. Tauqeer Mazhar***	Member	Non-Executive Director

Board Human Resource and Compensation Committee

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

Board Risk and Compliance Committee

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

* Ms. Naz Khan has resigned effective July 20, 2020

** Mr. Arif Akmal Saifie was appointed as a director effective March 20, 2020

*** Mr. Tauqeer Mazhar resigned as a director effective January 30, 2020

MEETINGS OF THE BOARD OF DIRECTORS (BOD)

During the year, six (6) meetings of the Board of Directors of the Management Company were held. The details of the attendance are as under:

Name of Directors	Meetings attended	----- DATES -----					
		30-Aug-2019	17-Sep-19	29-Oct-19	9-Dec-19	25-Feb-20	30-Apr-20
Mr. Arif Akmal Saifie *	1	N/A	N/A	N/A	N/A	N/A	✓
Mr. Azhar Hamid	6	✓	✓	✓	✓	✓	✓
Mr. Imran Sarwar	5	✓	✓	✓	✓	x	✓
Mr. Yasir Qadri	6	✓	✓	✓	✓	✓	✓
Ms. Naz Khan **	6	✓	✓	✓	✓	✓	✓
Ms. Sadia Saeed	5	x	✓	✓	✓	✓	✓
Syed Furrukh Zaeem	5	✓	✓	✓	✓	x	✓
Mr. Tauqeer Mazhar ***	4	✓	✓	✓	✓	N/A	N/A
Names of Key Executives							
Mr. Bilal Javaid ****	3	N/A	N/A	N/A	✓	✓	✓
Mr. Umair Ahmed	6	✓	✓	✓	✓	✓	✓
S.M. Aly Osman *****	3	✓	✓	✓	N/A	N/A	N/A
* Mr. Arif Akmal appointed as a director effective March 20, 2020							
** Ms. Naz Khan resigned as a director effective July 20, 2020							
*** Mr. Tauqeer Mazhar resigned a director effective January 30, 2020							
**** Mr. Bilal Javaid appointed as Company Secretary effective February 25, 2020							
***** S.M. Aly Osman resigned as Company Secretary effective November 30, 2019							

MEETINGS OF THE BOARD AUDIT COMMITTEE (BAC)

During the year ended June 30, 2020 six (6) BAC meetings held. The details of attendance are as under:

Name of Directors	Meetings attended	----- DATES -----					
		29-Aug-2019	16-Sep-19	28-Oct-19	24-Feb-20	2-Mar-20	29-Apr-20
Mr. Arif Akmal Saifie *	1	N/A	N/A	N/A	N/A	N/A	✓
Mr. Imran Sarwar	5	✓	✓	✓	x	✓	✓
Ms. Naz Khan **	6	✓	✓	✓	✓	✓	✓
Ms. Sadia Saeed	5	x	✓	✓	✓	✓	✓
Mr. Tauqeer Mazhar ***	3	✓	✓	✓	N/A	N/A	N/A
Names of Key Executives							
Mr. Mubeen Ashraf ****	1	N/A	N/A	N/A	N/A	N/A	✓
Mr. Umair Ahmed	6	✓	✓	✓	✓	✓	✓
S.M. Aly Osman *****	3	✓	✓	✓	N/A	N/A	N/A
* Mr. Arif Akmal appointed as a director effective March 20, 2020							
** Ms. Naz Khan resigned as a director effective July 20, 2020							
*** Mr. Tauqeer Mazhar resigned as a director effective January 30, 2020							
**** Mr. Mubeen Ashraf appointed as Head of Internal Audit (Secretary to BAC) with effect from March 20, 2020							
***** S.M. Aly Osman resigned as Head of Internal Audit with effect from November 30, 2019							

MEETINGS OF THE BOARD HUMAN RESOURCE COMPENSATION COMMITTEE (HRCC)

During the year ended June 30, 2020 five (5) HRCC meetings were held. The details of attendance are as under:

Name of Directors	Meetings attended	----- DATES -----				
		12-Sep-2019	30-Oct-19	12-Nov-19	13-Feb-20	5-May-20
Mr. Azhar Hamid	5	✓	✓	✓	✓	✓
Ms. Naz Khan *	5	✓	✓	✓	✓	✓
Ms. Sadia Saeed	5	✓	✓	✓	✓	✓
Mr. Farrukh Zaeem	4	✓	✓	✓	x	✓
Mr. Yasir Qadri	5	✓	✓	✓	✓	✓
Names of Key Executives						
Mr. Amin Gulamani	5	✓	✓	✓	✓	✓
* Ms. Naz Khan resigned as a director effective July 20, 2020						

MEETINGS OF THE BOARD RISK MANAGEMENT COMMITTEE

During the year ended June 30, 2020 four (4) BRCC meetings held. Below is the attendance of Board of Directors:

Name of Directors	Meetings attended	----- DATES -----			
		30-Aug-2019	28-Oct-19	24-Feb-19	27-Apr-20
Mr. Imran Sarwar	4	✓	✓	✓	✓
Mr. Tauqeer Mazhar *	3	✓	✓	✓	-
Mr. Syed Furrugh Zaeem	4	✓	✓	✓	✓
Mr. Yasir Qadri	4	✓	✓	✓	✓
Mr. Azhar Hamid	4	✓	✓	✓	✓
Mr. Arif Akmal Saifie **		N/A	N/A	N/A	✓
Name of Key Executive					
Mr. Hadi Hassan Mukhi	4	✓	✓	✓	✓
* Mr. Tauqeer Mazhar resigned as a director effective January 30, 2020					
** Mr. Arif Akmal appointed as a director effective March 20, 2020					

DIRECTORS' TRAINING

At present, all Directors have either attended the Directors Training Program or have minimum of 14 years of education and 15 years of experience on the Board of listed companies and therefore are exempt from the Directors Training Program.

All the directors are well conversant with the relevant laws applicable to the Fund and the Management Company, its policies and procedures and provisions of memorandum and articles of association and are aware of their duties and responsibilities.

AUDITORS

The present auditors as per table below retire on conclusion of the audit for the year ended June 30, 2020:

Sr. #	Name of Fund	Name of auditors as of June 30, 2020	Status of appointment for the year ending June 30, 2021
1	UBL Financial Sector Fund	M/s BDO Ebrahim & Co., Chartered Accountants	Eligible for re-appointment
2	UBL Government Securities Fund	M/s BDO Ebrahim & Co., Chartered Accountants	Eligible for re-appointment
3	UBL Liquidity Plus Fund	M/s Deloitte Yousuf Adil, Chartered Accountants	Eligible for re-appointment
4	UBL Stock Advantage Fund	M/s Grant Thornton Anjum Rehman	Eligible for re-appointment
5	UBL Asset Allocation Fund	M/s EY Ford Rhodes, Chartered Accountants	Eligible for re-appointment
6	UBL Dedicated Equity Fund	M/s EY Ford Rhodes, Chartered Accountants	Eligible for re-appointment

Sr. #	Name of Fund	Name of auditors as of June 30, 2020	Status of appointment for the year ending June 30, 2021
7	UBL Financial Planning Fund	M/s EY Ford Rhodes, Chartered Accountants	Eligible for re-appointment
8	UBL Growth & Income Fund	M/s EY Ford Rhodes, Chartered Accountants	Eligible for re-appointment
9	UBL Income Opportunity Fund	M/s EY Ford Rhodes, Chartered Accountants	Eligible for re-appointment
10	UBL Money Market Fund	M/s KPMG Taseer Hadi & Co., Chartered Accountants	Not eligible for re-appointment, for being statutory auditors of the fund for consecutive five years. The Audit Committee as recommended the appointment of M/s AF Ferguson & Co., Chartered Accountants as the statutory auditors of the Fund for the year 2021
11	UBL Cash Fund	M/s Deloitte Yousuf Adil, Chartered Accountants	Eligible for re-appointment
12	UBL Pakistan Enterprise Exchange Traded Fund	M/s EY Ford Rhodes, Chartered Accountants	Eligible for re-appointment
13	UBL Special Savings Fund	M/s KPMG Taseer Hadi & Co., Chartered Accountants	Eligible for re-appointment
14	UBL Special Savings Fund II	M/s Deloitte Yousuf Adil, Chartered Accountants	Eligible for re-appointment

The auditors, where being eligible, offered themselves for reappointment and where the change in the external auditors is required because of the completion of the maximum time allowed under the NBFC Regulations, the new auditors have consented to be appointed as the external auditors of the respective funds. The Audit Committee of the Board has accordingly recommended their appointment as external auditors for the year ending June 30, 2021.

Acknowledgements

We would like to thank our valued unit holders for their confidence and trust in UBL Fund Managers Limited. In addition, we would like to acknowledge the Securities and Exchange Commission of Pakistan, State Bank of Pakistan and Central Depository Company of Pakistan Limited (Trustee) for their continued support, guidance and cooperation. The Board would also like to take this opportunity to express its appreciation to the employees for their dedication, commitment, enthusiasm and hard work.



FOR & ON BEHALF OF THE BOARD OF DIRECTORS OF UBL FUND MANAGERS LIMITED

-- sd --

Yasir Qadri
(Chief Executive Officer)

-- sd --

Arif Akmal Saifie
(Director)

Karachi
Dated: September 24, 2020

ڈائریکٹرز رپورٹ

یو بی ایل فنڈ منیجرز لمیٹڈ کے بورڈ آف ڈائریکٹرز مسرت کے ساتھ درج ذیل فنڈز کی رپورٹ پیش کرتے ہیں۔ یہ رپورٹیں مالی سال 2020 کے اختتام تک ہیں:

- یو بی ایل لیکویڈٹی پلس فنڈ (یو ایل پی ایف)
- یو بی ایل منی مارکیٹ فنڈ (یو ایم ایم ایف)
- یو بی ایل کیش فنڈ (یو سی ایف)
- یو بی ایل گورنمنٹ سیکیورٹیز فنڈ (یو جی ایس ایف)
- یو بی ایل انکم آپرٹونیتی فنڈ (یو آئی او ایف)
- یو بی ایل گروتھ اینڈ انکم فنڈ (یو جی آئی ایف)
- یو بی ایل ایسیٹ ایلوکیٹن فنڈ (یو اے اے ایف)
- یو بی ایل اسٹاک ایڈوینٹج فنڈ (یو ایس ایف)
- یو بی ایل ڈیڈیٹڈ ایکویٹی فنڈ (یو ڈی ایف)
- یو بی ایل فنانشل سیکٹر فنڈ (یو ایف ایس ایف)
- یو بی ایل فنانشل پلاننگ فنڈ [جس میں:
- یو بی ایل ایکٹیوٹو پرنسپل پروزرویشن پلان I (UAPPP-I)
- یو بی ایل ایکٹیوٹو پرنسپل پروزرویشن پلان II (UAPPP-II)
- یو بی ایل ایکٹیوٹو پرنسپل پروزرویشن پلان III (UAPPP-III) شامل ہیں]
- یو بی ایل پاکستان انٹرپرائز ایکسچینج ٹریڈڈ فنڈ (یو بی ایل پی ای ای ٹی ایف)
- یو بی ایل اسپیشل سیونگز فنڈ (یو ایس ایس ایف) [جس میں:
- یو بی ایل اسپیشل سیونگز پلان I (USSP-I)
- یو بی ایل اسپیشل سیونگز پلان II (USSP-II)
- یو بی ایل اسپیشل سیونگز پلان III (USSP-III)
- یو بی ایل اسپیشل سیونگز پلان IV (USSP-IV)
- یو بی ایل اسپیشل سیونگز پلان V (USSP-V)
- یو بی ایل اسپیشل سیونگز پلان VI (USSP-VI) شامل ہیں]
- یو بی ایل اسپیشل سیونگز فنڈ II (یو ایس ایس ایف II) جس میں یو بی ایل اسپیشل سیونگز پلان VIII شامل ہے

اقتصادی جائزہ برائے مالی سال 2019-20

مالی سال 2019-20 ملک کے لئے چیلنج رہا ، حقیقی جی ڈی پی کی نمو منفی 0.38 فیصد رہی جبکہ مالی سال 2018-19 میں یہ 1.91 فیصد تھی۔ اقتصادی سرگرمیوں میں سست روی 20HFY1 میں برقرار رہی جس کی وجہ حکام کی طرف سے استحکام کے لئے اٹھائے جانے والے گزشتہ اقدامات ہیں۔ کوویڈ 19 کی وباء کے ساتھ ہی مارچ 2020 کے وسط کے بعد صورتحال مزید بدحالی سے دوچار ہوگئی کیونکہ ملک تقریباً 2 ماہ تک سخت لوک ڈاؤن میں رہا جس سے ملک کی تمام معاشی سرگرمیاں بند ہو گئیں اور 20QCY2 میں بہتری کی توقعات مدہم ہو گئیں۔ کیونکہ اس عالمی وبائی بیماری نے ملک کی مجموعی طلب کو بری طرح متاثر کیا۔

منکورہ کمزوریاں لارج سکیل مینوفیکچرنگ سیکٹر کے 20MFY10 کے اعداد و شمار سے مزید نمایاں ہوتی ہیں، جس میں 8.68% YoY کی کمی واقع ہوئی۔ سب سے زیادہ گراؤٹ آٹوموبائل، پٹرولیم، آنرن اور اسٹیل، دواسازی اور کیمیکل کی صنعتوں میں واقع ہوئی۔ غیر معمولی حالات کا سامنا کرنے اور معاشی نمو کو روکنے کے لئے، مالیاتی اور معاشی حکام نے سخت اقدامات کئے جن میں:

(1) مارچ 2020 کے بعد سے پالیسی ریٹ میں bps625 کی کمی، جو 13.25 فیصد سے کم ہو کر 7 فیصد ہو گیا ہے، IMF (2) کے ذریعے 1.4 ارب ڈالر کی فوری مالی اعانت کی سہولت کی منظوری اور بین الاقوامی مالیاتی اداروں کی طرف سے مالی اعانت کی فراہمی تاکہ فوری معاشی ضروریات اور بیرونی قرض کی ادائیگی ممکن بنی جا سکے (3) پوٹیلیٹیز کی قیمتوں میں کسی فوری اضافے کو روکنے کا حکومتی فیصلہ مالی سال 2019-20 کے لئے اوسطاً افراط زر کی شرح 10.7 فیصد رہی، جو گزشتہ مالی سال 2018-19 میں اوسطاً 7.3 فیصد تھی۔ مالی سال 2019-20 میں افراط زر میں اضافے کی وجہ اشیائے خورد و نوش کی اضافی قیمتیں تھیں، جس کی ایک وجہ فراہمی کا نظام اور انتظامی امور ہیں۔ دوسری جانب ایندھن کی قیمتوں میں کمی، گھریلو کرایوں میں معمولی اضافے اور مجموعی طلب کی کمی کی وجہ سے غیر خوراک کی افراط زر نسبتاً قابو میں رہی۔

ہم توقع کرتے ہیں کہ افراط زر کی شرح اگلے 6-7 ماہ کے دوران مستحکم رہے گی جس کی وجہ اشیائے خوردونوش کی قیمتوں میں استحکام، پوٹیلیٹیز کے نرخوں میں غیر ضروری اضافے کی روک تھام، بجٹ میں صرف چند ایک نئے ٹیکسوں کا اضافہ اور گزشتہ برس کا بیس افیکٹ ہیں۔ افراط زر کی صورتحال، بہتر بیرونی اکاؤنٹ پوزیشن اور ملکی معاشی سرگرمی میں کمی کے پیش نظر، اسٹیٹ بینک نے مالیاتی پالیسی جائزہ اجلاس میں پالیسی ریٹ کی شرح کو bps100 کم کرکے 7.0 فیصد کر دیا ہے۔

توقع کی جاتی ہے کہ موجودہ معاشی آسانئوں کا سلسلہ جلد ختم ہو جائے گا کیونکہ ترقی، افراط زر اور معاشی استحکام کو پیش نظر خطرات کافی محدود ہو چکے ہیں۔ نارمل ہوتا ہوا Yield Curve اس نظریہ کی تائید کرتا ہے۔

بیرونی محاذ پر، حوصلہ افزا بہتری دیکھنے میں آئی ہے کیونکہ 20MFY11 کرنٹ اکاؤنٹ خسارہ نمایاں طور پر 74 فیصد کی کمی سے 12.4 ارب ڈالر سے کم ہو کر 3.2 ارب ڈالر رہ گیا ہے۔ کرنٹ اکاؤنٹ خسارے میں کمی کی بنیادی وجہ درآمدات میں 20% YoY کی نمایاں کمی تھی (جو کہ 57.9 ارب ڈالر سے کم ہو کر 46.6 ارب ڈالر کی سطح پر آگئیں)۔ درآمدات میں سب سے نمایاں کمی پٹرولیم، ٹیکسٹائل اور دیگر مینوفیکچرنگ صنعتوں میں ہوئی۔

برآمدات میں بھی 7% YoY کی کمی واقع ہوئی (جو کہ 27.9 ارب ڈالر سے کم ہو کر 25.9 ارب ڈالر کی سطح پر آگئیں)، تاہم مالی سال 2019 کی نسبت مالی سال 2020 میں ترسیلات 21.7 ارب ڈالر سے بڑھ کر 23.1 ارب ڈالر ہو گئیں جو کہ 6.4% YoY کا اضافہ ہے۔ مزید برآں، بھاری قرض کی وصولی کے نتیجے میں ادائیگیوں کے توازن میں 3.4 ارب ڈالر کا سرپلس پیدا ہوا جبکہ گزشتہ سال اس مد میں 1.1 ارب ڈالر کا خسارہ تھا۔

مالیاتی رخ پر، 20MFY10 کا مالیاتی خسارہ 5.3% (2,222 ارب روپے) رہا جبکہ گزشتہ سال یہ خسارہ 5.3% (2,182 ارب روپے) تھا۔ 20MFY10 میں بنیادی خسارہ منفی 0.5% رہا جبکہ گزشتہ سال یہ خسارہ 1.4% تھا۔ توقع کی جا سکتی ہے کہ مالیاتی سال 2020 کے اختتام تک مالیاتی خسارہ 9% سے 10% تک پہنچ سکتا ہے جسکی وجہ کووڈ 19 کے نتیجے 20QFY4 میں ہونے والی کم وصولیاں اور اضافی اخراجات ہیں۔

مالی سال 2120 کے لئے، مالی خسارے کا حکومتی ہدف جی ڈی پی کا 7% ہے۔ تاہم توقع کی جا سکتی ہے کہ کم وصولیوں اور اضافی اخراجات کے پیشے نظر اور باوجود اس کے کہ مقامی قرض سستا ہو گیا ہے مالی خسارہ منکورہ بالا ہدف سے 1-2% تک تجاوز کر سکتا ہے۔

بازار قرض کا جائزہ

مالی سال 2020 کے دوران، سرکاری سیکیورٹیز کے لئے مارکیٹ کی طلب مستحکم رہی۔ مالی سال 2020 میں پی آئی بی کی بارہ نیلامیوں میں، 5 کھرب روپے کی بھاری شرکت رہی، جس میں سے حکومت نے 1.9 کھرب روپے منظور کیے۔ سرمایہ کاروں کی شرکت بنیادی طور پر مالی سال کے آغاز میں شرح سود میں متوقع اضافے اور اس کے ساتھ ساتھ مالی حالت میں مجموعی بہتری اور بیرونی ترسیلات میں اضافے کے تخمینوں کے سبب رہی۔ اضافی طلب کے نتیجے میں حکومت نے مالی سال 2020 کے دوران 3 سال، 5 سال اور 10 سال کے PIBs پر بالترتیب 628، 536 اور 456 BPS کی کرکے اپنی پوزیشن کا فائدہ اٹھایا۔

جون 2020 سے حکومت نے موجودہ 10 سال کے Floating Rate PIBs کے ساتھ اس کٹیگری میں 3 سال اور 5 سال کے Floating Rate PIBs بھی متعارف کئے ہیں۔ مالی سال 2020 کے دوران 900 ارب روپے کے ہدف کے مقابلے میں Floating Rate PIBs میں سرمایہ کاروں کی مجموعی شرکت 1,578 ارب روپے رہی جبکہ حکومت نے مالی سال 2020 کے دوران 818 ارب روپے منظور کیے۔

حکومت نے اپریل 2020 سے 5 سال کے Floating Rate Ijarah Sukuk جاری کرنا شروع کیے اور کامیابی کے ساتھ 3 نیلامیاں مکمل کیں۔ اس ضمن میں 225 ارب روپے کے ہدف کے مقابلے میں 197 ارب روپے کی پیشکشیں منظور کی گئیں۔

اگست 2019 تک زیادہ تر 3 ماہ کے TBills کے لئے بولیاں وصول ہوئیں۔ تاہم، شرح سود میں کمی کے اندازوں کے سبب بعد میں ہونے والی نیلامیوں میں 12 ماہ کے TBills میں بہاری شرکت دیکھی گئی۔

Yield Curve کا موازنہ درج ذیل ہے:

Tenor	PKRV as on 30-06-2019 (%)	PKRV as on 30-06-2020 (%)	Change (%)
3-Months	12.75	7.15	-5.6
6-Months	12.85	7.09	-5.76
12-Months	13.13	7.05	-6.08
3-Years	13.85	7.55	-6.3
5-Years	13.88	8.14	-5.74
10-Years	13.72	8.71	-5.01

شہینرز (حصص) بازار کا جائزہ:

جنوری 2020 کے وسط تک انڈیکس قریب 50% کے زبردست اضافے کے ساتھ 28,764 پوائنٹس سے بڑھ کر 43,200 کی بلند ترین سطح پر آچکا تھا۔ البتہ اس کے بعد پیش آنے والے حالات نے بینچ مارک انڈیکس پر انتہائی منفی اثرات مرتب کیے اور انڈیکس کی کارکردگی 2020 March میں انتہائی غیر متاثر کن رہی جو کہ 2008 December کے بعد سے بدترین کارکردگی تھی۔ انڈیکس کی سست کارکردگی کے بنیادی محرکات میں (1) کووڈ 19 کی وبا (2) بڑے کٹالسٹوں میں شامل ہے (1) کووڈ 19 وبائی بیماری کا پھیلنا، (2) تیل کی عالمی قیمتوں میں نمایاں گراؤ OPEC ممبرز کا فروری 2020 کے اختتام تک کسی معاہدے تک نہ پہنچ پانا (3) عالمی طلب اور رسد میں پیدا ہونے والی مشکلات اور (4) کووڈ 19 کے سبب معاشی سست روی کا خوف شامل ہیں۔

تاہم مالی سال کے آخری حصے میں بینچ مارک انڈیکس بہتری کی جانب گامزن رہا اور مثبت اشاروں کی بدولت۔ جن میں (1) اسٹیٹ بینک کی جانب سے ہنگامی ردعمل کے طور پر پالیسی ریٹ کی شرح کو بتدریج 13.25% سے کم کر کے 7% کیا جانا (2) عالمی سطح پر تیل کی قیمتوں میں استحکام (3) IMF کے ذریعے 1.4 ارب ڈالر کی فوری مالی اعانت کی سہولت کی منظوری اور بین الاقوامی مالیاتی اداروں کی طرف سے مالی اعانت کی فراہمی تاکہ فوری معاشی ضروریات اور بیرونی قرض کی ادائیگی ممکن بنی جا سکے (4) کووڈ 19 کے منفی اثرات کو زائل کرنے کے لئے وفاقی حکومت کی جانب سے مختلف شعبوں کے لئے ریلیف کے مختلف اقدامات (5) منی مارکیٹ کی شرح منافع میں مزید کمی۔ نقصانات کا ازالہ ممکن ہوا اور مالی سال 2020 انڈیکس میں 1.5% YoY اضافے کے اختتام پذیر ہوا۔

مزید برآں کووڈ 19 کے نتیجے میں پیدا ہونے والی معاشی سست روی اور معاشی غیر یقینی صورتحال کے پیش نظر مارکیٹ سے 284 ملین ڈالر کے غیر ملکی سرمایہ کا اخراج ہوا۔ اس کے برعکس مقامی سرمایہ کاروں اور انشورنس کمپنیوں نے بالترتیب 213 اور 128 ملین ڈالر کے حصص خریدے۔ سٹاک مارکیٹ کی کاروباری سرگرمی کے اعتبار سے رواں برس اوسط حجم 135 ملین حصص (40% اضافہ YoY) جبکہ کاروباری لاگت 6.2 ارب روپے (18% اضافہ YoY) رہی۔ اس کے علاوہ، فارماسیوٹیکلز اور سیمنٹ کے شعبوں نے بہتر کارکردگی کی بدولت 100KSE انڈیکس کو بالترتیب 61 فیصد اور 38 فیصد سے مات دی جبکہ اس کے مقابلے میں بینکوں اور E&P سیکٹر کی کارکردگی 100KSE انڈیکس کی نسبت بالترتیب 12 فیصد اور 9 فیصد کم رہی۔

جنس (کمونیٹیز) مارکیٹ کا جائزہ:

مالی سال 2020 کے دوران کے سونے کی کارکردگی دیگر اجناس کے مقابلے میں بہت بہتر رہی اور سونے کی شرح نمو YoY بنیاد پر 22.6 فیصد رہی۔ 20HFY1 کے دوران سونے کی قیمتیں غیر مستحکم رہیں البتہ بعد میں عالمی حصص منڈیوں کی غیر متاثر کن کارکردگی اور معاشی نمو میں واقع ہونے والی کمی کے سبب سونے کی قیمتوں میں چڑھاؤ دیکھنے میں آیا۔ اس کے علاوہ سونے کی قیمتوں میں اضافے کا ایک سبب کوویڈ 19 کی وبا بھی بنی جس کے نتیجے میں پیدا ہونے والی غیر یقینی صورتحال کے پیش نظر سرمایہ کاروں کا جھکاؤ سونے جیسی محفوظ جنس کی طرف رہا۔

دوسری طرف مالی سال 2020 میں خام تیل (Brent) کی قیمتوں میں YoY کی بنیاد پر 37.6% کی کمی واقع ہوئی۔ مالی سال کے آغاز پر خام تیل کی قیمت 64 ڈالر فی بیرل تھی جو کے سال کے اختتام تک 39.9 ڈالر فی بیرل کی کم ترین سطح پر آ گئی۔ خام تیل کی قیمتوں میں نمایاں کمی کی بنیادی وجہ OPEC اور اس کے اتحادیوں کے مابین قیمتوں کے تعین کے معاملات اور پیداوار میں کمی پر ہم آہنگی کا فقدان تھا۔ ان حالات کے پیش نظر ایک موقع پر خام تیل کی قیمتیں 15 ڈالر فی بیرل کی کم ترین سطح تک گر چکی تھیں۔ تاہم کوویڈ 19 کے تناظر میں تیل کی عالمی طلب میں واقع ہونے والی کمی کے پیش نظر فریقین پیداوار میں کمی پر راضی ہوئے۔ اس کے نتیجے میں خام تیل کی قیمتوں میں بہتری واقع ہوئی۔

مستقبل کا زاویہ نگاہ

مالی سال 2020 پاکستان کی معیشت کے لئے انتہائی دشوار رہا کیونکہ حکام کی جانب سے کی گئی معاشی استحکام کی کوششوں اور 20HFY2 میں معاشی بحالی کی امیدوں کو کوویڈ 19 کی وبا کے منفی اثرات نے شدید متاثر کیا۔ تاہم، حکام کی جانب سے معیشت کی بحالی، معاشی ترقی اور روزگار کے مواقع پیدا کرنے کی کوششوں کے تناظر میں امید کی جا سکتی ہے کہ معاشی سرگرمیوں میں بہتری واقع ہوگی GDP کی نمو بہتر ہوگی۔ 21QFY2 میں IMF پروگرام کی بحالی سے مجموعی طور پر کلیاتی اشاریوں میں بہتری کی توقع کی جا رہی ہے۔

مالی سال 2021 کے دوران افراط زر کی شرح 6 سے 8 فیصد تک متوقع ہے جس کی بنیادی وجہ High Base Effect ہے۔ پالیسی ریٹ میں 625 BPS کی کمی کے نتیجے میں حقیقی سود کی شرح منفی ہو چکی ہے تاہم مہنگائی کی شرح میں کمی سے حقیقی سود کی شرح کے مثبت ہو جانے کی امید کی جاسکتی ہے۔

بیرونی محاذ پر، کرنٹ اکاؤنٹ خسارے کے قابو میں رہنے کی توقع کی جا سکتی ہے کیونکہ Services درآمدات اور اجناس کی قیمتوں میں کمی نے برآمدات اور ترسیلات میں کمی کے منفی اثرات کو زائل کیا ہے۔ مزید یہ کہ قرضوں کی ادائیگیوں ملنے والی 12 ماہ کی مہلت کے نتیجے میں حکومت ادائیگیوں کے توازن میں استحکام حاصل کرنے میں کامیاب ہو جائیگی۔ مالی سال 2021 میں کرنٹ اکاؤنٹ خسارہ 4.5 سے 5.5 ارب امریکی ڈالر اور مجموعی ادائیگی کا توازن 1 سے 2 ارب امریکی ڈالر رہنے کا امکان ہے۔ مالی رخ پر، مالی سال 2020-21 میں بجٹ خسارہ بڑھنے اور GDP کے 9% سے 10% کی حد میں رہنے کا امکان ہے جس کی وجہ محصولات میں کمی اور 20QFY4 میں اضافی قلیل مدتی اخراجات ہیں۔ مالی سال 2020-21 کے وفاقی بجٹ میں کوئی نیا ٹیکس عائد نہیں کیا گیا ہے بلکہ اس کے برعکس حکومت نے ٹیکس ریلیف فراہم کیا ہے اور اس کے ساتھ ہی قلیل مدتی اخراجات میں اضافہ کیا ہے۔ ان عوامل کے پیش نظر مالی رخ پر حکومت کے پاس کچھ زیادہ گنجائش موجود نہیں رہی ہے لہذا سال 2021 میں مالی چیلنجز کے برقرار رہنے اور مالی خسارے کے 8% سے 9% کی حد میں رہنے کا امکان ہے۔

مالی سال 2021 میں معیشت کے بحرانی صورتحال سے نکلنے اور GDP کی شرح نمو 2% رہنے کا امکان ہے۔ لہذا مالی سال میں بہتر ہوتے معاشی اشاریوں کے سبب لوکل حصص مارکیٹ میں اضافے کا رجحان رہنے کا امکان ہے۔ Covid 19 کے نقصانات کے نتیجے میں منافع کی شرح میں ہونے والی کمی اور تیل کی گرتی ہوئی قیمتوں کے باوجود 10 سال کے PIBs کے منافع کی شرح کی نسبت Earnings Yield کی شرح 4% تک زائد رہی۔ اس کے برعکس گزشتہ سالوں کے دوران یہ فرق اوسطاً محض 0.7% تک محدود رہا ہے۔

اس وقت مارکیٹ میں x7.4 کے P/E پر کاروبار ہو رہا ہے جو کے ماضی میں اوسطاً x8.5 تھا۔ جبکہ P/B 1.0x ہے جو کے ماضی میں اوسطاً x1.8 رہا ہے جس کے سبب Rerating کی گنجائش موجود ہے۔ Dividend Yield کی شرح 6.1% ہے جو کے خطے کے 3% کے D/Y سے کہیں زیادہ ہے۔

Market Capitalization to GDP کا تناسب 15.31% ہے۔ مزید برآں پالیسی ریٹ کی شرح میں کمی اور سرمایہ کاری کے دیگر شعبوں کی نسبت حصص میں سرمایہ کاری زیادہ منافع بخش ہے۔

فنانس کی کارکردگی اور اعلانات

- یو بی ایل لیکویڈیٹی پلس فنڈ (یو ایل بی ایف):

مالی سال 2019-20 کے اختتام پر فنڈ کی آمدنی 1,272.634 ملین روپے رہی جس میں بنیادی طور پر بینک بچت کھاتوں اور حکومتی ضمانت شدہ سرمایہ کاری منصبوں سے حاصل شدہ سود کی آمدنی ہے۔ 124.520 کے اخراجات منہا کرنے کے بعد فنڈ کو 1,148.114 ملین روپے کی خالص آمدنی ہوئی۔ 30 جون 2020 پہ فنڈ کے خالص اثاثے 19,465.281 ملین روپے اور فی یونٹ خالص قدر 100.9783 روپے رہی۔

CEO کی منظوری سے 1,134.408 ملین روپے بطور عبوری منافع یونٹ ہولڈرز میں تقسیم کیے گئے۔

VIS Credit Rating Company کے مطابق فنڈ کی کریڈٹ ریٹنگ AA(f) ہے۔

- یو بی ایل کیش فنڈ (یو سی ایف):

مالی سال 2019-20 کے اختتام پر فنڈ کی آمدنی 114.444 ملین روپے رہی جس میں بنیادی طور پر بینک بچت کھاتوں اور حکومتی ضمانت شدہ سرمایہ کاری منصبوں سے حاصل شدہ سود کی آمدنی ہے۔ 4.897 کے اخراجات منہا کرنے کے بعد فنڈ کو 109.547 ملین روپے کی خالص آمدنی ہوئی۔ 30 جون 2020 پہ فنڈ کے خالص اثاثے 1,819.304 ملین روپے اور فی یونٹ خالص قدر 100.0410 روپے رہی۔

CEO کی منظوری سے 43.886 ملین روپے بطور عبوری منافع یونٹ ہولڈرز میں تقسیم کیے گئے۔

Pakistan Credit Rating Company کے مطابق فنڈ کی کریڈٹ ریٹنگ AA+(f) ہے۔

- یو بی ایل منی مارکیٹ فنڈ (یو ایم ایم ایف):

مالی سال 2019-20 کے اختتام پر فنڈ کی آمدنی 576.754 ملین روپے رہی جس میں بنیادی طور پر بینک بچت کھاتوں اور حکومتی ضمانت شدہ سرمایہ کاری منصبوں سے حاصل شدہ سود کی آمدنی ہے۔ 66.44 کے اخراجات منہا کرنے کے بعد فنڈ کو 510.310 ملین روپے کی خالص آمدنی ہوئی۔ 30 جون 2020 پہ فنڈ کے خالص اثاثے 5,049.781 ملین روپے اور فی یونٹ خالص قدر 100.7142 روپے رہی۔

CEO کی منظوری سے 12.1955 روپے فی یونٹ (12.20%) بطور عبوری منافع یونٹ ہولڈرز میں تقسیم کیے گئے۔

VIS Credit Rating Company کے مطابق فنڈ کی کریڈٹ ریٹنگ AA(f) ہے۔

- یو بی ایل گورنمنٹ سیکیورٹیز فنڈ (یو جی ایس ایف):

مالی سال 2019-20 کے اختتام پر فنڈ کی آمدنی 404.051 ملین روپے رہی جس میں بنیادی طور پر بینک بچت کھاتوں اور حکومتی ضمانت شدہ سرمایہ کاری منصبوں سے حاصل شدہ سود کی آمدنی ہے۔ 48.662 کے اخراجات منہا کرنے کے بعد فنڈ کو 355.389 ملین روپے کی خالص آمدنی ہوئی۔ 30 جون 2020 پہ فنڈ کے خالص اثاثے 3,156.763 ملین روپے اور فی یونٹ خالص قدر 105.6231 روپے رہی۔

CEO کی منظوری سے 15.8363 روپے فی یونٹ (15.84%) بطور عبوری منافع یونٹ ہولڈرز میں تقسیم کیے گئے۔

VIS Credit Rating Company کے مطابق فنڈ کی کریڈٹ ریٹنگ A+(f) ہے۔

- یو بی ایل انکم آپریٹو فنڈ (یو آئی او ایف):

مالی سال 2019-20 کے اختتام پر فنڈ کی آمدنی 104.684 ملین روپے رہی جس میں بنیادی طور پر بینک بچت کھاتوں، کارپوریٹ/سکوک بانڈز، Margin Trading System اور حکومتی ضمانت شدہ سرمایہ کاری منصبوں سے حاصل شدہ سود کی آمدنی ہے۔ 14.014 کے اخراجات منہا کرنے کے بعد فنڈ کو 90.670 ملین روپے کی خالص آمدنی ہوئی۔ 30 جون 2020 پہ فنڈ کے خالص اثاثے 607.342 ملین روپے اور فی یونٹ خالص قدر 110.0966 روپے رہی۔

CEO کی منظوری سے 17.4593 روپے فی یونٹ (17.46%) بطور عبوری منافع یونٹ ہولڈرز میں تقسیم کیے گئے۔

VIS Credit Rating Company کے مطابق فنڈ کی کریڈٹ ریٹنگ A-(f) ہے۔

- یو بی ایل گروتھ اینڈ انکم فنڈ (یو جی آئی ایف):

مالی سال 2019-20 کے اختتام پر فنڈ کی آمدنی 242.469 ملین روپے رہی جس میں Investments کی قدر میں ہونے والا 168.102 ملین روپے خسارہ شامل ہے۔ فنڈ کی آمدنی بنیادی طور پر بینک بچت کھاتوں، کارپوریٹ/سکوک بانڈز، اور حکومتی ضمانت شدہ سرمایہ کاری منصبوں سے حاصل شدہ سود کی آمدنی ہے۔ 33.467 ملین روپے کے اخراجات منہا کرنے کے بعد فنڈ کو 209.001 ملین روپے کی خالص آمدنی ہوئی۔ 30 جون 2020 پہ فنڈ کے خالص اثاثے 877.591 ملین روپے اور فی یونٹ خالص قدر 84.9655 روپے رہی۔

CEO کی منظوری سے 11.6753 روپے فی یونٹ (11.68%) بطور عبوری منافع یونٹ ہولڈرز میں تقسیم کیے گئے۔

VIS Credit Rating Company کے مطابق فنڈ کی کریڈٹ ریٹنگ A(f) ہے۔

- یو بی ایل اسٹاک ایڈوینٹج فنڈ (یو ایس ایف):

مالی سال 2019-20 کے اختتام پر فنڈ کی آمدنی 346.949 ملین روپے رہی جس میں Investments کی قدر میں ہونے والا 168.102 ملین روپے کا خسارہ شامل ہے۔ فنڈ کی آمدنی میں حصص کی فروخت سے حاصل شدہ منافع، ڈیویڈنڈ اور بینک بچت کھاتوں سے حاصل شدہ آمدنی شامل ہے۔ فنڈ کے کل اخراجات 210.402 ملین روپے رہے۔ 30 جون 2020 پہ فنڈ کے خالص اثاثے 5,758.755 ملین روپے اور فی یونٹ خالص قدر 60.17 روپے رہی۔

- یو بی ایل ایسیٹ ایلوکیشن فنڈ (یو اے اے ایف):

مالی سال 2019-20 کے اختتام پر فنڈ کی آمدنی 160.228 ملین روپے رہی جس میں Investments کی قدر میں ہونے والا 1.180 ملین روپے کا خسارہ شامل ہے۔ فنڈ کی آمدنی بنیادی طور پر بینک بچت کھاتوں، کارپوریٹ/سکوک بانڈز، اور حکومتی ضمانت شدہ سرمایہ کاری منصبوں سے حاصل شدہ آمدنی پر مشتمل ہے۔ مالی سال 2019-20 کے دوران فنڈ نے ڈیویڈنڈ کی مدد میں 26.485 ملین روپے اور دیگر کھاتوں کی مدد میں 89.428 ملین روپے کمانے۔ 30.135 ملین روپے کے اخراجات منہا کرنے کے بعد فنڈ کو 130.093 ملین روپے کی خالص آمدنی ہوئی۔ 30 جون 2020 پہ فنڈ کے خالص اثاثے 926.274 ملین روپے اور فی یونٹ خالص قدر 136.2837 روپے رہی۔

CEO کی منظوری سے 10.8102 روپے فی یونٹ (10.81%) بطور عبوری منافع یونٹ ہولڈرز میں تقسیم کیے گئے۔

- یو بی ایل ڈیپیکٹڈ ایکویٹی فنڈ (یو ڈی ایف):

مالی سال 2019-20 کے اختتام پر فنڈ کا خسارہ 0.303 ملین روپے رہا جس میں Investments کی قدر میں ہونے والا 11.540 ملین روپے کا خسارہ شامل ہے۔ فنڈ کی آمدنی میں حصص کی فروخت سے حاصل شدہ منافع، ڈیویڈنڈ اور بینک بچت کھاتوں سے حاصل شدہ آمدنی شامل ہے۔ 6.813 ملین روپے کے اخراجات منہا کرنے کے بعد فنڈ کو 7.116 ملین روپے کا خالص خسارہ ہوا۔ 30 جون 2020 پہ فنڈ کے خالص اثاثے 36.568 ملین روپے اور فی یونٹ خالص قدر 86.2142 روپے رہی۔

- یو بی ایل فنانشل سیکٹر فنڈ (یو ایف ایس ایف):

مالی سال 2019-20 کے اختتام پر فنڈ کا خسارہ 83.167 ملین روپے رہا۔ فنڈ کی آمدنی میں حصص کی قدر میں ہونے والی تبدیلیاں اور ان کی فروخت سے حاصل شدہ منافع، ڈیویڈنڈ اور بینک بچت کھاتوں سے حاصل شدہ آمدنی شامل ہے۔ 29.527 ملین روپے کے اخراجات منہا کرنے کے بعد فنڈ کو 112.694 ملین روپے کا خالص خسارہ ہوا۔ 30 جون 2020 پہ فنڈ کے خالص اثاثے 626.295 ملین روپے اور فی یونٹ خالص قدر 67.9130 روپے رہی۔

- یو بی ایل فنانشل پلاننگ فنڈ:

(i) یو بی ایل ایکٹیوٹو پرنسپل پروزرویشن پلان I (UAPPP-I):

مالی سال 2019-20 کے اختتام پر پلان کی آمدنی 3.548 ملین روپے رہی۔ 0.624 ملین روپے کے اخراجات منہا کرنے کے بعد پلان کو 2.924 ملین روپے کی خالص آمدنی ہوئی۔ 30 جون 2020 پہ فنڈ کے خالص اثاثے 51.658 ملین روپے اور فی یونٹ خالص قدر 103.7512 روپے رہی۔

(ii) یو بی ایل ایکٹیوٹو پرنسپل پروزرویشن پلان II (UAPPP-II):

مالی سال 2019-20 کے اختتام پر پلان کی آمدنی 6.733 ملین روپے رہی۔ 2.324 ملین روپے کے اخراجات منہا کرنے کے بعد پلان کو 4.409 ملین روپے کی خالص آمدنی ہوئی۔ 30 جون 2020 پہ فنڈ کے خالص اثاثے 194.359 ملین روپے اور فی یونٹ خالص قدر 101.6049 روپے رہی۔

CEO کی منظوری سے 1.9860 روپے فی یونٹ (1.99%) بطور عبوری منافع یونٹ ہولڈرز میں تقسیم کیے گئے۔

(iii) یو بی ایل ایکٹیوٹو پرنسپل پروزرویشن پلان III (UAPPP-III):

مالی سال 2019-20 کے اختتام پر پلان کی آمدنی 5.019 ملین روپے رہی۔ 0.676 ملین روپے کے اخراجات منہا کرنے کے بعد پلان کو 4.343 ملین روپے کی خالص آمدنی ہوئی۔ 30 جون 2020 پہ فنڈ کے خالص اثاثے 155.098 ملین روپے اور فی یونٹ خالص قدر 101.2829 روپے رہی۔

- یو بی ایل پاکستان انٹرپرائز ایکسچینج ٹریڈڈ فنڈ (یو بی ای ای ٹی ایف):

مالی سال 2019-20 کے اختتام پر فنڈ کی آمدنی 0.639 ملین روپے رہی جس میں بنیادی طور پر بینک بچت کھاتوں اور ڈیویڈنڈ سے حاصل شدہ آمدنی شامل ہے۔ فنڈ کے کل اخراجات 0.1620 ملین روپے رہے۔ 30 جون 2020 پہ فنڈ کے خالص اثاثے 36.326 ملین روپے اور فی یونٹ خالص قدر 11.5321 روپے رہی۔

CEO کی منظوری سے 0.0655 روپے فی یونٹ (0.07%) بطور عبوری منافع یونٹ ہولڈرز میں تقسیم کیے گئے۔

- یو بی ایل ایسیٹل سیونگز فنڈ (یو ایس ایس ایف):

(i) یو بی ایل ایسیٹل سیونگز پلان I (USSP-I):

مالی سال 2019-20 کے اختتام پر پلان کی آمدنی 50.093 ملین روپے رہی۔ 7.695 ملین روپے کے اخراجات منہا کرنے کے بعد پلان کو 42.398 ملین روپے کی خالص آمدنی ہوئی۔ 30 جون 2020 پہ فنڈ کے خالص اثاثے 330.953 ملین روپے اور فی یونٹ خالص قدر 107.0617 روپے رہی۔

CEO کی منظوری سے 39.603 ملین روپے بطور عبوری منافع یونٹ ہولڈرز میں تقسیم کیے گئے۔

(ii) یو بی ایل اسپیشل سیونگز پلان II (USSP-II)

مالی سال 2019-20 کے اختتام پر پلان کی آمدنی 103.431 ملین روپے رہی۔ 11.914 ملین روپے کے اخراجات منہا کرنے کے بعد پلان کو 91.517 ملین روپے کی خالص آمدنی ہوئی۔ 30 جون 2020 پہ فنڈ کے خالص اثاثے 743.144 ملین روپے اور فی یونٹ خالص قدر 107.0269 روپے رہی۔

CEO کی منظوری سے 85.535 ملین روپے بطور عبوری منافع یونٹ ہولڈرز میں تقسیم کیے گئے۔

(iii) یو بی ایل اسپیشل سیونگز پلان III (USSP-III)

مالی سال 2019-20 کے اختتام پر پلان کی آمدنی 32.570 ملین روپے رہی۔ 3.216 ملین روپے کے اخراجات منہا کرنے کے بعد پلان کو 29.354 ملین روپے کی خالص آمدنی ہوئی۔ 30 جون 2020 پہ فنڈ کے خالص اثاثے 122.480 ملین روپے اور فی یونٹ خالص قدر 111.3854 روپے رہی۔

CEO کی منظوری سے 14.2 ملین روپے بطور عبوری منافع یونٹ ہولڈرز میں تقسیم کیے گئے۔

(iv) یو بی ایل اسپیشل سیونگز پلان IV (USSP-IV)

مالی سال 2019-20 کے اختتام پر پلان کی آمدنی 28.081 ملین روپے رہی۔ 3.178 ملین روپے کے اخراجات منہا کرنے کے بعد پلان کو 24.903 ملین روپے کی خالص آمدنی ہوئی۔ 30 جون 2020 پہ فنڈ کے خالص اثاثے 200.280 ملین روپے اور فی یونٹ خالص قدر 106.1967 روپے رہی۔

CEO کی منظوری سے 23.674 ملین روپے بطور عبوری منافع یونٹ ہولڈرز میں تقسیم کیے گئے۔

(v) یو بی ایل اسپیشل سیونگز پلان V (USSP-V)

مالی سال 2019-20 کے اختتام پر پلان کی آمدنی 642.427 ملین روپے رہی۔ 26.41 ملین روپے کے اخراجات منہا کرنے کے بعد پلان کو 616.012 ملین روپے کی خالص آمدنی ہوئی۔ 30 جون 2020 پہ فنڈ کے خالص اثاثے 5,164.633 ملین روپے اور فی یونٹ خالص قدر 101.0475 روپے رہی۔

CEO کی منظوری سے 651.282 ملین روپے بطور عبوری منافع یونٹ ہولڈرز میں تقسیم کیے گئے۔

(vi) یو بی ایل اسپیشل سیونگز پلان VI (USSP-VI)

مالی سال 2019-20 کے اختتام پر پلان کی آمدنی 24.663 ملین روپے رہی۔ 2.506 ملین روپے کے اخراجات منہا کرنے کے بعد پلان کو 22.157 ملین روپے کی خالص آمدنی ہوئی۔ 30 جون 2020 پہ فنڈ کے خالص اثاثے 171.117 ملین روپے اور فی یونٹ خالص قدر 103.2856 روپے رہی۔

CEO کی منظوری سے 22.064 ملین روپے بطور عبوری منافع یونٹ ہولڈرز میں تقسیم کیے گئے۔

- یو بی ایل اسپیشل سیونگز فنڈ II (یو ایس ایف II)

یو بی ایل اسپیشل سیونگز پلان VIII:

مالی سال 2019-20 کے اختتام پر پلان کی آمدنی 7.012 ملین روپے رہی۔ 1,182 ملین روپے کے اخراجات منہا کرنے کے بعد پلان کو 5.830 ملین روپے کی خالص آمدنی ہوئی۔ 30 جون 2020 پہ فنڈ کے خالص اثاثے 154.286 ملین روپے اور فی یونٹ خالص قدر 101.6827 روپے رہی۔

CEO کی منظوری سے 8.026 ملین روپے بطور عبوری منافع یونٹ ہولڈرز میں تقسیم کیے گئے۔

فنتز کا نظریہ حکمت عملی اور جائزہ:

درج بالا کے لئے کی سالانہ رپورٹ کے متعلقہ حصے کو ملاحظہ فرمائیے۔

کارپوریٹ گورننس:

مینجمنٹ کمپنی کارپوریٹ گورننس کے الا معیار کو برقرار رکھنے کے لئے پوری طرح کوشاں ہے۔ اور بورڈ آف ڈائریکٹرز تمام متعلقہ Stakeholders کو بہترین کارپوریٹ گورننس کے لئے جواب دہ ہیں۔ انتظامیہ کوڈ آف کارپوریٹ گورننس میں شامل امور کی انجام دہی کے لئے کوشاں ہے جس کا ایک اہم جز کے مینجمنٹ کمپنی کے Non-Executive Directors کی انتظامی امور سے علیحدگی ہے۔

بورڈ کی سالانہ کارکردگی کی جانچ کے لئے ایک موثر اور مربوط طریقہ کار رائج ہے۔

Non-Executive Directors کے مشاہروں کے لئے منظور شدہ Directors' Remuneration Policy نافذ العمل ہے۔ اس پالیسی کا بنیادی مقصد تجربہ کار اور قابل Independent Directors کی تقرری ہے جیسا کہ Listed Companies (Code of Corporate Governance) Regulations 2019 میں واضح کیا گیا ہے۔ Independent Directors بورڈ اور اس کی کمیٹیوں کی میٹنگز میں شمولیت کا مشاہرہ وصول کرنے کے مجاز ہیں۔

Risk Management Framework and Internal Control System (خداشات کے تدارک کا نظام اور اندرونی انضباطی نظام):

مینجمنٹ کمپنی کی ایک منظور شدہ Risk Management Policy ہے جو اسکی سرگرمیوں کے پیش نظر پیدا ہونے والے خطرات کے تدارک کا ضابطہ کار ہے۔ یہ پالیسی کمپنی میں وقوع پذیر ہونے والے خطرات کی نشاندہی، ان کی پیمائش اور ان کے تدارک کے لئے واضح کی گئی ہے۔

مینجمنٹ کمپنی Enterprise Risk Management کا ماڈل Follow کرتی ہے جو کہ کمپنی کے ہر ایک جز کا احاطہ کرتا ہے اور ایک کلی جائزہ پیش کرتا ہے جس کا مقصد ممکنہ خطرات کی نشاندہی اور کمپنی پر ان کے اثرات کا تعین اور کمپنی کی Risk Appetite کے مطابق ان خطرات سے نمٹنے کا عمل طے کرنا ہے۔

کارپوریٹ گورننس کی اعلیٰ اقدار کی تعمیل کا بیانیہ:

- فنتز کے Financial Statements ان کی کارکردگی، صورتحال، نقدی کے بہاؤ (Cash Flows) اور Unitholders' Fund میں ہونے والی تبدیلیوں کا واضح اظہار کرتی ہیں
- فنتز بھی کھاتے درست انداز میں رکھے گئے ہیں
- Financial Statements کی تیاری میں Accounting Policies کا یکساں انداز میں اطلاق کیا گیا ہے جب کہ Accounting Estimates موزوں اور محتاط اندازوں پر مبنی ہیں
- Financial Statements کی تیاری میں پاکستان میں قابل اطلاق انٹرنیشنل اکاؤنٹنگ سٹینڈرڈز، NBFC Rules 2003، NBFC Regulations 2008، ٹرسٹ ڈیوٹی کی شرائط اور SECP کی جانب سے جاری کردہ دیگر احکامات کو مد نظر رکھا گیا ہے
- اندرونی انضباط کا نظام مضبوط خدوخال پر استوار کیا گیا ہے اور نہایت موثر انداز میں نافذ اور جانچ جاتا ہے
- بطور ادارہ فنتز کے کام جاری رکھنے میں کسی شک و شبہ کی گنجائش نہیں ہے سوائے UBL Financial Planning Fund کے پلانز UAPPP I، UAPPP II، UAPPP III جن کی معیاد 2021 June 2021 سے قبل ختم ہونے والی ہے۔ ان پلانز کے Financial Statements کو Going Concern بنیادوں کے بجائے مختلف بنیاد پر تیار کیا گیا ہے۔
- 2019 Listed Companies (Code of Corporate Governance) Regulations کے واضح کردہ کارپوریٹ گورننس کے بہترین معیار اور ضابطہ عمل سے کوئی قابل ذکر روگردانی نہیں کی گئی ہے
- فنتز کی کارکردگی کا ٹیبل اور یونٹ بولڈنگ (یونٹس کی ملکیت) کی ترتیب کو سالانہ رپورٹ کے ساتھ منسلک کیا گیا ہے
- Provident Fund کی Investments کے حجم کا بیانیہ فنتز پر لاگو نہیں ہے۔ لہذا فنتز کی اس ڈائریکٹرز رپورٹ میں اس کا تذکرہ شامل نہیں ہے
- قانونی ادائیگیوں جیسے کے ٹیکسز، لیویز، اور چارجز کے بقیہ جات کو مکمل طور پر Financial Statements میں درج کیا گیا ہے

UBL Fund Managers Limited کے کل 7 ڈائریکٹرز ہیں جن میں شامل ہیں:

- حضرات: 5 ڈائریکٹرز
- خواتین: 2 ڈائریکٹرز

بورڈ کی تشکیل اس رپورٹ کے انگریزی ورژن میں ملاحظہ کی جاسکتی ہے۔

UBL Fund Managers Limited کے بورڈ کی بنیادی ذمہ داری کمپنی کے معاملات کی نگرانی ہے اور کمپنی کے اغراض و مقاصد کے حصول کے تناظر میں انتظامیہ کی سمت کا تعین ہے۔ انتظامیہ اس امر کی ذمہ دار ہے کہ وہ بورڈ کو کمپنی کے امور سے باخبر رکھے اور موثر طور پر بورڈ کی جانب سے دی گئی ہدایت اور احکامات کا نفاذ یقینی بنائے۔

بورڈ ایک موثر گورننس اور اندرونی انضباطی نظام کے تحت تمام Stakeholders - بشمول Shareholders, فنڈز کے Unitholders, صارفین, ملازمین, ریگولیٹرز اور کمیونٹیز جو کمپنی کے ساتھ منسلک ہیں - کے باہمی انحصار کا ایک توازن قائم رکھنے کے لئے کوشاں ہے۔ بورڈ کے تمام اقدامات ڈائریکٹرز کے کمپنی کے مفاد میں لئے گئے فیصلوں کا مظہر ہیں۔

کارپوریٹ گورننس کے بہترین معیار اور ضابطہ کار کے مطابق بورڈ نے مختلف کمیٹیاں ترتیب دی ہیں جن کا مقصد خطرات کے تدارک کے نظام، اندرونی انضباطی نظام اور بہترین ضابطہ عمل کے نفاذ میں مدد فراہم کرنا ہے۔ یہ کمیٹیاں بورڈ اور انتظامیہ کو اپنے دائر کار کے تحت پیش آنے والے معاملات میں معاونت فراہم کرتی ہیں۔

بورڈ کی کمیٹیاں درج ذیل ہیں:

- محاسب کمیٹی
- افرادی وسائل اور معاوضے کی کمیٹی
- خطرات کے تدارک کی منتظم کمیٹی

مندرجہ بالا کمیٹیوں کی تشکیل اس رپورٹ کے انگریزی ورژن میں واضح کی گئی ہے۔ مزید برآں سال 2019-20 کے دوران بورڈ اور اسکی کمیٹیوں کے اجلاسوں کی تعداد اور ان میں ہر ڈائریکٹر / مینجمنٹ کمپنی کے اہم افسران کی شرکت کی تفصیل بھی اس رپورٹ کے انگریزی ورژن میں الگ سے واضح کی گئی ہے۔

ڈائریکٹرز کی تربیت:

اس وقت تمام ڈائریکٹرز یا تو تربیتی پروگرام اٹینڈ کر چکے ہیں یا کم سے کم 14 سالہ تعلیم اور Listed Companies کے Board پر 15 سال یا اس سے زائد موجود رہنے کا تجربہ رکھتے ہیں۔ لہذا ڈائریکٹرز تربیتی پروگرام سے مستثنیٰ ہیں۔

تمام ڈائریکٹرز فنڈز اور مینجمنٹ کمپنی سے متعلقہ قوانین، ان کی پالیسیز، اور کے مندرجات سے بخوبی واقف ہیں اور اپنی ذمہ داریوں کا مکمل ادراک رکھتے ہیں۔

آڈیٹرز:

مالی سال کے آڈٹ کے اختتام پر آڈیٹرز کی تقرری کی مدت پوری ہوچکی ہے۔ آڈیٹرز کی دوبارہ تقرری کی تفصیلات اس رپورٹ کے انگریزی ورژن میں دیے گئے ٹیبل میں واضح کی گئی ہیں۔ اس ضمن میں Audit Committee کی جانب سے آڈیٹرز کے تقرر کی سفارش کی گئی ہے۔

تسلیم و تحسین:

بورڈ آف ڈائریکٹرز فنڈز کے معزز یونٹ ہولڈرز کا ان کے اعتماد اور بھروسے کے لئے شکر گزار ہے۔ مزید برآں، بورڈ SECP, SBP, CDC کی معاونت، رہنمائی اور تعاون کا معترف ہے۔ اس کے علاوہ کمپنی کے ملازمین کے خلوص، جذبے اور انتھک کوششوں کا بھی اعتراف کرتا ہے۔



منجانب و برائے بورڈ آف ڈائریکٹرز آف **UBL Fund Managers Limited**

عارف اکمل سیفی

ڈائریکٹر

یاسر قادری

چیف ایگزیکٹو آفیسر

کراچی

24 ستمبر 2020

UIOF

UBL Income Opportunity Fund

INVESTMENT OBJECTIVE

The Objective of UBL Income Opportunity Fund is to provide a competitive rate of return to its investors by investing in quality TFCs / Sukuk, Government Securities, Bank Deposits, and short and long term debt instruments.

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

Fund Manager's Report – UBL Income Opportunity Fund (UIOF)

- i) **Description of the Collective Investment Scheme category and type**
Income / Open-end
- ii) **Statement of Collective Investment Scheme's investment objective**
The Objective of UBL Income Opportunity Fund is to provide a competitive rate of return to its investors by investing in quality TFCs / Sukuk, Government Securities, Bank Deposits, and short and long term debt instruments.
- iii) **Explanation as to whether the Collective Investment Scheme achieved its stated objective**
The Fund achieved its stated objective.
- iv) **Statement of benchmark(s) relevant to the Collective Investment Scheme**
Average of 6M KIBOR rates.
- v) **Comparison of the Collective Investment Scheme's performance during the period compared with the said benchmarks**

Monthly Yield*	Jul'19	Aug'19	Sep'19	Oct'19	Nov'19	Dec'19	Jan'20	Feb'20	Mar'20	Apr'20	May'20	Jun'20	FYTD
UIOF	11.20%	12.90%	18.32%	16.59%	12.79%	12.66%	12.84%	11.26%	29.73%	48.12%	1.12%	8.36%	15.78%
Benchmark	13.42%	13.95%	13.84%	13.49%	13.36%	13.37%	13.36%	13.36%	12.24%	9.28%	7.82%	7.63%	12.10%

- vi) **Description of the strategies and policies employed during the period under review in relation to the Collective Investment Scheme's performance**
The objective of UBL Income Opportunity Fund is to provide a competitive rate of return to its investors by investing in quality TFCs / Sukuk, Government Securities, Bank Deposits, and short and long term debt instruments. The Fund posted return of 15.78% p.a. during FY20 as compared to benchmark return of 12.10%. The weighted average maturity of the fund was 1.18 years at the end of Jun20. The fund's net assets stood at PKR 607 mn as at Jun'20 end.
- vii) **Disclosure of the Collective Investment Scheme's asset allocation as at the date of the report and particulars of significant changes in asset allocation since the last report (if applicable)**

Asset Allocation (% of Total Assets)	Jun-19	Jun-20
Term Finance Certificates / Sukuks	3%	6%
Placements with Banks	12%	0%
Placements with DFIs	7%	0%
PIBs	0%	23%
GoP Ijarah Sukuk	0%	0%
T-Bills	0%	23%
Cash	77%	40%
Others	2%	7%
MTS Exposure	0%	0%

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

FY'20 Return:	15.78%
Standard Deviation (12m trailing):	1.79%
Sharpe Ratio (12m trailing):	2.04

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

Net Asset Value			NAV per unit		
30-Jun-20	30-Jun-19	Change	30-Jun-20	30-Jun-19	Change
Rupees (000)		%	Rupees		%
607,342	833,260	(27.11)	110.0966	110.1983	(0.09)

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

Please refer to relevant section in director report

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

Distribution				Per Unit	
Declared on	Bonus	Cash	Per unit	Cum NAV	Ex NAV
	Rupees (000)			Rupees-	
Jun 26, 2020	-	64,982	17.4593	127.6576	110.1983

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

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

xiii) **Breakdown of unit holdings by size**

Range of Units	Number of Investors
	UIOF

0.0001 - 9,999.9999	535
10,000.0000 - 49,999.9999	77
50,000.0000 - 99,999.9999	6
100,000.0000 - 499,999.9999	12
500,000.0000 & Above	1
Total	631

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

There were no unit splits during the period.

xv) Disclosures of circumstances that materially affect any interests of unit holders

Investment are subject to market risk.

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

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

PERFORMANCE TABLE

UBL Income Opportunity Fund

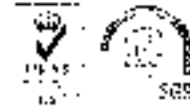
	2020	2019	2018
NET ASSETS AS AT 30 JUNE - Rupees in '000	607,342	833,260	557,268
NET ASSETS VALUE PER UNIT AT 30 JUNE - Rupees			
Class A units - Offer *	111.9682	112.0717	116.6694
- Redemption	110.0966	110.1983	114.7192
RETURN OF THE FUND - %			
Total Return of the Fund	15.78	8.49	4.31
Capital Growth (per unit)	(0.06)	0.57	4.31
Date of Income Distribution	-	2-Jul-18	-
Income Distribution	-	4.7439	-
Date of Income Distribution	26-Jun-20	24-Jun-19	-
Income Distribution	17.4593	9.0898	-
AVERAGE ANNUAL RETURN - %			
One Year	15.78	8.49	4.31
Second Year	12.14	6.40	4.52
Third Year	9.53	5.84	5.58
Fourth Year	8.33	6.31	6.90
OFFER / REPURCHASE DURING THE YEAR- Rupees			
Highest price per unit - Class A units - Offer	129.3152	121.0469	116.6694
Highest price per unit - Class A units - Redemption	127.1536	119.0235	114.7192
Lowest price per unit - Class A units - Offer	111.9476	111.8449	111.8768
Lowest price per unit - Class A units - Redemption	110.0763	109.9753	110.0067
* Front-end load @ 1.5% is applicable			
PORTFOLIO COMPOSITION - %			
Percentage of Net Assets as at 30 June			
PORTFOLIO COMPOSITION BY CATEGORY - %			
Bank Balances	40.00	77.00	57.00
TFC'S & Government Securities	52.00	3.00	4.00
Others	8.00	20.00	39.00
PORTFOLIO COMPOSITION BY MARKET - %			
Debt Market	100.00	100.00	100.00

Note:

- The Launch date of Fund is 29 March 2013.

DISCLAIMER

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



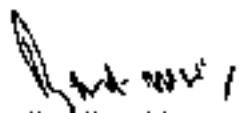
TRUSTEE REPORT TO THE UNIT HOLDERS

UBL INCOME OPPORTUNITY FUND

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

We Central Depository Company of Pakistan Limited being the Trustee of UBL Income Opportunity Fund (the Fund) are of the opinion that UBL Fund Managers Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2020 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.


Badrudin Akhet
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 25, 2020





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

NAME OF FUND: UBL INCOME OPPORTUNITY FUND

YEAR ENDED: JUNE 30, 2020

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

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

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

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

* Ms. Naz Khan has resigned dated July 20, 2020

** Mr. Arif Akmal Saifie was appointed as a director from March 20, 2020

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

8. The Board has a formal policy and transparent procedures for remuneration of its directors in accordance with the Act and these Regulations.
9. The following directors and executives have acquired the prescribed Directors' Training Program (DTP) certification:

Directors

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

Executives

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

Board Audit Committee

Name	Designation	Type of Directorship
Ms. Naz Khan*	Chairman	Independent Director
Mr. Arif Akmal Saifie**	Member	Non-Executive Director
Mr. Imran Sarwar	Member	Non-Executive Director
Ms. Sadia Saeed	Member	Non-Executive Director
Mr. Tauqeer Mazhar***	Member	Non-Executive Director

Board Human Resource and Compensation Committee

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

Board Risk and Compliance Committee

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

* Ms. Naz Khan has resigned dated July 20, 2020

** Mr. Arif Akmal Saifie was appointed as a director from March 20, 2020

*** Mr. Tauqeer Mazhar resigned as a director from January 30, 2020

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
14. The frequency of meetings of the committees was as follows:
 - a. The Board Audit Committee: quarterly - six meetings held
 - b. The Board Human Resource and Compensation Committee: quarterly - five meetings held
 - c. The Board Risk and Compliance Committee: quarterly - four meetings held
15. The Board has set up an effective internal audit function. The Function has suitably qualified and experienced staff for the purpose and they are conversant with the policies and procedures of the Management Company.
16. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and are registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the Partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of CEO, CFO, the Head of Internal Audit, the Company Secretary or directors of the Management Company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of Regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with.
19. We confirm that any other significant requirements of the Regulations have been complied with.

AZHAR HAMID
Chairman

Karachi.
Dated: **September 25, 2020**

To the unitholders of UBL Income Opportunity Fund

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

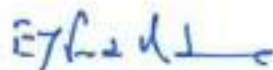
We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of UBL Fund Managers Limited, the Management Company of UBL Income Opportunity Fund (the Fund) for the year ended 30 June 2020 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Funds for the year ended 30 June 2020.



Chartered Accountants

Place: Karachi

Date: 30 September 2020

INDEPENDENT AUDITORS' REPORT

To the Unit holders of UBL Income Opportunity Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **UBL Income Opportunity Fund (the Fund)**, which comprise the statement of assets and liabilities as at 30 June 2020, and the income statement, comprehensive income, cash flow statement and statement of movement in unit holders' fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, (or give a true and fair view of) the financial position of the Fund as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

Key audit matter	How our audit addressed the key audit matter
Existence and valuation of bank balances and investments	
As disclosed in notes 6 and 7 to the accompanying financial statements of the Fund for the year ended 30 June 2020, the bank balances and investments (comprised of debt securities) held by the Fund represent 93% of the total assets of the Fund as at the year end.	We performed a combination of audit procedures focusing on the existence and valuation of bank balances and investments. Our key procedures included the following: - We obtained independent confirmations for verifying the existence of the bank balances as at 30 June 2020 and reconciled it with the books and records of the Fund. - We tested controls over acquisition, disposals and periodic valuation of investments portfolio.

Key audit matter	How our audit addressed the key audit matter
In view of the significance of bank balances and investment in relation to the total assets and the Net Assets Value (NAV) of the Fund, we have considered the existence and valuation of such bank balances and investments as a key audit matter.	- We performed substantive audit procedures on year-end balance of portfolio including review of custodian's statement and related reconciliations and valuations on such investments in accordance with the accounting policy of the Fund as mentioned in note 4. - We evaluated the appropriateness of the classification of the investments in accordance with the requirements of IFRS 9 and the valuations in accordance with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations). - We assessed the Fund's compliance with the requirements of the Regulations in relation to the concentration of investments and exposure limits prescribed in such Regulations and the applicability of disclosures in this regard. - We also evaluated the adequacy of the overall disclosures in the financial statements in respect of the investment portfolio in accordance with the requirements of the Regulations and applicable financial reporting standards.

Other Information

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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



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

Report on Other Legal and Regulatory Requirements

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

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



Chartered Accountants

Date: 29 September 2020

Karachi

UBL INCOME OPPORTUNITY FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2020

		June 30, 2020	June 30, 2019
	Note	----- (Rupees in '000) -----	
ASSETS			
Bank balances	6	254,875	648,809
Investments	7	331,686	184,264
Mark-up receivable	8	6,201	8,609
Advance tax	9	347	236
Deposits, prepayments and other receivables	10	32,231	4,869
Receivable against sale of investments		5,714	-
Total assets		631,054	846,787
LIABILITIES			
Payable to the Management Company	11	2,201	1,389
Payable to the Trustee	12	46	131
Annual fee payable to the Securities and Exchange Commission of Pakistan (SECP)	13	119	1,090
Accrued and other liabilities	15	21,346	10,917
Total liabilities		23,712	13,527
NET ASSETS		607,342	833,260
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		607,342	833,260
CONTINGENCIES AND COMMITMENTS	16		
		----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE		5,516,450	7,561,461
		----- (Rupees) -----	
NET ASSETS VALUE PER UNIT		110.0966	110.1983

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

For UBL Fund Managers Limited
(Management Company)

SD

Chief Executive Officer

SD

Director

SD

Chief Financial Officer

UBL INCOME OPPORTUNITY FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

		June 30, 2020	June 30, 2019
		----- (Rupees in '000) -----	
INCOME	Note		
Financial income on:			
- Bank balances		34,882	131,992
- Term Deposit Receipts		3,056	6,895
- Government Securities		26,938	3,920
- Term Finance Certificates		3,032	2,052
- Sukuks		1,334	-
Unrealised gain / (loss) on revaluation of investments classified as at fair value through profit or loss' - net		1,130	(214)
Gain / (loss) on redemption / sale of investments classified as at fair value through profit or loss' - net		27,341	(613)
Dividened Income		5,483	-
Other income		1,488	471
Total income		104,684	144,503
EXPENSES			
Remuneration of the Management Company	11.1	6,669	14,447
Sales tax on management fee	11.2	867	1,878
Allocated expenses by the Management Company	11.3	594	1,453
Selling and marketing expenses	11.4	594	1,110
Remuneration of the Trustee	12.1	445	2,056
Sales tax on remuneration of the Trustee	12.2	58	267
Annual fee to Securities and Exchange			
Commission of Pakistan	13	119	1,090
Brokerage expenses		1,008	79
Custody and settlement charges		997	817
Listing fee expense		28	27
Auditors' remuneration	17	356	363
Legal and professional charges		212	208
Bank charges and other expenses		253	265
Total expenses		12,200	24,060
Net income for the year from operating activities		92,484	120,443
Provision for Sindh Workers' Welfare Fund (SWWF)	14.2	(1,814)	(2,362)
Net income for the year before taxation		90,670	118,081
Taxation	18	-	-
Net income for the year after taxation		90,670	118,081
<i>Allocation of net income for the year:</i>			
Net income for the year after taxation		90,670	118,081
Income already paid on units redeemed		(57,514)	(75,637)
		33,156	42,444
<i>Accounting income available for distribution:</i>			
- Relating to capital gains		11,155	-
- Excluding capital gains		22,001	42,444
		33,156	42,444

Earnings per unit 23.2

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

For UBL Fund Managers Limited
(Management Company)

SD

Chief Executive Officer

SD

Director

SD

Chief Financial Officer

UBL INCOME OPPORTUNITY FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	June 30, 2020	June 30, 2019
	----- (Rupees in '000) -----	
Net income for the year after taxation	90,670	118,081
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u><u>90,670</u></u>	<u><u>118,081</u></u>

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

For UBL Fund Managers Limited
(Management Company)

SD

Chief Executive Officer

SD

Director

SD

Chief Financial Officer

UBL INCOME OPPORTUNITY FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	June 30, 2020	June 30, 2019
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before taxation	90,670	118,081
Adjustments for:		
Financial income	(69,242)	-
Dividend income	(5,483)	-
(Gain) / loss on redemption / sale of investments classified as at fair value through profit or loss' - net	(27,341)	613
Unrealised (gain) / loss on revaluation of investments classified as at fair value through profit or loss' - net	(1,130)	214
Provision for Sindh Workers' Welfare Fund (SWWF)	1,814	2,362
	(101,382)	3,189
	(10,712)	121,270
(Increase) / decrease in assets		
Investments	(218,951)	(63,180)
Receivable against sale of investments	(5,714)	192,347
Advance tax	(111)	(12)
Deposits, prepayments and other receivables	(27,362)	20,294
	(252,138)	149,449
Increase / (decrease) in liabilities		
Payable to the Management Company	812	955
Payable to the Trustee	(85)	37
Annual fee payable to the SECP	(971)	841
Accrued and other liabilities	8,615	(3,288)
	8,371	(1,455)
Dividend received	5,483	-
Financial income received	71,650	(5,332)
Net cash flows (used in) / generated from operating activities	(177,346)	263,932
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipt from issuance of units	2,334,753	2,819,419
Net payment against redemption of units	(2,586,359)	(2,575,301)
Cash distribution to unit holders	(64,982)	(86,207)
Net cash (used in) / generated from financing activities	(316,588)	157,911
Net (decrease) / increase in cash and cash equivalents during the year	(493,934)	421,843
Cash and cash equivalents at beginning of the year	748,809	326,966
Cash and cash equivalents at end of the year	254,875	748,809
Cash and cash equivalents		
Bank balances	254,875	648,809
Term deposit receipt - 3 months	-	100,000
	254,875	748,809

For UBL Fund Managers Limited
(Management Company)

SD
Chief Executive Officer

SD
Director

SD
Chief Financial Officer

UBL INCOME OPPORTUNITY FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	June 30, 2020			June 30, 2019		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees in '000)					
Net assets at beginning of the year	821,353	11,907	833,260	539,431	17,837	557,268
Amount received on issuance of 19,745,864 units (2019: 25,158,199 units)						
Capital value	2,175,961	-	2,175,961	2,886,128	-	2,886,128
Element of income during the year; Relating to net Income for the year after taxation	158,792	-	158,792	(66,709)	-	(66,709)
	2,334,753	-	2,334,753	2,819,419	-	2,819,419
Amount paid on redemption of 21,790,875 units (2019: 22,454,410 units)						
Capital value	(2,401,317)	-	(2,401,317)	(2,575,952)	-	(2,575,952)
Element of income during the year; - Relating to net income for the year after taxation	(127,528)	(57,514)	(185,042)	76,288	(75,637)	651
	(2,528,845)	(57,514)	(2,586,359)	(2,499,664)	(75,637)	(2,575,301)
Total comprehensive income for the year	-	90,670	90,670	-	118,081	118,081
Distribution during the year Rs 17.4593 @ Jun 26, 2020	(30,663)	(34,319)	(64,982)	(37,833)	(48,374)	(86,207)
Net income for the year less distribution	(30,663)	56,351	25,688	(37,833)	69,707	31,874
Net assets at end of the year	596,598	10,744	607,342	821,353	11,907	833,260
Undistributed income brought forward:						
- Realised	-	12,121	12,121	-	17,837	17,837
- Unrealised	-	(214)	(214)	-	-	-
	-	11,907	11,907	-	17,837	17,837
Accounting income available for distribution:						
- Relating to capital gains	-	-	-	-	-	-
- Excluding capital gains	-	33,156	33,156	-	42,444	42,444
	-	33,156	33,156	-	42,444	42,444
Distribution during the year Rs 17.4593 @ Jun 26, 2020	-	(34,319)	(34,319)	-	(48,374)	(48,374)
Undistributed income carried forward	-	10,744	10,744	-	11,907	11,907
Undistributed income carried forward						
- Realised	-	9,614	9,614	-	12,121	12,121
- Unrealised	-	1,130	1,130	-	(214)	(214)
	-	10,744	10,744	-	11,907	11,907
						(Rupees)
Net assets value per unit at beginning of the year			110.1983			114.7192
Net assets value per unit at end of the year			110.0966			110.1983

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

For UBL Fund Managers Limited
(Management Company)

SD

Chief Executive Officer

SD

Director

SD

Chief Financial Officer

UBL INCOME OPPORTUNITY FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** UBL Income Opportunity Fund (the Fund) was established under a Trust Deed executed between UBL Funds Managers Limited, (wholly owned subsidiary company of United Bank Limited) as its Management Company and Central Depository Company of Pakistan Limited, as its Trustee. The Trust Deed was executed on January 01, 2013 and the Fund was authorized by the Securities and Exchange Commission of Pakistan (SECP) on February 13, 2013 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). The registered office of the Management Company is situated at the 4th Floor STSM Building, Beaumont Road, Civil Lines Karachi.
- 1.2** The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through certificate of registration issued by SECP.
- 1.3** The Fund is an open-ended mutual fund listed on Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holders. The Fund commenced its operations from March 29, 2013.
- 1.4** The objective is to provide a competitive rate of return to its investors by investing in quality term finance certificates / sukuks issued by the financial institutions, Government securities, bank deposits and short-term and long-term debt instruments. Under circular 07 dated March 06, 2009 issued by the SECP, the Fund has been categorized by the Management Company as an Income Scheme.
- 1.5** VIS Credit Rating Company has re-affirmed an asset manager quality rating of 'AM1' (stable outlook) to the Management Company and a stability rating of "A-(f)" to the Fund as on December 31, 2019.
- 1.6** Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

STATEMENT OF COMPLIANCE

- 2. 2.1** These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. Such standards comprise of:
- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);
 - Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984;
 - The NBFC rules, the Non-Banking Finance Companies, Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust

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

3. BASIS OF PREPARATION

3.1 Accounting convention

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

3.2 Critical accounting estimates and judgments

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

3.3 Functional and presentation currency

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 New / Revised Standards, Interpretations and Amendments

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

IFRS 16 – Leases

IFRIC 23 – Uncertainty over Income Tax Treatments

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

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

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

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

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

IAS 23 – Borrowing Costs - Borrowing costs eligible for capitalisation

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

IFRS 14 – Regulatory Deferral Accounts

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

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

4.2 Cash and cash equivalents

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

4.3 Financial assets

4.3.1 Classification

Business model assessment

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

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

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

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

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

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

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

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

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

4.3.2 Initial Measurement

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

Subsequent Measurement

Debt instruments at Amortized Cost

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

Debt instruments at FVOCI

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

Financial assets at fair value through profit or loss

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

4.3.3 Impairment of financial assets

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

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

4.4 Derecognition

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

4.5 Financial liabilities

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

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

4.6 Offsetting of financial assets and liabilities

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

4.7 Provisions

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

4.8 Taxation

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

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

4.9 Dividend distribution and appropriations

Dividend distributions and appropriations are recorded in the period in which these are approved by the Board of Directors of the Management Company. Based on Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

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

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared and approved by the Board of Directors of the Management Company.

4.10 Issue and redemption of units

Units issued are recorded at the offer price, prevalent on the day on which the applications for purchase of units are received (however units are issued on the receipt of cash / realisation of cheques). The offer price represents the net asset value per unit as of the close of the business day plus the allowable front-end sales load. The front-end 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 Fund receives redemption applications during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load. Redemption of units is recorded on acceptance of application for redemption.

4.11 Net asset value per unit

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

4.12 Revenue recognition

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

4.13 Expenses

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

4.14 Preliminary expenses and floatation cost

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

4.15 Unitholders' fund

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

4.16 Foreign currency transactions

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

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

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

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

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

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 3 Definition of a Business (Amendments)	January 01, 2020
Interest rate benchmark reform - Amendment to IFRS 9, IAS 39 and IFRS 7	January 01, 2020
IAS – 1: Definition of Material – Amendments to IAS 1 and IAS 8	January 01, 2020
Covid-19-Related Rent Concessions – Amendment to IFRS 16	January 01, 2020
Property, Plant and Equipment: Proceeds before Intended Use – - Amendments to IAS 16	January 01, 2020
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	January 01, 2020
Classification of liabilities as current or non-current - Amendment to IAS 1	January 01, 2022
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalized

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

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

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

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

	Note	June 30, 2020 ----- (Rupees in '000) -----	June 30, 2019
6. BANK BALANCES			
Saving accounts	6.1	254,875	648,809

6.1 These carry mark-up at the rates ranging from 6.4% to 13.5% (2019: 3.75% to 13.90%) per annum and include a balance of Rs.1.93 (2019: Rs.2.36) million held with United Bank Limited (a related party).

7. INVESTMENTS

Investments by Category

'At Fair Value Through Profit or Loss'

Government Securities - Market Treasury Bills	7.1	146,735	-
Government Securities - Pakistan Investment bonds	7.2	144,236	-
Term Finance Certificates	7.3	40,715	21,685

'At Ammortised Cost

Letter of placement	-	60,092
Term deposit receipt	-	102,487
	331,686	184,264

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

Particulars	Note	As at July 01, 2019	Purchased during the year	Disposed / matured during the year	As at June 30, 2020	Balance as at June 30, 2020			Market value as a percentage of net assets	Market value as a percentage of total investments
						Carrying value	Market value	Appreciation / (Diminution)		
----- Number of certificates -----						----- (Rupees in '000) -----			----- % -----	
Market treasury bills - 12 months	7.1.1	-	17,828	(16,278)	1,550	146,277	146,735	458	24.16%	44.24%
Market treasury bills - 6 months		-	10,500	(10,500)	-	-	-	-	0.00%	0.00%
Market treasury bills - 3 months		-	22,000	(22,000)	-	-	-	-	0.00%	0.00%
June 30, 2020						146,277	146,735	458	24.16%	44.24%
June 30, 2019						-	-	-	-	-

7.1.1 These treasury bills carry effective yield of 7.29% to 11.05% per annum and will mature by August 2020 and June 2021.

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

Particulars	Note	As at July 01, 2019	Purchased during the year	Disposed / matured during the year	As at June 30, 2020	Balance as at June 30, 2020			Market value as a percentage of net assets	Market value as a percentage of total investments
						Carrying value	Market value	Appreciation / (Diminution)		
----- Number of certificates -----						----- (Rupees in '000) -----			----- % -----	
Pakistan Investment										
Bonds - 10 years	7.2.1	-	150,000	-	150,000	15,277	15,127	(150)	2.49%	4.56%
Bonds - 5 years		-	3,750,000	(3,750,000)	-	-	-	-	0.00%	0.00%
Bonds - 3 years	7.2.2	-	8,257,000	(7,007,000)	#####	127,900	129,109	1,209	21.26%	38.93%
June 30, 2020						143,177	144,236	1,060	23.75%	43.49%
June 30, 2019						99,522	99,760	238		

7.2.1 This Pakistan Investment Bonds carry interest at the rate of 14.7% per annum. These will mature latest by August 22, 2029.

7.2.2 This Pakistan Investment Bonds carry interest at the rate from 7.7% to 11.24% per annum. These will mature latest by September 19, 2022.

7.3 Debt Securities - Term Finance Certificates - 'At Fair Value Through Profit or Loss'

Particulars	Note	Number of certificates				June 30, 2020			Market value as a % of net assets	Market value as a % of total investments
		As at July 01, 2019	Purchased during the year	Sold / matured during the year	As at June 30, 2020	Carrying value	Market value	Unrealised gain / (loss)		
						----- (Rupees in '000) -----			----- % -----	
Commercial banks										
Bank AL Habib Limited - unlisted (Issue date - March 17, 2016)	7.3.1 & 7.3.2	2,000	-	-	2,000	9,884	9,161	(723)	1.51%	2.76%
Habib Bank Limited - listed (Issue date - February 19, 2016)	7.3.1 & 7.3.2	120	-	-	120	11,792	11,727	(65)	1.93%	3.54%
Dawood Hercules Corporation Limited - listed (Issue date - November 17, 2017)	7.3.1 & 7.3.2	-	50	-	50	3,507	3,535	28	0.58%	1.07%
Dawood Hercules Corporation Limited - listed (Issue date - March 01, 2018)	7.3.1 & 7.3.2	-	200	-	200	15,920	16,292	372	2.68%	4.91%
Hub Power Company Limited - unlisted (Issue date - August 22, 2019)	7.3.1 & 7.3.2	-	300	(300)	-	-	-	-	-	-
Total as at June 30, 2020						41,103	40,715	(388)	6.70%	12.28%
Total as at June 30, 2019						21,899	21,685	(214)		

7.3.1 These carry profit rate from 8.15% to 14.08% (June 2019: from 11.34% to 11.58%).

7.3.2 Significant terms and conditions of term finance certificates outstanding at the year end are as follows:

Name of security	Number of certificates	Redemption Value (Rupees)		Interest rate (Per annum)	Maturity
		Per certificate	Total		
Bank AL Habib Limited	2,000	4,992	9,984,000	6M KIBOR + 0.75%	March 17, 2026
Habib Bank Limited	120	99,840	11,980,800	6M KIBOR + 0.5%	February 19, 2026
Dawood Hercules Corporation Limited	50	70,000	3,500,000	3M KIBOR + 1%	November 16, 2022
Dawood Hercules Corporation Limited	200	80,000	16,000,000	3M KIBOR + 1%	March 01, 2023

		June 30, 2020	June 30, 2019
	Note	----- (Rupees in '000) -----	
8. MARK-UP RECEIVABLE			
Mark-up receivable on:			
- Term finance certificates		991	827
- Sukuks		168	-
- Saving accounts	8.1	909	7,781
- Pakistan Investment Bonds		4,133	-
		<u>6,201</u>	<u>8,608</u>

8.1 This includes receivable of Rs.1.93 (2019: Rs.0.02) million on balances maintained with United Bank Limited (a related party).

9. ADVANCE TAX

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

	June 30, 2020	June 30, 2019
	----- (Rupees in '000) -----	
10. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Advance against NCCPL exposure margin - Spread Transaction	22,508	-
Advance against NCCPL exposure margin - MTS	1,477	818
Security deposit with:		
- Central Depository Company of Pakistan Limited (CDC)	100	100
- National Clearing Company of Pakistan Limited (NCCPL)	3,000	3,000
Prepayments	665	326
Receivable on Issuance of Unit	2,815	-
Others	1,666	625
	32,231	4,869

11. PAYABLE TO THE MANAGEMENT COMPANY

	Note		
Management remuneration payable	11.1	399	881
Sindh Sales Tax on management remuneration	11.2	52	114
Payable against allocated expenses	11.3	131	68
Selling and marketing expenses	11.4	207	226
Sales load payable to Management Company		1,412	100
		<u>2,201</u>	<u>1,389</u>

11.1 The Management Company is entitled to remuneration for services rendered to the Fund under the provisions of the amended NBFC Regulations dated November 25, 2015, of an amount not exceeding 2 percent of the average daily net assets of the Fund. The Management Company has charged remuneration at the rate of 10% of the gross earnings of the Scheme, calculated on a daily basis not exceeding the maximum rate 1.50% of remuneration based on net assets. The Fee is subject to a minimum of 0.25% of the daily net assets of the Scheme. The remuneration is paid to the Management Company on monthly basis in arrears.

11.2 Sales tax on the management remuneration has been charged at the rate of 13% (2019: 13%)

11.3 Upto June 19, 2019 in accordance with Regulation 60 of the NBFC Regulations, the Management Company was entitled to charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS) at the rate of up to 0.1% of the average annual net assets of the scheme or actual whichever is less. However, SECP vide SRO 639 dated June 20, 2019 removed the maximum cap of 0.1%.

'Therefore, with effect from June 20, 2019, the Management Company can charge expenses related to registrar services, accounting, operations and valuation services to the CIS based on its discretion provided the Total Expense Ratio (TER) prescribed by the SECP vide SRO 639 dated June 20, 2019 is complied with.

- 11.4** The SECP had allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) initially for a period of three years (i.e. from January 01, 2017 till December 31, 2019). The maximum cap of selling and marketing expense was 0.4% per annum of the net assets of the Fund or actual expenses whichever is lower.

'During the current period, the SECP through its circular 11 dated July 05, 2019 has revised the conditions for charging of selling and marketing expenses to a Fund. As per the revised guidelines, the maximum cap of 0.4% per annum has been lifted and now the asset management company is required to set a maximum limit for charging of such expense to the Fund and the same should be approved by the Board as part of annual plan. Furthermore, the time limit of three years has also been removed in the revised conditions.

'Accordingly, the Board of Directors of Management Company have resolved that the selling and marketing expenses will be charged based on the discretion of the Management Company provided the Total Expense Ratio (TER) prescribed by the SECP vide SRO 639 dated June 20, 2019 is complied with.

		June 30, 2020	June 30, 2019
	Note	----- (Rupees in '000) -----	
12. PAYABLE TO THE TRUSTEE			
Remuneration payable	12.1	41	116
Sales tax on remuneration payable	12.2	5	15
		<u>46</u>	<u>131</u>

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

The tariff structure applicable to the fund in respect of trustee fee has been revised from July 01, 2019 where by the revised tariff is 0.075% of net assets.

- 12.2** Sales tax on the trustee remuneration has been charged at the rate of 13% (2019: 13%).

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

This represents annual fee payable to SECP in accordance with S.R.O. 685(I)/2019 whereby the Fund is required to pay to SECP an amount equal to 0.02% (2019: 0.075%) of the average daily net assets of the Fund.

		June 30, 2020	June 30, 2019
	Note	----- (Rupees in '000) -----	
14. ACCRUED AND OTHER LIABILITIES			
Provision for indirect duties and taxes	14.1	1,597	1,597
Auditors' remuneration		341	261
Brokerage payable		982	55
Withholding tax deducted at source payable		4,546	5,614
Zakat deducted at source payable		34	10
Capital gains tax payable		1,730	45
Provision for Sindh Workers' Welfare Fund (SWWF)	14.2	4,867	3,053
Legal and professional charges payable		97	61
Other payables		7,152	221
		<u>21,346</u>	<u>10,917</u>

14.1 Provision for indirect duties and taxes

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

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

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 01, 2016. However, as a matter of abundant caution, the provision for FED made prior to this period has been maintained by the Fund which at June 30, 2020 aggregates to Rs.1.557 (2019: Rs.1.557) million. Had the provision for FED not been recorded in the financial statements of the Fund, the net assets value of the Fund as at June 30, 2020 would have been higher by Re.0.28 (2019: Re.0.21) per unit.

14.2 Provision for Sindh Workers' Welfare Fund

As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act (SWWF Act), 2014 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.0.5 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 (including the Management Company of the Fund) 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. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF which is currently pending. However, as a matter of abundant caution, MUFAP has recommended to all its members to record a provision for SWWF from the date of enactment of SWWF Act, 2014 (i.e. starting from May 21, 2015).

The provision for SWWF is now being made on a daily basis. Had the provision for SWWF not been recorded in the financial statements of the Fund, the net assets value of the Fund as at June 30, 2020 would have been higher by Re.0.88 (2019: Re.0.40) per unit.

15. TOTAL EXPENSE RATIO

Total Expense Ratio of the Fund is 2.36% as on June 30, 2019 (2019: 1.82%) and this includes 0.51% (2019: 0.36%) representing Government Levy, Sindh Worker's Welfare Fund and SECP Fee. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulation 60(5) for a collective investment scheme categorised as an income scheme.

16. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2020 (2019: Nil).

17. AUDITORS' REMUNERATION

Annual audit fee
Half yearly review fee
Other certifications and services

Sales tax
Out of pocket expenses

	June 30, 2020	June 30, 2019
	----- (Rupees in '000) -----	
	124	134
	56	53
	109	103
	289	290
	38	23
	29	50
	356	363

18. TAXATION

The income of the Fund is exempt from tax under clause (99) of Part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per regulation 63 of the NBFC Regulations, the Fund is required to distribute not less than 90 percent of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2020 to the unit holders as explained above, no provision for taxation has been made in these financial statements during the year.

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

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

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

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

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

	Management company	Associated companies	Trustee	Funds under common management	Directors and key executives	Other connected persons / related parties
	(Rupees in '000)					
	June 30, 2020					
Transactions during the year						
Mark-up on bank accounts	-	215	-	-	-	-
Bank charges	-	44	-	-	-	-
Units issued	150,000	-	-	-	6,092	434,718
Units redeemed	679,325	-	-	-	19,724	325,785
Remuneration*	7,536	-	503	-	-	-
Dividend paid	-	-	-	-	-	-
Allocated expenses by the Management Company	594	-	-	-	-	-
Selling and marketing expense	594	-	-	-	-	-

	June 30, 2019					
Transactions during the year						
Mark-up on bank accounts	-	351	-	-	-	-
Bank charges	-	18	-	-	-	-
Units issued	2,028,694	-	-	-	1,706	-
Units redeemed	1,535,000	-	-	-	3,441	-
Remuneration*	16,326	-	2,323	-	-	-
Listing fee	-	27	-	-	-	-
Dividend paid	40,310	-	-	-	1,546	-
Allocated expenses by the Management Company	1,453	-	-	-	-	-
Selling and marketing expense	1,110	-	-	-	-	-

	Management company	Associated companies	Trustee	Funds under common management	Directors and key executives	Other connected persons / related parties
	(Rupees in '000)					
	June 30, 2020					
Balances held						
Units held (units in '000)	-	-	1,103	-	-	-
Units held (Rupees in '000)	-	-	121,451	-	-	-
Bank balances	-	1,933	-	-	-	-
Remuneration payable	450	-	46	-	-	-
Security deposit	-	-	100	-	-	-
Sales load and other payables	1,412	-	-	-	-	-
Mark-up receivable	-	19	-	-	-	-
Payable against allocated expenses	131	-	-	-	-	-
Selling and marketing expenses	207	-	-	-	-	-

	June 30, 2019					
Balances held						
Units held (units in '000)	4,765	-	-	-	112	-
Units held (Rupees in '000)	525,095	-	-	-	12,342	-
Bank balances	-	2,357	-	-	-	-
Deposits	-	14,000	100	-	-	-
Remuneration payable	995	-	132	-	-	-
Security deposit	-	-	100	-	-	-
Sales load and other payables	100	-	-	-	-	-
Mark-up receivable	-	23	-	-	-	-
Payable against allocated expenses	68	-	-	-	-	-
Selling and marketing expenses	226	-	-	-	-	-

* Remuneration for the year is inclusive of sales tax.

20. FINANCIAL RISK MANAGEMENT

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

The fund primarily invest in investments which includes, cash in bank deposits, government securities, debt securities and money market securities.

20.2 Market risk

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

(i) Interest rate risk

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

a) Sensitivity analysis of variable rate instruments

Presently, the Fund's PLS saving accounts, investment in PIB's, T-Bills and TFC's are exposed to variable rate risk. In case of 100 basis points increase / decrease in KIBOR at year end, the net assets attributable to unit holders of the Fund and net income for the year would be higher / lower by Rs.5.866 (2019: Rs.6.705) million.

The Fund's PLS saving accounts are exposed to variable rate risk. In case of 100 basis points increase / decrease in interest rates at year end, the net assets attributable to unit holders of the Fund and net income for the year would be higher / lower by Rs.2.549 (2019: Rs.6.488) million.

The composition of the Fund's investment portfolio, KIBOR rates and rates announced by Financial Market Association is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2020 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

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

b) Sensitivity analysis of fixed rate instruments

As at June 30, 2020, the Fund does not hold any fixed rate instruments and is not exposed to fair value interest rate risk.

Yield / interest rate sensitivity position for on balance sheet financial instruments is based on the earlier of contractual repricing or maturity date. The composition of the fund investment may change over time. Accordingly, the sensitivity analysis prepared as at June 30, 2020 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

June 30, 2020						
On-balance sheet financial instruments	Interest rate (%)	Exposed to interest rate risk				Total
		Up to three months	More than three months and up to one year	More than one year (Rupees in '000)	Not exposed to interest rate risk	
			up to one year			
Financial assets						
Bank balances	6.4 to 13.5	254,875	-	-	-	254,875
Investments classified as 'at fair value through profit or loss'	7.29 - 14.70	29,672	117,063	184,951	-	331,686
Letter of placement		-	-	-	-	-
Term deposit receipt		-	-	-	-	-
Mark-up receivable		-	-	-	6,201	6,201
Deposits and other receivables		-	-	-	31,566	31,566
Receivable against sale of investments		-	-	-	5,714	5,714
		284,547	117,063	184,951	43,481	630,042
Financial liabilities						
Payable to the Management Company		-	-	-	1,811	1,811
Payable to the Trustee		-	-	-	41	41
Accrued and other liabilities		-	-	-	8,534	8,534
		-	-	-	10,386	10,386
On-balance sheet gap		284,547	117,063	184,951	33,095	619,656

June 30, 2019						
Exposed to interest rate risk						
Interest rate (%)	Up to three months	More than three months and up to one year		More than one year	Not exposed to interest rate risk	Total
		(Rupees in '000)				
On-balance sheet financial instruments						
Financial assets						
Bank balances	3.75 - 13.90	648,809	-	-	-	648,809
Investments classified as 'at fair value through profit or loss'	8.53 - 11.58	-	-	21,685	-	21,685
Letter of placement		-	60,092	-	-	60,092
Term deposit receipt		102,487	-	-	-	102,487
Mark-up receivable		-	-	-	8,609	8,609
Deposits and other receivables		-	-	-	4,543	4,543
Receivable against margin trading system (MTS)		-	-	-	-	-
		751,296	60,092	21,685	13,152	846,225
Financial liabilities						
Payable to the Management Company		-	-	-	981	981
Payable to the Trustee		-	-	-	116	116
Accrued and other liabilities		-	-	-	575	575
		-	-	-	1,672	1,672
On-balance sheet gap						
		751,296	60,092	21,685	11,480	844,553

There is no off-balance sheet financial instrument that exists as at year ended June 30, 2020 and June 30, 2019.

(ii) Foreign currency risk

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

20.3 Liquidity risk

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

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

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

	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
June 30, 2020 (Rupees in '000)					
Financial liabilities					
Payable to the Management Company	1,811	-	-	-	1,811
Payable to the Trustee	41	-	-	-	41
Accrued and other liabilities	21,005	341	-	-	21,346
Total liabilities	22,857	341	-	-	23,198
June 30, 2019 (Rupees in '000)					
Financial liabilities					
Payable to the Management Company	981	-	-	-	981
Payable to the Trustee	116	-	-	-	116
Accrued and other liabilities	10,656	261	-	-	10,917
Total liabilities	11,753	261	-	-	12,014

20.4 Credit risk

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

	June 30, 2020	June 30, 2019
	-- (Rupees in '000) --	
Bank balances	254,875	648,809
Term finance certificates	40,715	21,685

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

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

	----- (%) -----	
Bank balances by rating category		
AAA	1.88%	0.56%
AA- to AA+	98.11%	99.44%
A- to A+	0.01%	0.00%
Total	100%	100%
Term finance certificates by rating category		
AAA	28.80%	0.00%
AA+	0.00%	45.60%
AA	71.20%	54.40%
Total	100%	100%

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

20.5 Operational risk

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

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

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

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

20.6 Unit holders' fund risk management

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

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

20.7 Impact of COVID-19

The COVID-19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic

The Securities and Exchange Commission of Pakistan (SECP) has provided the following relaxations to the asset management companies operating in Pakistan for a specific period:

- The time period to regularise the exposure limits breach under Regulation 55(13) of the NBFC Regulations has been extended from four months to six months;
- Maximum limit for application of discretionary discount as per the Annexure-I, Chapter 3 of Circular 33 of 2012 has been enhanced;
- The time period for classification of a debt security to non-performing category has been extended from 15 days to 180 days as per the requirements of Annexure-II of Circular 33 of 2012;
- Time period to ensure compliance with minimum fund size for Open End Schemes under Regulation 54(3b) of the NBFC regulations has been increased to 180 days for Open End Schemes;

21. FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

	June 30, 2020			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Financial assets measured at fair value				
Government Securities - Market Treasury Bills	-	146,735	-	146,735
Government Securities - Pakistan Investment bonds	-	144,236	-	144,236
Term Finance Certificates	31,554	9,161	-	40,715
	<u>31,554</u>	<u>300,132</u>	<u>-</u>	<u>331,686</u>

June 30, 2019			
	Level 1	Level 2	Level 3
	(Rupees in '000)		
Financial assets measured at fair value			Total
Term Finance Certificates	11,797	9,888	-
			21,685

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

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

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

22. SUPPLEMENTARY NON-FINANCIAL INFORMATION

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

23. GENERAL

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

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

24. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on September 24, 2020 by the Board of Directors of the Management Company.

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

SD

Chief Executive Officer

SD

Director

SD

Chief Financial Officer

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

(i) **PATTERN OF UNIT HOLDING**

Category	Number of unit holders	Number of units held	% of total
Individuals	619	4,922,172	89.23
Insurance companies	3	321,946	5.84
Others	5	66,888	1.21
Retirement funds	4	205,444	3.72
	631	5,516,450	100

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

Name	%
Vector Securities (Pvt.) Limited	29.93
Adam Securities (Pvt) Ltd.	27.39
Invest One Markets Limited	13.29
Continental Exchange (Pvt) Limited	7.59
Paramount Capital (Pvt) Ltd	6.08
Bipl Securities Limited (Formerly Kasb Sec)	5.74
Bright Capital (Pvt) Limited	3.97
Icon Securities (Private) Ltd.	3.15
Magenta Capital (Pvt) Limited	1.12
Currency Market Associates (Pvt.) Ltd	0.74

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

S.no	Name	Designation	Experience in years	Qualification
1	Yasir Qadri	Chief Executive Officer	24	MBA
2	Syed Suleman Akhtar	Chief Investment Officer	19	CFA, MBA
3	Muhammad Imran	Head of Investment advisory	20	MBA
4	Irfan Nepal	Chief Dealer & Fund Manager	26	EMBA
5	Hadi Hassan Muki	Head of Compliance	20	BCOM
6	Syed Shabbir Sardar Zaidi	Fund Manager & Senior Analyst	11	MAS, CFA
7	Syed Sheeraz Ali	Fund Manager & Senior Analyst	10	MBA
8	Mubashir Anis	Fund Manager Equity	8	BS, CFA
9	Muhammad Waseem	Head Research	6	BBA, CFA

OTHER FUNDS MANAGED BY THE FUND MANAGER

AI - Ameen Islamic Aggressive Income Fund
AI - Ameen Islamic Special Savings Fund
AI - Ameen Islamic Cash Fund
UBL Money Market Fund
UBL Financial Planning Fund
UBL Liquidity Plus Fund
UBL Cash Fund
UBL Government Securities Fund
UBL Growth and Income Fund
UBL Asset Allocation Fund
UBL Special Savings Fund
UBL Special Savings Fund - II
UBL Retirement Savings Fund

(iv) ATTENDANCE AT THE MEETINGS OF THE BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

	August 30, 2019	September 17, 2019	October 29, 2019	December 09, 2019	February 25, 2020	April 30, 2020	Total meetings attended
Directors:							
Mr. Arif Akmal Saifie *	N/A	N/A	N/A	N/A	N/A	✓	1
Mr. Azhar Hamid	✓	✓	✓	✓	✓	✓	6
Mr. Imran Sarwar	✓	✓	✓	✓	x	✓	5
Mr. Yasir Qadri	✓	✓	✓	✓	✓	✓	6
Ms. Naz Khan **	✓	✓	✓	✓	✓	✓	6
Ms. Sadia Saeed	x	✓	✓	✓	✓	✓	5
Syed Furrukh Zaeem	✓	✓	✓	✓	x	✓	5
Mr. Tauqeer Mazhar ***	✓	✓	✓	✓	N/A	N/A	4
Key Executives:							
Mr. Bilal Javaid ****	N/A	N/A	N/A	✓	✓	✓	3
Mr. Umair Ahmed	✓	✓	✓	✓	✓	✓	6
S.M. Aly Osman *****	✓	✓	✓	N/A	N/A	N/A	3

* Mr. Arif Akmal appointed as Director with effect from March 20, 2020

** Ms. Naz Khan resigned as Director with effect from July 20, 2020

*** Mr. Tauqeer Mazhar resigned as Director with effect from January 30, 2020

**** Mr. Bilal Javaid appointed as Company Secretary with effect from February 25, 2020

***** S.M. Aly Osman resigned as Company Secretary with effect from November 30, 2019

✓ Present
x Absent
N/A Not Applicable

(v) RATING OF THE FUND AND THE MANAGEMENT COMPANY

VIS Credit Rating Company has re-affirmed an asset manager quality rating of 'AM1' (stable outlook) to the Management Company and a stability rating of "A-(f)" to the Fund as on December 31, 2019.

UCF

UBL Cash Fund

INVESTMENT OBJECTIVE

UCF is an open-end Money Market Fund, investing in a diversified portfolio of low risk assets. The Fund seeks to provide attractive daily returns while maintaining comparatively high liquidity.

Management Company	UBL Fund Managers Limited
Trustee	Central Depository Company of Pakistan Limited 99-B, Block-B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi. Tel: (9221) 111-111-500
Distribution Company	United Bank Limited (for detail of others, please visit our website: www.ublfunds.com.pk)
Auditor	Deloitte Yousuf Adil, Chartered Accountants
Bankers	United Bank Limited Samba Bank Limited Allied Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited
Management Co.Rating	AM1(VIS)
Fund Rating	AA(f) (VIS)

Fund Manager's Report – UBL Cash Fund

- i) **Description of the Collective Investment Scheme category and type**
Money Market / Open-end
- ii) **Statement of Collective Investment Scheme's investment objective**
The objective of UBL Cash Fund is to generate competitive returns within a low risk portfolio to provide a regular stream of income and easy liquidity to its investors by investing a major chunk of the portfolio in short term government securities.
- iii) **Explanation as to whether the Collective Investment Scheme achieved its stated objective**
The Fund achieved its stated objective.
- iv) **Statement of benchmark(s) relevant to the Collective Investment Scheme**
70% Average of 3M PKRV rates + 30% 3M average deposit rate of three 3 AA rated scheduled Banks as selected by MUFAP
- v) **Comparison of the Collective Investment Scheme's performance during the period compared with the said benchmarks**

Monthly Yield*	Jul'19	Aug'19	Sep'19	Oct'19	Nov'19	Dec'19	Jan'20	Feb'20	Mar'20	Apr'20	May'20	Jun'20	FYTD
UCF	-	-	12.82%	14.54%	12.74%	14.90%	14.76%	13.47%	14.80%	19.07%	7.58%	7.96%	13.25%
Benchmark	-	-	9.66%	9.40%	9.38%	9.41%	9.38%	9.38%	8.70%	6.71%	5.70%	5.49%	8.21%

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

The objective of UBL Cash Fund (UCF) is to generate attractive returns within a low risk portfolio to provide a regular stream of income and easy liquidity to its investors. During the period under review, UCF generated return of 13.25% p.a. compared to benchmark return of 8.21% thus outperformed the benchmark by 504bps. Its net assets were PKR 1,819 mn and weighted average time to maturity of the fund was ~3 days at the end of FY20.

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

Asset Allocation (% of Total Assets)	Jun-19	Jun-20
Placements with Banks	0%	0%
Placements with DFIs	0%	8%
PIB	0%	0%
GOP Ijarah Sukuk	0%	0%
T-Bills	0%	0%
Cash	0%	91%
Others	0%	1%
Leverage	Nil	Nil

viii) Analysis of the Collective Investment Scheme's performance

FY'20 Return:	13.25%
Standard Deviation (12m trailing):	n/a
Sharpe Ratio (12m trailing):	n/a

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

x) Debt Market Review for FY20

During FY20, market appetite for the government securities remained strong. In twelve PIB auctions in FY20, heavy participation amounting to PKR ~5 trillion was observed, out of this Government preemptively accepted PKR ~1.9 trillion. Strong participation was mainly on the back of interest rate's peaked-out expectation in the beginning of the financial year along with the overall improvement in the fiscal position and estimates of higher external financing. Due to momentous demand, government leveraged its position by slashing the cut off rates by 628, 536 and 456 bps for 3Y, 5Y and 10Y PIBs respectively during the Fiscal year 2020.

In case of floating rate PIBs, government introduced 3Y floater PIB and 5Y floater PIB in addition to the existing 10Y floater PIB from June'20. Total participation of PKR ~1578 billion was observed in the floating rate PIB against the target of PKR ~900 billion. While government accepted PKR ~818 billion during FY'20.

Government has started issuance of 5-Years floating rate Ijara Sukuk since April'20 and successfully conducted 3 auctions and accepted PKR 197 billion against the target of PKR 225 billion.

Till August 2019, market bid mostly for the 3 months T-Bills. However, in the anticipation of declining interest rate scenario, heavy participation in the 12M T-Bills was observed in the subsequent auctions.

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

Distribution				Per unit	
Declared on	Bonus	Cash	Per Unit	Cum NAV	Ex NAV
	Rupees (000)		----- Rupees -----		
29-SEPT-19	--	423	0.4288	100.4288	100.00
28-JUNE-20	--	176,170	9.7866	109.7866	100.00

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

The fund has been re-categorized as money market scheme from income scheme and accordingly the pricing mechanism of the scheme has been changed from forward to backward pricing mechanism.

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

Range of Units	Number of Investors
	UCF
0.0001 - 9,999.9999	9
10,000.0000 - 49,999.9999	14
50,000.0000 - 99,999.9999	5
100,000.0000 - 499,999.9999	4
500,000.0000 & Above	9
Total	41

- xiv) **Disclosure on unit split (if any), comprising:-**
There were no unit splits during the period.
- xv) **Disclosures of circumstances that materially affect any interests of unit holders**
Investment are subject to market risk.
- xvi) **Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker(s) or dealer(s) by virtue of transactions conducted by the Collective Investment Scheme.**
No soft commissions are received by the AMC from its brokers or dealers by virtue of transactions conducted by the Collective Investment Scheme.

PERFORMANCE TABLE

UBL Cash Fund

2020

NET ASSETS AS AT 30 JUNE - Rupees in '000 **1,819,304**

NET ASSETS VALUE PER UNIT AT 30 JUNE - Rupees

Class A units - Offer *	100.0410
- Redemption	98.9105

RETURN OF THE FUND - %

Total Return of the Fund	13.06
Capital Growth (per unit)	2.85
Date of Income Distribution	30-Sep-2019 & 29-June-2020
Income Distribution	10.21

AVERAGE ANNUAL RETURN - %

Since Launch/ One Year	13.06

OFFER / REPURCHASE DURING THE YEAR- Rupees

Highest price per unit - Class A units - Offer	109.7643
Highest price per unit - Class A units - Redemption	108.5239

Lowest price per unit - Class A units - Offer	100.0000
Lowest price per unit - Class A units - Redemption	98.8700

* Front-end load upto NIL% is applicable
Back End Load (0% to 1%)

PORTFOLIO COMPOSITION - %

Percentage of Net Assets as at 30 June

PORTFOLIO COMPOSITION BY CATEGORY - %

Bank Balances	91.00
Placements with DFIs	8.00
Tbills	0.00
others	1.00

PORTFOLIO COMPOSITION BY MARKET - %

Debt Market	8.00
Equity Market	0.00

Note:

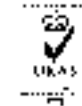
- The Launch date of Fund is 23 SEP 2019

DISCLAIMER

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

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TRUSTEE REPORT TO THE UNIT HOLDERS

UBL CASH FUND

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

We Central Depository Company of Pakistan Limited, being the Trustee of UBL Cash Fund (the Fund) are of the opinion that UBL Fund Managers Limited being the Management Company of the Fund has in all material respects managed the Fund during the period from September 27, 2019 to June 30, 2020 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 2003 and the constitutive documents of the Fund.

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 17, 2020



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

NAME OF FUND: UBL CASH FUND

YEAR ENDED: JUNE 30, 2020

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

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

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

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

* Ms. Naz Khan has resigned dated July 20, 2020

** Mr. Arif Akmal Saifie was appointed as a director from March 20, 2020

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

8. The Board has a formal policy and transparent procedures for remuneration of its directors in accordance with the Act and these Regulations.
9. The following directors and executives have acquired the prescribed Directors' Training Program (DTP) certification:

Directors

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

Executives

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

Board Audit Committee

Name	Designation	Type of Directorship
Ms. Naz Khan*	Chairman	Independent Director
Mr. Arif Akmal Saifie**	Member	Non-Executive Director
Mr. Imran Sarwar	Member	Non-Executive Director
Ms. Sadia Saeed	Member	Non-Executive Director
Mr. Tauqeer Mazhar***	Member	Non-Executive Director

Board Human Resource and Compensation Committee

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

Board Risk and Compliance Committee

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

* Ms. Naz Khan has resigned dated July 20, 2020

** Mr. Arif Akmal Saifie was appointed as a director from March 20, 2020

*** Mr. Tauqeer Mazhar resigned as a director from January 30, 2020

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
14. The frequency of meetings of the committees was as follows:
 - a. The Board Audit Committee: quarterly - six meetings held
 - b. The Board Human Resource and Compensation Committee: quarterly - five meetings held
 - c. The Board Risk and Compliance Committee: quarterly - four meetings held
15. The Board has set up an effective internal audit function. The Function has suitably qualified and experienced staff for the purpose and they are conversant with the policies and procedures of the Management Company.
16. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and are registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the Partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of CEO, CFO, the Head of Internal Audit, the Company Secretary or directors of the Management Company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of Regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with.
19. We confirm that any other significant requirements of the Regulations have been complied with.

AZHAR HAMID
Chairman

Karachi.
Dated: **September 25, 2020**

INDEPENDENT AUDITOR'S REVIEW REPORT

To the unit holders of UBL Cash Fund

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

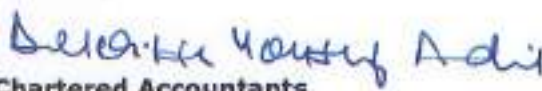
We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of UBL Fund Managers Limited (the Management Company) for UBL Cash Fund for the period from September 23, 2019 to June 30, 2020 in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Fund for the period from September 23, 2019 to June 30, 2020.


Chartered Accountants

Place: Karachi

Date: September 30, 2020

INDEPENDENT AUDITOR'S REPORT

To The Unit Holders of UBL Cash Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **UBL Cash Fund** (the Fund), which comprise the statement of assets and liabilities as at June 30, 2020, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and statement of cash flows for the period from September 23, 2020 to June 30, 2020, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2020, and of its financial performance and its cash flows for the period from September 23, 2020 to June 30, 2020 in accordance with accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current 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. We have determined that there are no key audit matters to communicate in our report.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report in respect of the fund, but does not include the financial statements and our auditor's report thereon and the information related to any other fund.

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 of the Management Company 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 the 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.

Board of Directors of the Management Company is responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Nadeem Yousuf Adil.


Chartered Accountants

Date: September 30, 2020

Place: Karachi

**UBL CASH FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2020**

	Note	June 30, 2020 (Rupees in '000')
ASSETS		
Bank balances	5	1,679,874
Investments - net	6	-
Placements	7	150,000
Mark-up receivable	8	7,773
Advance income tax	9	834
Other receivable		69
Total assets		1,838,550
LIABILITIES		
Payable to UBL Fund Managers Limited - Management Company	10	3,169
Payable to Central Depository Company of Pakistan Limited - Trustee	11	152
Payable to the Securities and Exchange Commission of Pakistan	12	188
Accrued expenses and other liabilities	13	15,737
Total liabilities		19,246
Net Assets		1,819,304
Unit Holders' Fund (as per statement attached)		1,819,304
CONTINGENCIES AND COMMITMENTS		
	14	(Number of units)
Number of Units in Issue	15	18,185,582
		----- (Rupees) -----
Net Asset Value per Unit		100.0410
Face Value per Unit		100.0000

The annexed notes 1 to 30 form an integral part of these financial statements.



For UBL Fund Managers Limited
(Management Company)

SD

Chief Executive Officer

SD

Chief Financial Officer

SD

Director

**UBL CASH FUND
INCOME STATEMENT
FOR THE PERIOD FROM SEPTEMBER 23, 2019 TO JUNE 30, 2020**

		For the period from September 23, 2019 to June 30, 2020 (Rupees in '000')
Note		
INCOME		
	16	103,833
Financial income		10,588
Gain on sale of investments - net		23
Other income		
Total income		114,444
EXPENSES		
	11.1	690
Remuneration of Central Depository Company of Pakistan Limited - Trustee	12.1	188
Annual fee of Securities and Exchange Commission of Pakistan	10.2	1,546
Allocated expenses		256
Brokerage and settlement charges		26
Listing fee		
Total expenses		2,706
Net operating income for the period		111,738
Provision for Sindh Workers' Welfare Fund	13.1	(2,191)
Net income for the period before taxation		109,547
Taxation	17	-
Net income for the period after taxation		109,547
Allocation of net income for the period		
- Net income for the period after taxation		109,547
- Income already paid on units redeemed		(65,628)
Net income for the period available for distribution		43,919
Accounting income available for distribution		
- Relating to capital gains		3,797
- Excluding capital gains		40,122
		43,919
Earnings per unit	18	

The annexed notes 1 to 30 form an integral part of these financial statements.



For UBL Fund Managers Limited
(Management Company)

SD

Chief Executive Officer

SD

Chief Financial Officer

SD

Director

**UBL CASH FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM SEPTEMBER 23, 2019 TO JUNE 30, 2020**

**For the period from
September 23, 2019
to
June 30, 2020
(Rupees in '000')**

Net income for the period after taxation	109,547

Other comprehensive income

Items that may be reclassified subsequently to income statement	-

Items that will not be reclassified subsequently to income statement	-

Total comprehensive income for the period	109,547

The annexed notes 1 to 30 form an integral part of these financial statements.



For UBL Fund Managers Limited
(Management Company)

SD

Chief Executive Officer

SD

Chief Financial Officer

SD

Director

UBL CASH FUND
STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND
FOR THE PERIOD FROM SEPTEMBER 23, 2019 TO JUNE 30, 2020

For the period from 'September 23, 2019 to June 30, 2020		
Capital value	Undistributed income	Total
(Rupees. in '000)		
Net assets at beginning of the period	-	-
Amount received on issuance of 38,778,568 units		
- Capital value	3,877,857	3,877,857
- Element of income	221,199	221,199
Total amount received on issuance of units	4,099,056	4,099,056
Amount paid on redemption of 20,592,986 units		
- Capital value	(2,059,299)	(2,059,299)
- Element of income	(87,779)	(153,407)
Total amount paid on redemption of units	(2,147,078)	(2,212,706)
Total comprehensive income for the period	-	109,547
Interim distribution:		
Rs. 0.4288 per unit paid on September 29, 2019	-	(423)
Rs. 9.7866 per unit paid on June 28, 2020	(132,707)	(176,170)
Net income for the period less distribution	(132,707)	(67,046)
Net assets at end of the period	1,819,271	1,819,304
Undistributed income brought forward comprising of:		
- Realised	-	-
- Unrealised	-	-
Accounting income available for distribution		
- Related to capital gain	3,797	
- Excluding capital gain	40,122	
	43,919	
Distribution during the period:		
Rs. 0.4228 per unit paid on September 29, 2019	(423)	
Re. 9.7866 per unit paid on June 28, 2020	(43,463)	
Undistributed loss carried forward - net	33	
Undistributed loss carried forward comprising of:		
- Realised	33	
- Unrealised	-	
	33	
(Rupees)		
Net asset value per unit at the end of the period		100.0410

The annexed notes 1 to 30 form an integral part of these financial statements.



For UBL Fund Managers Limited
(Management Company)

SD

Chief Executive Officer

SD

Chief Financial Officer

SD

Director

UBL CASH FUND
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM SEPTEMBER 23, 2019 TO JUNE 30, 2020

		For the Period from September 23, 2019 to June 30, 2020 (Rupees in '000')
CASH FLOWS FROM OPERATING ACTIVITIES	Note	
Net income for the period before taxation		109,547
Adjustments for:		
Gain on sale of investments - net		(10,588)
Financial income		(103,833)
Provision for Sindh Workers' Welfare Fund		2,191
		(112,230)
Cash used in operations before working capital changes		(2,683)
Decrease in assets		
Investment - net		10,588
Other receivable		(69)
		10,519
Increase in liabilities		
Payable to UBL Fund Managers Limited - Management Company		3,169
Payable to Central Depository Company of Pakistan Limited - Trustee		152
Payable to the Securities and Exchange Commission of Pakistan		188
Accrued expenses and other liabilities		13,546
		17,055
Cash generated from operations		24,891
Mark-up received on bank balances		26,907
Mark-up received on placements		14,794
Mark-up received on investments		54,359
Income tax paid		(834)
Net cash generated from operating activities		120,117
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issuance of units		4,099,056
Payments against redemption of units		(2,212,706)
Dividend paid		(176,593)
Net cash generated from financing activities		1,709,757
Net increase in cash and cash equivalents during the period		1,829,874
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period		1,829,874
Cash and cash equivalents		
Bank balances	5	1,679,874
Placements	7	150,000
		1,829,874

The annexed notes 1 to 30 form an integral part of these financial statements.



For UBL Fund Managers Limited
(Management Company)

SD

Chief Executive Officer

SD

Chief Financial Officer

SD

Director

**UBL CASH FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM SEPTEMBER 23, 2019 TO JUNE 30, 2020**

1. LEGAL STATUS AND NATURE OF BUSINESS

UBL Cash Fund (the "Fund") was established under the Trust Deed executed between UBL Fund Managers Limited (the Management Company - a wholly owned subsidiary company of United Bank Limited), as the Management Company, and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on July 10, 2018 after it was approved by the Securities and Exchange Commission of Pakistan (SECP) on July 04, 2018 in accordance with the requirements of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The Fund commenced its operations from September 23, 2019. Accordingly these financial statements have been prepared from September 23, 2019 to June 30, 2020.

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

The Fund is an open-end mutual fund categorized as money market scheme and is listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holder.

The investment objective of the Fund is to generate attractive returns within a low risk portfolio to provide a regular stream of income and easy liquidity to its investors.

VIS Credit Rating Company has assigned management quality rating of AM1 to the Management Company as on December 31, 2019.

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. BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprises of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

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

2.1.2 The SECP/Commission through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Currently, the Asset Management Companies are required to continue to follow the requirements of Circular 33 of 2012 for impairment of debt securities.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These Financial Statements is presented in Pakistani Rupees which is the Fund's functional and presentation currency.

2.4 Critical accounting estimates and judgements

The preparation of these financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires management to make estimates, judgements and assumptions that affect the reported amount of assets, liabilities, income and expenses. It also requires management to exercise judgement in application of its accounting policies. The estimates, judgements and associated assumptions are based on the historical experience and various other factors that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the year in which the estimates are revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements as a whole are as follows:

- (i) Classification and measurement of financial assets (notes 4.2.1, 4.2.2, 4.2.3 and 6);
- (ii) Impairment of financial assets (note 4.2.5);
- (iii) Provision for taxation (notes 4.6 and 17); and
- (iv) Provision for Sindh Workers' Welfare Fund (note 13.1).

3. NEW ACCOUNTING STANDARDS / AMENDMENTS AND IFRS INTERPRETATIONS

3.1 New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

	Effective from accounting periods beginning on or after:
Amendments to the conceptual framework for financial reporting, including amendments to references to the conceptual framework in IFRS	January 01, 2020
Amendments to IFRS 3 'Business Combinations' - amendments regarding definition of a business	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - amendments regarding definition of material	January 01, 2020
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - amendments regarding Interest rate benchmark reform	January 01, 2020
Amendment to IFRS 16 'Leases' - amendments regarding Covid-19 related rent concessions	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' - amendments regarding classification of liabilities as current or non-current	January 01, 2023
Amendments to IFRS 3 'Business Combinations' - amendments regarding reference to the conceptual framework	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - amendments regarding proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — amendments regarding cost of fulfilling a contract	January 01, 2022

Certain annual improvements have also been made to a number of IFRSs which are also not expected to have material impact on financial reporting of the Fund.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the SECP:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial Statements are set out below.

4.1 Cash and cash equivalents

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

4.2 Financial instruments

4.2.1 Classification of financial assets

IFRS 9 contains three principal classification categories for financial assets:

- Measured at amortized cost (“AC”),
- Fair value through other comprehensive income (“FVOCI”) and
- Fair value through profit or loss (“FVTPL”).

Financial assets at amortised cost

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

- 1) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- 2) 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.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Financial assets at FVOCI

A financial asset is measured at FVOCI only if it meets both of the following conditions and is not designated as FVTPL

- 1) the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- 2) 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.

FVOCI financial assets are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI.

Financial assets at FVTPL

All other financial assets are classified at FVTPL (for example: equity held for trading and debt securities not classified either as AC or FVOCI).

In addition, on initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Fund changes its business model for managing financial assets.

4.2.2 Recognition and initial measurement of financial instruments

Financial assets and financial liabilities are recognised in the Fund's statement of assets and liabilities when the Fund becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

4.2.3 Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured at amortised cost. Amortised cost is calculated using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Financial assets at FVOCI

All financial assets at FVOCI are subsequently measured at fair value with gains and losses arising due to changes in fair value are recognised in other comprehensive income.

For debt instruments classified as financial assets at FVOCI, the amounts in other comprehensive income are reclassified to income statement on derecognition of financial assets. This treatment is in contrast to equity instruments classified as financial assets at FVOCI, where there is no reclassification on derecognition.

Financial assets at FVTPL

All financial assets designated at fair value through profit or loss are subsequently carried at fair value, with gains and losses arising from changes in fair value recorded in the income statement.

4.2.4 Fair value measurement principles and provision

The fair value of financial instruments is determined as follows:

Basis of valuation of government securities:

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

4.2.5 Impairment

Under expected credit loss (ECL) model of IFRS 9, the Fund recognises loss allowances for ECLs on financial assets other than debt securities. The Fund measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Financial assets that are determined to have low credit risk at the reporting date; and
- Other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

As disclosed in note 2.1.2 of these financial statements, the Fund follows requirements of circular 33 of 2012 (the "circular") for impairment of debt securities. Under the circular, Provision for non performing debt securities is made on the basis of time based criteria as prescribed under the circular. Impairment losses recognised on debt securities can be reversed through the income statement.

As allowed under circular no. 13 of 2009 dated May 04, 2009 issued by the SECP, the Management Company may also make provision against debt securities over and above minimum provision requirement prescribed in aforesaid circular, in accordance with the provisioning policy approved by the Board of Directors and disseminated by the Management Company on its website.

4.2.6 Classification and measurement of financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

4.2.7 Derecognition

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

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

4.2.8 Regular way contracts

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention are recognised at the trade date. Trade date is the date on which the Fund commits to purchase or sell assets.

4.2.9 Offsetting of financial assets and liabilities

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

4.3 Derivatives

Derivative instruments are initially recognized at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the income statement. Derivatives with positive fair values (unrealised gains) are included in other assets and derivatives with negative fair values (unrealised losses) are included in other liabilities in the statement of assets and liabilities.

4.4 Provisions

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

4.5 Collaterals

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

4.6 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the period, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders (excluding distribution made by issuance of bonus units).

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

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

4.7 Distributions

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared. Based on MUFAP's guidelines (duly consented upon by SECP) distributions for the year is deemed to comprise of the portion of amount of income already paid on units redeemed and the amount of cash distribution for the year.

The distribution per unit is announced based on units that were held for the entire period. The rate of distribution is adjusted for the effect of refund of capital if any based on the period of investment made during the year. Resultantly, the rate of distribution per unit may vary depending on the year of investment.

4.8 Issuance and redemption of units

Units issued are allocated at the offer price, prevalent on the day on which the applications for purchase of units are received, however, units are issued on the receipt of cash / realisation of cheques. The offer price represents the net asset value per unit as at the close of the business day plus the allowable front-end sales load and provision of any duties and charges, if applicable. The sales load is payable to the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the Fund receives redemption applications during the business hours of that day. The redemption price represents the net asset value per unit as at the close of the business day less any back-end load and an amount that the management company may consider to be an appropriate provision of duties and charges. Redemption of units is recorded on acceptance of application for redemption.

4.9 Element of income / (loss) included in prices of units issued less those in units redeemed

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

4.10 Net asset value per unit

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

4.11 Revenue recognition

- Realised capital gains / losses arising on sale of investments are included in the income statement on the date at which the sale transaction takes place.
- Unrealised gains / (losses) arising on re-measurement 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.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through other comprehensive income' are included in the equity through other comprehensive income in the year in which they arise.
- Mark-up / return on investments in government securities is recognised using effective yield method.
- Income on bank balances and placements is recognised on time proportionate basis.

4.12 Expenses

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

5.	BANK BALANCES	Note	June 30, 2020 (Rupees in '000)
	In local currency:		
	- Profit and loss sharing accounts	5.1	<u>1,679,874</u>
5.1	Mark-up rates on these profit and loss sharing accounts range between 6.75% to 9.54% per annum.		

6. INVESTMENTS

6.1 Investment in Government Securities - at fair value through profit or loss

Issue date	Tenor	Face value			Market Value as at June 30, 2020	Market value as a percentage of	
		Purchased during the period	Sold / Matured during the period	As at June 30, 2020		Total Investments	Net Assets
Treasury bills		----- (Rupees in '000) -----				-----%-----	
July 18, 2019	3 months	100,000	100,000	-	-	-	-
August 1, 2019	3 months	300,000	300,000	-	-	-	-
August 16, 2019	3 months	340,000	340,000	-	-	-	-
September 26, 2019	3 months	200,000	200,000	-	-	-	-
October 10, 2019	3 months	40,000	40,000	-	-	-	-
October 24, 2019	3 months	555,000	555,000	-	-	-	-
November 7, 2019	3 months	529,000	529,000	-	-	-	-
December 19, 2019	3 months	171,000	171,000	-	-	-	-
January 2, 2020	3 months	487,000	487,000	-	-	-	-
January 16, 2020	3 months	179,000	179,000	-	-	-	-
January 30, 2020	3 months	1,100,000	1,100,000	-	-	-	-
February 27, 2020	3 months	250,000	250,000	-	-	-	-
March 12, 2020	3 months	375,000	375,000	-	-	-	-
March 12, 2020	6 months	450,000	450,000	-	-	-	-
March 26, 2020	3 months	200,000	200,000	-	-	-	-
March 26, 2020	6 months	575,000	575,000	-	-	-	-
April 9, 2020	6 months	875,000	875,000	-	-	-	-
April 23, 2020	6 months	1,850,000	1,850,000	-	-	-	-
May 7, 2020	6 months	825,000	825,000	-	-	-	-
May 21, 2020	6 months	750,000	750,000	-	-	-	-
June 4, 2020	3 months	450,000	450,000	-	-	-	-
June 18, 2020	3 months	250,000	250,000	-	-	-	-
As at June 30, 2020		10,851,000	10,851,000	-	-	-	-

7. PLACEMENTS

	Note	June 30, 2020 (Rupees in '000)
Financial assets at amortised cost		
- Letter of Placements	7.1	150,000

7.1 Letter of Placements - at Amortized Cost

Letter of Placements - at Amortized Cost					Placements value as a percentage of	
Name of Company	Maturity Date	Placement made during the period	Placement matured during the period	As at June 30, 2020	Total Investments	Net Assets
		(7.1.2)				
		----- (Rupees in '000) -----			-----%-----	
Pak Oman Investment Company Limited	February 17, 2020	55,000	55,000	-	-	-
Habib Bank Limited	April 9, 2020	1,649,000	1,649,000	-	-	-
Habib Bank Limited	April 10, 2020	1,000,000	1,000,000	-	-	-
Habib Bank Limited	April 23, 2020	900,000	900,000	-	-	-
Pair Investment Company Limited	May 7, 2020	200,000	200,000	-	-	-
Pak Oman Investment Company Limited	May 15, 2020	200,000	200,000	-	-	-
Pak Oman Investment Company Limited	May 21, 2020	100,000	100,000	-	-	-
Saudi Pak Industrial & Agricultural Investment Company Ltd.	June 8, 2020	200,000	200,000	-	-	-
Pak Oman Investment Company Limited	7.1.1 July 27, 2020	150,000	-	150,000	100%	8.24%
As at June 30, 2020		4,454,000	4,304,000	150,000	100%	8.24%

7.1.1 This letter of placement carries interest rate of 9% per annum.

7.1.2 These letter of placements carried interest rates ranging from 8.75% to 13.65%.

		June 30, 2020 (Rupees in '000)
8.	MARK-UP RECEIVABLE	
Mark-up accrued on:		
	- Profit and loss sharing accounts	7,551
	- Letter of placements	222
		<u>7,773</u>
9.	ADVANCE INCOME TAX	
The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under section 150, 151 and 233 of ITO 2001. The Federal Board of Revenue (FBR), through a circular "C.No.1 (43) DG (WHT) / 2008-Vol.II- 66417-R" dated May 12, 2015, made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). During the current period, prior to receiving tax exemption certificate(s) from CIR, withholding agent had deducted advance tax under section 151 of ITO 2001. Management is confident that the same shall be refunded after filing of Income Tax Return for Tax Year 2020.		
10.	PAYABLE TO UBL FUND MANAGERS LIMITED	June 30, 2020 (Rupees in '000)
	- MANAGEMENT COMPANY	
	Allocated expenses payable	876
	Sales load payable	2,263
	Other payable	30
		<u>3,169</u>
10.1	As per the offering document of the Fund, the Management Company has decided to temporary waive its Management Fee on the Fund fully from the close of IPO Period till completion of twelve (12) months. The waiver period will lapse on September 23, 2020.	
10.2	Allocated Expenses represents fee for registrar services, accounting, operations and valuation services. In accordance with Regulation 60 of the NBFC Regulations and SRO 639 dated June 20, 2019, the Management Company is entitled to charge expenses for registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS). Therefore, the Management Company can charge allocated expenses to the CIS based on its discretion provided the Total Expense Ratio (refer note 28) prescribed by the SECP vide SRO 639 dated June 20, 2019 is complied with.	
The Management Company has charged allocated expenses of Rs. 1.546 million related to registrar services, accounting, operations and valuation services during the period ended June 30, 2020 by charging allocated expense at below rates;		
		Allocated expense as a % per annum of the daily net assets
Charged from February 28, 2020 up to March 31, 2020		0.10%
Charged from April 1, 2020 up to April 16, 2020		0.20%
Charged from April 17, 2020 up to May 3, 2020		0.35%
Charged from May 4, 2020 onwards		0.20%
11.	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	June 30, 2020 (Rupees in '000)
	Trustee's remuneration	152
11.1	The Trustee is entitled to a remuneration for services rendered to the Fund under the provisions of the Trust Deed and Offering Document as per the tariff specified therein, based on the daily net assets value of the Fund. The remuneration is paid to the Trustee on monthly basis in arrears. The tariff structure applicable to the Fund in respect of the trustee fee is 0.065% of net assets.	

	Note	June 30, 2020 (Rupees in '000)
12. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN		
Annual fee	12.1	<u>188</u>

- 12.1** In accordance with NBFC Regulations a collective investment scheme classified as open end scheme is required to pay to the SECP an amount equal to 0.02% of the average annual net assets of the Fund as annual fee.

	Note	June 30, 2020 (Rupees in '000)
13. ACCRUED EXPENSES AND OTHER LIABILITIES		
Withholding tax payable		6,223
Provision for Sindh Workers' Welfare Fund	13.1	2,191
Capital gain tax payable		6,799
Listing fee		26
Brokerage payable		207
Other payable		<u>291</u>
		<u>15,737</u>

- 13.1** As a consequence of the 18th amendment to the Constitution, levy for the WWF was also introduced by the Government of Sindh through the Sindh Workers Welfare Fund (SWWF) Act 2014. SWWF Act 2014, enacted on May 21, 2015, requires every Industrial Establishment located in the province of Sindh and having total income of Rs. 500,000 or more in any year of account commencing on or after the date of closing of account on or after December 31, 2013, to pay two percent of so much of its total income declared to SWWF. The said Act includes any concern engaged in the Banking or Financial Institution in the definition of "Industrial Undertaking" but does not define Financial Institution. The Management Company, based on an opinion obtained by the Mutual Funds Association of Pakistan (MUFAP), believes that Mutual Funds are not liable to pay Sindh WWF under the said law, for the reason that the Mutual Funds are not financial institutions and rather an investment vehicle. However, the Sindh Revenue Board has not accepted the said position of MUFAP and as a result, MUFAP has taken up this matter with the Sindh Finance Ministry for resolution.

In view of the above, the MUFAP obtained a legal opinion on these matters during financial year ended June 30, 2017. Based on such legal advice (which also stated that even if a review petition is filed by any party, such petition can only be based on very limited grounds and the chances of any major change in the SCP judgement are very limited), MUFAP had recommended to all its members to start recording Sindh WWF. Consequently, the Fund has recorded provision of Rs. 2.2 million for the current period in respect of SWWF.

Had the provision not been made, it would have resulted in an increase in the net assets value per unit by Rs. 0.12 per unit

14. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments outstanding as at June 30, 2020.

	For the period from September 23, 2019 to June 30, 2020 --- Number of units ---
15. NUMBER OF UNITS IN ISSUE	
Total units in issue at beginning of the period	-
Units issued	38,778,568
Units redeemed	<u>(20,592,986)</u>
Total units in issue at end of the period	<u>18,185,582</u>

For the period from
September 23, 2019
to
June 30, 2020

16. FINANCIAL INCOME

Markup / interest income on:

- Profit and loss sharing accounts	34,458
- Treasury bills	54,359
- Letter of placements	15,016
	103,833
	103,833

17. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed to the unit holders in cash. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. During the period ended June 30, 2020, the Fund has distributed by way of cash dividend at minimum 90 percent of the aforementioned accounting income to the unit holders. Accordingly, no provision for taxation has been recognised in these financial statements.

18. EARNINGS PER UNIT

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

19. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets and liabilities carried on the statement of assets and liabilities are categorised as follows:

Financial assets

June 30, 2020
----- (Rs. in '000) -----

At amortized cost

Bank balances	1,679,874
Placements	150,000
Mark-up receivable	7,773
Other receivable	69
	1,837,716
	1,837,716

Financial liabilities

At amortized cost

Payable to UBL Fund Managers Limited - Management Company	3,169
Payable to Central Depository Company of Pakistan Limited - Trustee	152
Accrued expenses and other liabilities	524
Net assets attributable to redeemable units	1,819,304
	1,823,149
	1,823,149

20. FINANCIAL RISK MANAGEMENT

The Fund's overall risk management programme seeks to maximise the returns derived for the level of risks to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance.

Monitoring and controlling risks are primarily set up to be performed based on the limits established by the internal controls set on different activities of the Fund by the Board of Directors. These controls and limits reflect the business strategy and market environment of the Fund as well as the level of risk that the Fund is willing to accept. In addition, the Fund monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risk type and activities.

The Fund primarily invests in a portfolio of money market investments and government securities. The Fund's activities expose it to a variety of financial risks, i.e., market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

20.1 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 market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and the regulations laid down by the SECP.

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

20.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates.

The Fund has no exposure to foreign exchange risk as at June 30, 2020 as there are no financial assets or financial liabilities denominated in foreign currencies.

20.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2020, the Fund is exposed to such risk on bank balances. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Cash flow interest rate risk

The Fund's interest rate risk arises from the bank balances. The net income for the period would have increased / (decreased) by Rs. 16.799 million, had the interest rates on savings accounts with banks increased / (decreased) by 100 basis points.

b) Fair value interest rate risk

As at June 30, 2020, the Fund does not hold any fixed rate instruments which are carried at fair value through profit or loss and is not exposed to fair value interest rate risk.

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

June 30, 2020						
Particulars	Effective yield / interest rate	Total	Exposed to Yield / Interest rate risk			Not exposed to Yield / Interest rate risk
			Up to three months	More than three months and unto one year	More than one year	
%						
On-balance sheet financial instruments ----- (Rupees in '000) -----						
Financial assets						
Bank balances	6.75 - 14.4	1,679,874	1,679,874	-	-	-
Placements	9	150,000	-	-	-	150,000
Mark-up receivable		7,773	-	-	-	7,773
Other receivable		69	-	-	-	69
		1,837,716	1,679,874	-	-	157,842
Financial liabilities						
Payable to UBL Fund Managers Limited - Management Company		3,169	-	-	-	3,169
Payable to Central Depository Company of Pakistan Limited - Trustee		152	-	-	-	152
Accrued expenses and other liabilities		524	-	-	-	524
Net assets attributable to redeemable units		1,819,304	-	-	-	1,819,304
		1,823,149	-	-	-	1,823,149
On-balance sheet gap (a)		14,567	1,679,874	-	-	(1,665,307)
Off-balance sheet financial instruments						
		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a) + (b)			1,679,874	-	-	(1,665,307)
Cumulative interest rate sensitivity gap			1,679,874	-	-	(1,665,307)

20.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market 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. Currently, the Fund does not hold any security which exposes the Fund to price risk.

20.2 Credit risk

Credit risk represents the risk of loss if the counterparties fail to perform as contracted. The Fund's credit risk mainly arises from placements, bank balances and mark-up receivable.

The Fund keeps deposits and performs transactions with reputed financial institutions with reasonably high credit ratings. All transactions in listed securities are settled / paid for upon delivery using the system of National Clearing Company of Pakistan Limited. The risk of default in these transactions is considered minimal due to inherent systematic measures taken therein. The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed and the requirements of the NBFC rules and the regulations and the guidelines given by the SECP from time to time.

The maximum exposure to credit risk before considering any related collateral as at June 30, 2020 is the carrying amount of the financial assets. None of these are 'impaired' nor 'past due but not impaired'. Investment in government securities are not exposed to credit risk as they are guaranteed by the Government of Pakistan.

The analysis below summarises the credit quality of the Fund's financial assets as at June 30, 2020:

Name of Financial Institution	Balances held by the Fund as at June 30, 2020	Latest available published ratings at June 30, 2020	Rating Agency

(Rupees in '000)

Bank balances and Mark- up receivable

Habib Bank Limited	1,672,014	AAA	VIS
Habib Metropolitan Bank	1,253	AA+	PACRA
Samba Bank Limited	2,712	AA	VIS
Allied Bank	129	AAA	PACRA
United Bank Limited	11,317	AAA	VIS
	<u>1,687,425</u>		

Placement and Mark- up receivable

Pak Oman Investment Company Limited	<u>150,222</u>	AA+	VIS

Concentration of credit risk

Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Fund's transactions are entered into with credit worthy counterparties thereby mitigating any significant concentration of credit risk.

20.3 Liquidity risk

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

The Fund is mainly exposed to the daily cash redemption requests on a regular basis. Units are redeemable at the holders' option based on the Fund's net asset value per unit, at the time of redemption, calculated in accordance with the Fund's constitutive document and guidelines laid down by the SECP.

Management of liquidity risk

The Fund's 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. The Fund's policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily realized.

In order to manage the Fund's overall liquidity, the Fund also has the option to withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. Further, the Fund also has the ability to suspend redemptions of units with the approval of the Board of Directors of the Management Company in extraordinary circumstances.

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.

Particulars	As at June 30, 2020			
	Total	Upto three months	Over three months and upto one year	Over one year
(Rupees in '000)				
Financial liabilities at amortised cost				
Payable to UBL Fund Managers Limited - Management Company	3,169	3,169	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	152	152	-	-
Accrued expenses and other liabilities	524	524	-	-
Net assets attributable to redeemable units	1,819,304	1,819,304		
	1,823,149	1,823,149	-	-

21. UNITS 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. These unit holders of the Fund are entitled to distributions and to payment of a proportionate share based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in unit holders' fund.

The Fund's objective when managing 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 adjust the amount of distributions the Fund pays to the unit holders;
- Redeem and issue units in accordance with the constitutive documents of the Fund. This includes the Fund's ability to restrict redemptions; and
- The Fund Manager / Investment Committee members and the Chief Executive Officer of the Management Company critically track the movement of 'Assets under Management'. The Board of Directors of the Management Company is updated regarding key performance indicators, e.g., yield and movement of NAV and total Fund size at the end of each quarter.

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

22. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between the market participants at the measurement date. Consequently, differences can arise between carrying value and the fair value estimates.

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

The Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

As at reporting date, the Fund does not hold any instruments which are measured at fair value. The estimated fair value of all financial assets and liabilities at amortised cost is considered not significantly different from the carrying value as the items are short-term in nature.

23. BRIEF PARTICULARS OF THE INVESTMENT COMMITTEE AND THE FUND MANAGER

Details of members of the investment committee of the Fund are as follow:

S.No.	Name	Designation	Qualification	Experience in years
1	Yasir Qadri	Chief Executive Officer	MBA	24
2	Syed Suleman Akhtar	Chief Investment Officer	CFA, MBA	19
3	Muhammad Imran	Head of Investment advisory	MBA	20
4	Irfan Nepal	Chief Dealer & Fund Manager	EMBA	26
5	Hadi Hassan Muki	Head of Compliance	BCOM	20
6	Syed Shabbir Sardar Zaidi	Fund Manager & Senior Analyst	MAS, CFA	11
7	Syed Sheeraz Ali	Fund Manager & Senior Analyst	MBA	10
8	Mubashir Anis	Fund Manager Equity	BS, CFA	8
9	Muhammad Waseem	Head Research	BBA, CFA	6

- 23.1** Syed Sheeraz Ali is the Fund manager of the Fund. He is also the Fund Manager of UBL Money Market Fund, UBL Special Savings Fund II, UBL Liquidity Plus Fund, UBL Government Securities Fund, UBL Income Opportunity Fund, UBL Growth and Income Fund, UBL Asset Allocation Fund, UBL Financial Planning Fund, UBL Special Savings Fund, UBL Retirement Savings Fund, Al-Ameen Islamic Cash Fund, Al-Ameen Islamic Aggressive Income Fund, Al-Ameen Islamic Financial Planning Fund, Al-Ameen Islamic Special Saving Fund, Al-Ameen Islamic Cash Plan and Al-Ameen Islamic Retirement Saving Fund.

**For the period from
September 23, 2019
to
June 30, 2020
(Percentage)**

24. TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID

Top brokers during the period ended June 30, 2020

1	Bright Capital (Private) Limited	15.03
2	Icon Securities (Private) Limited	14.33
3	Continental Exchange (Private) Limited	14.06
4	JS Global Capital Limited	12.91
5	Magenta Capital (Private) Limited	10.71
6	BIPL Securities Limited	7.68
7	Invest One Markets Limited	7.39
8	Currency Market Associates (Private) Limited	6.33
9	Summit Capital (Private) Limited	4.57
10	Paramount Capital (Pvt) Limited	3.87
		96.87

25. PATTERN OF UNIT HOLDING

----- As at June 30, 2020 -----

Category	Number of units holders	Number of units held	Unit holding or investment amount	Percentage of total
Rupees in '000'				
Individuals	19	1,271,185	127,171	6.99%
Others	5	6,400,676	640,330	35.20%
Public limited companies	8	9,982,649	998,693	54.89%
Retirement funds	9	531,072	53,129	2.92%
	41	18,185,582	1,819,323	100.00%

26. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

Transactions with the connected persons are at agreed / contracted rates.

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

- 26.1 Details of the transactions with connected persons and balances with them, if not disclosed elsewhere in these financial statements are as follows:

Particulars	Management Company	Associated Companies and others*	Trustee	Funds under Common Management	Directors and Key Executives	Other Connected persons / related parties**

-----For the period ended June 30, 2020 -----

----- (Units in '000) -----

Transactions during the period

Units issued	2,004	-	-	-	-	24,851
Units redeemed	2,004	-	-	-	-	11,752

----- (Rupees in '000) -----

Markup on profit and loss sharing accounts	-	497	-	-	-	-
Value of units issued	200,424	-	-	-	-	2,642,749
Value of units redeemed	206,838	-	-	-	-	1,264,104
Dividend paid	423	-	-	-	-	117,964
Remuneration (including Sindh Sales Tax)	-	-	690	-	-	-
Allocated expenses	1,546	-	-	-	-	-

----- As at June 30, 2020 -----

----- (Units in '000) -----

Balances held

Units held	-	-	-	-	-	13,099

----- (Rupees in '000) -----

Value of units held	-	-	-	-	-	1,310,437
Bank balances	-	11,302	-	-	-	-
Other receivable	57	-	-	-	-	-
Remuneration payable	-	-	152	-	-	-
Profit receivable	-	15	-	-	-	-
Allocated expenses payable	876	-	-	-	-	-
Other payable	30	-	-	-	-	-
Sales load payable	2,263	-	-	-	-	-

* This represents parent (including the related subsidiaries of the parent) of the Management Company, associated companies / undertakings of the Management Company.

** These include transactions and balances in relation to the entities where common directorship exists as at period end.

27. ATTENDANCE AT THE MEETINGS OF THE BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

No. 120	No. 121	No. 122	No. 123	No. 124	No. 125	Total meetings attended
August 30, 2019	September 17, 2019	October 29, 2019	December 9, 2019	February 25, 2020	April 30, 2020	

Directors:

Mr. Arif Akmal Saifie *	-	-	-	-	✓	1
Mr. Azhar Hamid	✓	✓	✓	✓	✓	6
Mr. Imran Sarwar	✓	✓	✓	✓	x	5
Mr. Yasir Qadri	✓	✓	✓	✓	✓	6
Ms. Naz Khan **	✓	✓	✓	✓	✓	6
Ms. Sadia Saeed	x	✓	✓	✓	✓	5
Mr. Syed Furrukh Zaeem	✓	✓	✓	✓	x	5
Mr. Tauqeer Mazhar ***	✓	✓	✓	✓	-	4

Key Executives:

Mr. Bilal Javaid ****	-	-	-	✓	✓	3
Mr. Umair Ahmed	✓	✓	✓	✓	✓	6
S.M. Aly Osman *****	✓	✓	✓	-	-	3

* Mr. Arif Akmal appointed as Director with effect from March 20, 2020

** Ms. Naz Khan resigned as Director with effect from July 20, 2020

*** Mr. Tauqeer Mazhar resigned as Director with effect from January 30, 2020

**** Mr. Bilal Javaid appointed as Company Secretary with effect from February 25, 2020

***** S.M. Aly Osman resigned as Company Secretary with effect from November 30, 2019

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

28. TOTAL EXPENSE RATIO

On June 20, 2019, SECP wide SRO 639(I)/2019 has made certain amendments in NBFC Regulations. As per said amendments capping of expense ratio of the Fund is 2%.

As per Directive 23 of 2016 dated July 20, 2016 issued by SECP, the Total Expense Ratio of the Fund is 0.4% for the period ended June 30, 2020 and this includes 0.2% representing government levy, sindh worker's welfare fund and SECP fee.

29. GENERAL

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

29.2 On March 11, 2020, the World Health Organisation made an assessment that the outbreak of a coronavirus (COVID-19) can be characterised as a pandemic. As a result, businesses have subsequently been affected amongst others with temporary suspension of travel, and closure of recreation and public facilities.

To alleviate the negative impact of the COVID-19 pandemic, the Government, Central Banks including financial institutions affiliated to those banks, and regulators have taken measures and issued directives to support businesses, including extensions of deadlines, facilitating continued business through social-distancing and easing pressure on credit and liquidity in the market.

The Management Company has made an assessment in order to evaluate the impact of COVID-19 pandemic over the financial performance of the Fund as well as the going concern assessment. As a result of such assessment, the management has not identified any material adverse impact on its financial performance due to COVID-19 pandemic situation.

30. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company in their meeting held on 24-Sep-2020.



**For UBL Asset Management Limited
(Management Company)**

SD
Chief Financial Officer

SD
Chief Executive Officer

SD
Director

UAAF

UBL Asset Allocation Fund

INVESTMENT OBJECTIVE

The investment objective of the Fund is to earn competitive return by investing in various asset classes/instruments based on the market outlook.

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

Fund Manager's Report – UBL Asset Allocation Fund (UAAF)

- i) **Description of the Collective Investment Scheme category and type**
Asset Allocation / Open-end
- ii) **Statement of Collective Investment Scheme's investment objective.**
The investment objective of the Fund is to earn competitive return by investing in various asset classes/instruments based on the market outlook.
- iii) **Explanation as to whether the Collective Investment Scheme achieved its stated objective**
The Collective Investment Scheme achieved its stated objective.
- iv) **Statement of benchmark(s) relevant to the Collective Investment Scheme**
Weighted Avg. of (3M PKRV rates + 3M avg. deposit rate of 3 AA rated banks as selected by MUFAP), 6M KIBOR and KSE-100 Index based on actual proportion of the scheme in money market, fixed income and equity securities
- v) **Comparison of the Collective Investment Scheme's performance during the period compared with the said benchmarks**

Monthly Yield	Jul'19	Aug'19	Sep'19	Oct'19	Nov'19	Dec'19	Jan'20	Feb'20	Mar'20	Apr'20	May'20	Jun'20	FYTD
UAAF	-2.39%	-2.52%	3.96%	4.09%	6.82%	2.13%	1.61%	-2.40%	-8.99%	9.05%	-0.43%	1.06%	11.27%
Benchmark	-1.60%	-1.99%	3.89%	3.33%	6.49%	2.24%	1.46%	-2.86%	-8.13%	7.33%	0.24%	1.07%	10.98%

- vi) **Description of the strategies and policies employed during the period under review in relation to the Collective Investment Scheme's performance**
The investment objective of the Fund is to earn competitive return by investing in various asset classes / instruments based on the market outlook. During the period under review, the fund posted a return of 11.27% as compared to the benchmark return of 10.98%. The fund manager maintained the exposure in local equity market of around 38% while exposure in cash stood at 15% at the end of June'20. The net assets of the fund were PKR 926mn as at June 30th 2020.

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

Asset Allocation (% of Total Assets)	Jun-19	Jun-20
Equities	39%	38%
T-bills	0%	5%
PIBs	7%	10%
Term Finance Certificates / Sukuks	10%	11%
Cash	42%	15%
Others	2%	21%
Placements with banks	0%	0%

Spread Transaction	0%	0%

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

FY'20 Return: 11.27%

Standard Deviation (12m trailing): 11.12%

Sharpe Ratio (12m trailing): (0.08)

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

Net Asset Value			NAV per unit		
30-Jun-20	30-Jun-19	Change	30-Jun-20	30-Jun-19	Change
Rupees (000)		%	Rupees		%
926,274	1,373,816	(32.58)	136.2837	132.2366	3.06

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

Debt Market Review for FY20

During FY20, market appetite for the government securities remained strong. In twelve PIB auctions in FY20, heavy participation amounting to PKR ~5 trillion was observed. Out of these Government preemptively accepted PKR ~1.9 trillion. Strong participation was mainly on the back of interest rate's peaked-out expectation in the beginning of the financial year along with the overall improvement in the fiscal position and estimates of higher external financing. Due to momentous demand, Government leveraged its position by slashing the cut off rates by 628, 536 and 456 bps for 3Y, 5Y and 10Y PIBs, respectively during the Fiscal year 2020

In case of floating rate PIBs, Government introduced 3Y floater PIB and 5Y floater PIB in addition to the existing 10Y floater PIB from June'20. Total participation of PKR ~1,578 billion was observed in the floating rate PIB against the target of PKR ~900 billion. While Government accepted PKR ~818 billion during FY'20.

Government has started issuance of 5-Years floating rate Ijara Sukuk since April'20 and successfully conducted 3 auctions and accepted PKR 197 billion against the target of PKR 225 billion.

Stock Market Review for FY20

After a strong recovery of ~50% from its low of 28,764 points and touching its peak of 43,200 points during the mid-Jan'20, the benchmark index succumbed to host of negative triggers eroding all previous gains and appeared as worst performing since Dec'08 in the month of March'20. Major catalysts for sluggish performance of the index included 1) outbreak of Covid-19 pandemic, 2) significant fall in global oil prices as the OPEC+ members couldn't reach an agreement in the late Feb'20 3) disruption in global demand and supply and 4) fear of economic slowdown due to Covid-19. However, later the benchmark index recouped much of its losses and closes FY20 with minimal gains of 1.5% YoY primarily due to 1) significant decline in policy rate by 625 bps from 13.25% to 7% as an emergency response by the Central Bank, ii) recovery in global oil prices, iii) approval of a rapid financing facility of USD 1.4 bn by IMF along with USD 3 bn inflow from International Financial Institutions and Commercial Banks to meet immediate fiscal and external financing requirements iv) a host of relief measures announced by the federal government to lessen the impact of Covid-19 on different sectors of the economy & v) further decline in money market yields.

Further, fear of economic slowdown and economic uncertainty created by Covid-19 forced the foreign investors to remain net seller in the equity market with offloading shares worth USD 284 mn. On the contrary, local Individuals and insurance companies bought equities worth USD213mn /128 mn respectively. In terms of activity, average volume and value traded during the period under review stood at 135 mn shares and PKR 6.2bn, up 40% / 18% YoY, respectively. Moreover, Sector wise Pharmaceuticals and Cements outperformed KSE100 by 61% and 38%, whereas Banks and E&Ps lagged the benchmark index by 12% and 9%, respectively.

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

Distribution				Per unit	
<i>Declared on</i>	Bonus	Cash	Per Unit	Cum NAV	Ex NAV
	<i>Rupees (000)</i>			<i>----- Rupees -----</i>	
30 June 2020	-	70,511	10.8102	146.5188	135.7086

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

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

xii) Breakdown of unit holdings by size

Range of Units	Number of Investors
	UAAF
0.0001 - 9,999.9999	750
10,000.0000 - 49,999.9999	64
50,000.0000 - 99,999.9999	6
100,000.0000 - 499,999.9999	9
500,000.0000 & Above	4
Total	833

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

There were no unit splits during the period.

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

Investments are subject to market risk.

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

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

xvi) Summary of Actual Proxy Voted By the Fund

	Resolutions	For	Against	Abstain*
Number	6	6	-	-
Percentage	100%	100%	-	-

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

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

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

PERFORMANCE TABLE

UBL Asset Allocation Fund

	2020	2019	2018
NET ASSETS AS AT 30 JUNE - Rupees in '000	926,274	1,373,816	2,249,249
NET ASSETS VALUE PER UNIT AT 30 JUNE - Rupees			
Class A units - Offer *	138.6005	134.4846	136.87
- Redemption	136.2837	132.2366	134.58
RETURN OF THE FUND - %			
Total Return of the Fund	11.27	(1.74)	(0.15)
Capital Growth (per unit)	3.10	(1.74)	(0.15)
Date of Income Distribution	29-Jun-20	-	-
Income Distribution	10.81	-	-
AVERAGE ANNUAL RETURN - %			
Since Launch/ One Year	11.27	(1.74)	-0.15
OFFER / REPURCHASE DURING THE YEAR- Rupees			
Highest price per unit - Class A units - Offer	154.8570	142.0558	140.34
Highest price per unit - Class A units - Redemption	152.2684	139.6812	138.00
Lowest price per unit - Class A units - Offer	125.8880	132.4553	128.91
Lowest price per unit - Class A units - Redemption	123.7837	130.2412	126.76

* Front-end load @1.5% is applicable

PORTFOLIO COMPOSITION - %

Percentage of Net Assets as at 30 June

PORTFOLIO COMPOSITION BY CATEGORY - %

Bank Balances	15.00	30.00	50.00
Placements with bank	0.00	11.00	0.00
Government Securities	15.00	7.00	0.00
TFCs/Sukuks	11.00	11.00	0.00
Equity	38.00	39.00	37.00
Others	21.00	3.00	13.00

PORTFOLIO COMPOSITION BY MARKET - %

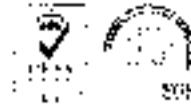
Equity	38.00	39.00	37.00
Debt	62.00	61.00	63.00

Note:

- The Launch date of Fund is 19 August 2013.

DISCLAIMER

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



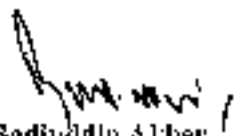
TRUSTEE REPORT TO THE UNIT HOLDERS

UBL ASSET ALLOCATION FUND

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

We Central Depository Company of Pakistan Limited, being the Trustee of UBL Asset Allocation Fund (the Fund) are of the opinion that UBL Fund Managers Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2020 in accordance with the provisions of the following:

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


Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 25, 2020



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

NAME OF FUND: UBL ASSET ALLOCATION FUND

YEAR ENDED: JUNE 30, 2020

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

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

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

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

* Ms. Naz Khan has resigned dated July 20, 2020

** Mr. Arif Akmal Saifie was appointed as a director from March 20, 2020

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

8. The Board has a formal policy and transparent procedures for remuneration of its directors in accordance with the Act and these Regulations.
9. The following directors and executives have acquired the prescribed Directors' Training Program (DTP) certification:

Directors

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

Executives

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

Board Audit Committee

Name	Designation	Type of Directorship
Ms. Naz Khan*	Chairman	Independent Director
Mr. Arif Akmal Saifie**	Member	Non-Executive Director
Mr. Imran Sarwar	Member	Non-Executive Director
Ms. Sadia Saeed	Member	Non-Executive Director
Mr. Tauqeer Mazhar***	Member	Non-Executive Director

Board Human Resource and Compensation Committee

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

Board Risk and Compliance Committee

2D	Name	Designation	Type of Directorship
	Mr. Imran Sarwar	Chairman	Non-Executive Director
	Mr. Azhar Hamid	Member	Independent Director
	Mr. Arif Akmal Saifie**	Member	Non-Executive Director
	Mr. Tauqeer Mazhar***	Member	Non-Executive Director
	Mr. Yasir Qadri	Member	Executive Director
	Syed Furrukh Zaeem	Member	Non-Executive Director

* Ms. Naz Khan has resigned dated July 20, 2020

** Mr. Arif Akmal Saifie was appointed as a director from March 20, 2020

*** Mr. Tauqeer Mazhar resigned as a director from January 30, 2020

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
14. The frequency of meetings of the committees was as follows:
 - a. The Board Audit Committee: quarterly - six meetings held
 - b. The Board Human Resource and Compensation Committee: quarterly - five meetings held
 - c. The Board Risk and Compliance Committee: quarterly - four meetings held
15. The Board has set up an effective internal audit function. The Function has suitably qualified and experienced staff for the purpose and they are conversant with the policies and procedures of the Management Company.
16. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and are registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the Partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of CEO, CFO, the Head of Internal Audit, the Company Secretary or directors of the Management Company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of Regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with.
19. We confirm that any other significant requirements of the Regulations have been complied with.

AZHAR HAMID
Chairman

Karachi.
Dated: **September 25, 2020**

To the unitholders of UBL Asset Allocation Fund

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of UBL Fund Managers Limited, the Management Company of **UBL Asset Allocation Fund** (the Fund) for the year ended **30 June 2020** in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Fund for the year ended 30 June 2020.



Chartered Accountants

Place: Karachi

Date: 30 September 2020

INDEPENDENT AUDITORS' REPORT

To the Unit holders of UBL Asset Allocation Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of UBL Asset Allocation Fund (the Fund), which comprise the statement of assets and liabilities as at 30 June 2020, and the income statement, comprehensive income, cash flow statement and statement of movement in unit holders' fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, (or give a true and fair view of) the financial position of the Fund as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

Key audit matter	How our audit addressed the key audit matter
Existence and valuation of bank balances and investments	
As disclosed in notes 6 and 7 to the accompanying financial statements of the Fund for the year ended 30 June 2020, the bank balances and investments (comprised of equity securities and debt securities) held by the Fund represent 79% of the total assets of the fund as at the year end.	We performed a combination of audit procedures focusing on the existence and valuation of bank balances and investments. Our key procedures included the following: - We obtained independent confirmations for verifying the existence of the bank balances as at 30 June 2020 and reconciled it with the books and records of the Fund. - We tested controls over acquisition, disposals and periodic valuation of investments portfolio.

Key audit matter	How our audit addressed the key audit matter
in view of the significance of bank balances and investment in relation to the total assets and the Net Assets Value (NAV) of the Fund, we have considered the existence and valuation of such bank balances and investments as a key audit matter.	- We performed substantive audit procedures on year-end balance of portfolio including review of Custodian's statement and related reconciliations and valuations on such investments in accordance with the accounting policy of the Fund as mentioned in note 4. - We evaluated the appropriateness of the classification of the investments in accordance with the requirements of IFRS 9 and the valuations in accordance with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations). - We assessed the Fund's compliance with the requirements of the Regulations in relation to the concentration of investments and exposure limits prescribed in such Regulations and the applicability of disclosures in this regard. - We also evaluated the adequacy of the overall disclosures in the financial statements in respect of the investment portfolio in accordance with the requirements of the Regulations and applicable financial reporting standards.

Other Information

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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



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

Report on Other Legal and Regulatory Requirements

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

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



Chartered Accountants

Date: 29 September 2020

Karachi

UBL ASSET ALLOCATION FUND
STATEMENT OF ASSETS & LIABILITIES
AS AT JUNE 30, 2020

		June 30, 2020	June 30, 2019
	Note	----- (Rupees in '000) -----	
ASSETS			
Bank balances	6	140,680	416,702
Investments	7	627,756	941,434
Dividend and mark-up receivable	8	18,994	21,534
Advance tax	9	1,162	1,119
Deposits and other receivables	10	12,319	10,559
Receivable against sale of investments		166,943	7,105
Total assets		967,854	1,398,453
LIABILITIES			
Payable to the Management Company	11	4,024	3,064
Payable to the Trustee	12	180	225
Annual fee payable to the Securities and Exchange Commission of Pakistan (SECP)	13	223	1,841
Accrued expenses and other liabilities	14	33,229	18,809
Payable against purchase of investments		3,924	698
Total liabilities		41,580	24,637
NET ASSETS		926,274	1,373,816
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		926,274	1,373,816
CONTINGENCIES AND COMMITMENTS	16		
		----- (Number) -----	
NUMBER OF UNITS IN ISSUE		6,796,657	10,389,075
		----- (Rupees) -----	
NET ASSETS VALUE PER UNIT		136.2837	132.2366

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

For UBL Fund Managers Limited
(Management Company)

SD

Chief Executive Officer

SD

Chief Financial Officer

SD

Director

UBL ASSET ALLOCATION FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

	Note	June 30, 2020 ----- (Rupees in '000) -----	June 30, 2019
Income			
Financial income on:			
- Bank balances		38,766	60,492
- Term Deposit Receipts		732	14,288
- Government Securities		31,687	23,546
- Term Finance Certificates		18,243	16,659
Capital gain/(loss) sale of investments classified as 'at fair value through profit or loss' - net		45,018	(24,419)
Dividend income		26,485	57,650
Unrealised loss on revaluation of investments classified as 'at fair value through profit or loss' - net		(1,180)	(128,482)
Other income		477	64
Total income		160,228	19,798
Expenses			
Remuneration of the Management Company	11.1	11,175	19,382
Sales tax on Management fee	11.2	1,453	2,520
Allocated expenses by the Management Company	11.3	1,118	1,938
Selling and marketing expense	11.4	8,073	7,753
Remuneration of the Trustee	12.1	2,098	2,938
Sales tax on remuneration of the Trustee	12.2	273	382
Annual fee to Securities and Exchange Commission of Pakistan	13	223	1,841
Auditors' remuneration	17	653	530
Legal and professional charges		212	209
Brokerage and settlement expenses		2,156	2,574
Amortisation of preliminary expenses and floatation costs		-	30
Listing fee expense		27	27
Bank charges and other expenses		71	140
Total expenses		27,532	40,264
Net income/(loss) for the year from operating activities		132,696	(20,466)
Provision for Sindh Workers' Welfare Fund (SWWF)	14.2	(2,603)	-
Net income/(loss) for the year before taxation		130,093	(20,466)
Taxation	18	-	-
Net income/(loss) for the year after taxation		130,093	(20,466)
<i>Allocation of net income for the year:</i>			
Net income for the year after taxation		130,093	-
Income already paid on units redeemed		(42,193)	-
		87,900	-
<i>Accounting income available for distribution:</i>			
- Relating to capital gains		11,725	-
- Excluding capital gains		76,175	-
		87,900	-
Earnings per unit	23.2		

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

For UBL Fund Managers Limited
(Management Company)

SD

SD

SD

Chief Executive Officer

Chief Financial Officer

Director

UBL ASSET ALLOCATION FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	June 30, 2020	June 30, 2019
	----- (Rupees in '000) -----	
Net income/(loss) for the year after taxation	130,093	(20,466)
Other comprehensive income for the year	-	-
Total comprehensive income/(loss) for the year	<u><u>130,093</u></u>	<u><u>(20,466)</u></u>

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

For UBL Fund Managers Limited
(Management Company)

SD

SD

SD

Chief Executive Officer

Chief Financial Officer

Director

UBL ASSET ALLOCATION FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	June 30, 2020	June 30, 2019
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income/(loss) for the year before taxation	130,093	(20,466)
Adjustments for:		
Financial income	(89,428)	(114,985)
Capital (gain)/loss sale of investments classified as 'at fair value through profit or loss' - net	(45,018)	24,419
Dividend income	(26,485)	(57,650)
Unrealised loss on revaluation of investments classified as 'at fair value through profit or loss' - net	1,180	128,482
Provision for Sindh Workers' Welfare Fund (SWWF)	(2,603)	-
Amortisation of preliminary expenses and floatation costs	-	30
	(162,354)	(19,704)
Net cash flows used in operations before working capital changes	(32,261)	(40,170)
 Decrease in assets		
Investments	207,515	75,010
Advance tax	(43)	(6)
Deposits and other receivables	(1,760)	47,717
Receivable against settlement of spread transactions	-	37,347
Receivable against sale of investments	(159,838)	(7,105)
	45,874	152,963
 Increase / (decrease) in liabilities		
Payable to the Management Company	960	(2,274)
Payable to the Trustee	(45)	(77)
Annual fee Payable to SECP	(1,618)	(355)
Accrued and other liabilities	17,023	(973)
Payable against purchase of investments	3,226	698
	19,546	(2,981)
Mark-up and dividend received	118,454	165,440
Net cash flows generated from operating activities	151,613	275,252
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of units	251,706	168,258
Cash dividend paid during the year	(65,476)	-
Payments on redemption of units	(763,865)	(1,023,225)
Net cash flows used in financing activities	(577,635)	(854,967)
Net decrease in cash and cash equivalents	(426,022)	(579,715)
Cash and cash equivalents at beginning of the year	566,702	1,146,417
Cash and cash equivalents at end of the year	140,680	566,702
 CASH AND CASH EQUIVALENTS		
Bank balances	140,680	416,702
Term deposit receipt - 3 months	-	150,000
	140,680	566,702

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

For UBL Fund Managers Limited
(Management Company)

SD

Chief Executive Officer

SD

Chief Financial Officer

SD

Director

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

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Chief Executive Officer

Chief Financial Officer

Director

UBL ASSET ALLOCATION FUND
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** UBL Asset Allocation Fund (the Fund) was established under the Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003 (the NBFC Rules) and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations) and was approved as an open end mutual fund by the Securities and Exchange Commission of Pakistan. It was constituted under a Trust Deed, dated May 29, 2013 between UBL Fund Managers Limited (a wholly owned subsidiary company of United Bank Limited) as the Management Company and Central Depository Company of Pakistan Limited ("CDC") as the Trustee.
- 1.2** The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through certificate of registration issued by SECP. The registered office of the Management Company is situated at 4th Floor STSM Building, Beaumont Road, Civil Lines Karachi.
- 1.3** The Fund is an open end mutual fund and units of the fund are listed on the Pakistan Stock Exchange Limited. The units of the Fund can be transferred to/from other funds managed by the Management Company and can also be redeemed by surrendering to the Fund. The units of the Fund were initially offered to the public (IPO) on August 19, 2013. The Fund commenced its operations from August 20, 2013.
- 1.4** The policy of the Fund is to invest in a diversified portfolio of shares of listed companies, spread transactions and other money market instruments. Under circular 07 dated March 06, 2009 issued by the SECP, the Fund has been categorised by the Management Company as an Asset Allocation Fund.
- 1.5** Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.
- 1.6** VIS Credit Rating Company has reaffirmed management quality rating of AM1 (stable outlook) on December 31, 2019.

2. STATEMENT OF COMPLIANCE

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

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

3. BASIS OF PREPARATION

3.1 Accounting convention

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

3.2 Critical accounting estimates and judgments

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

3.3 Functional and presentation currency

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 New / Revised Standards, Interpretations and Amendments

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

IFRS 16 – Leases

IFRIC 23 – Uncertainty over Income Tax Treatments

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

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

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

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

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

IAS 23 – Borrowing Costs - Borrowing costs eligible for capitalisation

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

IFRS 14 – Regulatory Deferral Accounts

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

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

4.2 Cash and cash equivalents

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

4.3 Financial assets

4.3.1 Classification

Business model assessment

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

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

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

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

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

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

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

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

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

4.3.2 Initial Measurement

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

Subsequent Measurement

Debt instruments at Amortized Cost

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

Debt instruments at FVOCI

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

Financial assets at fair value through profit or loss

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

4.3.3 Impairment of financial assets

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

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

4.4 Derecognition

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

4.5 Financial liabilities

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

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

4.6 Offsetting of financial assets and liabilities

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

4.7 Provisions

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

4.8 Taxation

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

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

4.9 Dividend distribution and appropriations

Dividend distributions and appropriations are recorded in the period in which these are approved by the Board of Directors of the Management Company. Based on Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

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

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared and approved by the Board of Directors of the Management Company.

4.10 Issue and redemption of units

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

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

4.11 Net asset value per unit

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

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4.12 Revenue recognition

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

4.13 Expenses

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

4.14 Preliminary expenses and floatation cost

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

4.15 Unitholders' fund

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

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

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

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

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

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 3 Definition of a Business (Amendments)	January 01, 2020
Interest rate benchmark reform - Amendment to IFRS 9, IAS 39 and IFRS 7	January 01, 2020
IAS – 1: Definition of Material – Amendments to IAS 1 and IAS 8	January 01, 2020
Covid-19-Related Rent Concessions – Amendment to IFRS 16	January 01, 2020

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

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

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

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

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

	Note	June 30, 2020 ----- (Rupees in '000) -----	June 30, 2019
6. BANK BALANCES			
Saving accounts	6.1	<u>140,680</u>	<u>416,702</u>

6.1 These carry mark-up at the rates ranging from 6% to 8.50% (June 30, 2019: 4.25% to 13.15%) per annum and include a balance of Rs.3.03 (June 30, 2019: Rs.3.739) million held with United Bank Limited (a related party).

7. INVESTMENTS

At Fair Value Through Profit or Loss

- Government securities - Market treasury bills	7.1	47,548	-
- Government securities - Pakistan Investment Bonds	7.2	100,590	99,760
- Debt securities - Term Finance Certificates / Sukuks	7.3	109,772	148,917
- Quoted equity securities	7.4	369,846	542,757

At Amortised Cost

- Term Deposit Receipt		-	150,000
		<u>627,756</u>	<u>941,434</u>

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

Particulars	Note	As at July 01, 2019	Purchased during the year	Disposed / matured during the year	As at June 30, 2020	Balance as at June 30, 2020			Market value as a percentage of net assets	Market value as a percentage of total investments
						Carrying value	Market value	Appreciation / (Diminution)		
----- Number of certificates -----						----- (Rupees in '000) -----			----- % -----	
Market treasury bills - 12 months	7.1.1	-	500	-	500	46,472	47,548	1,076	5.13%	7.57%
Market treasury bills - 6 months		-	425	(425)	-	-	-	-	-	-
Market treasury bills - 3 months		-	500	(500)	-	-	-	-	-	-
June 30, 2020						46,472	47,548	1,076		
June 30, 2019						-	-	-		

7.1.1 These treasury bills carry effective yield of 7.05% per annum and will mature by March 2021.

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

Particulars	Note	As at July 01, 2019	Purchased during the year	Disposed / matured during the year	As at June 30, 2020	Balance as at June 30, 2020			Market value as a percentage of net assets	Market value as a percentage of total investments
						Carrying value	Market value	Appreciation / (Diminution)		
----- Number of certificates -----						----- (Rupees in '000) -----			----- % -----	
Pakistan Investment										
Bonds - 10 years	7.2.1	1,000	-	-	1,000	99,740	100,590	850	10.86%	16.02%
Bonds - 3 years		-	1,500	(1,500)	-	-	-	-	-	-
June 30, 2020						99,740	100,590	850		
June 30, 2019						99,522	99,760	238		

7.2.1 This Pakistan Investment Bonds carry interest at the rate ranging from 11.0499% to 13.9351% per annum (2019: 8.5526% to 11.0499% per annum). These will mature latest by August 09, 2028.

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

Name of Security	Note	As at July 01, 2019	Purchased during the year	Sold / matured during the year	As at June 30, 2020	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Appreciation / (Diminution)	Percentage of total investments	Percentage of net assets
		----- (Number of certificates) -----				----- (Rupees in '000) -----				
Unquoted										
Investment banks / investment companies / securities companies										
Dawood Hercules Corporation Limited - Sukuk (Face value at Rs.80,000 each)	7.3.1 & 7.3.2	40	-	-	40	2,790	2,828	38	0.45%	0.31%
Cement										
Javedan Corporation Limited - Sukuk (Face value at Rs.100,000 each)	7.3.1 & 7.3.2	150	-	-	150	14,473	15,300	827	2.44%	1.65%
Quoted										
Investment banks / investment companies / securities companies										
Jahangir Siddiqui and Company Limited - Term Finance Certificate (Face value at Rs.3,750 each)	7.3.1 & 7.3.2	30,000	-	-	30,000	93,356	91,644	(1,712)	14.60%	9.89%
Total as at June 30, 2020		30,190	-	-	30,190	110,619	109,772	(847)		
Total as at June 30, 2019						151,422	148,917	(2,505)		

7.3.1 These carry profit rate from 9.31% to 14.89% (June 2019: from 7.42% to 12.99%).

7.3.2 Significant terms and conditions of term finance certificates outstanding as at June 30, 2020 are as follows:

Name of securities	Mark-up rate (per annum)	Issue date	Maturity date
Dawood Hercules Corporation Limited - Sukuk	3 Months KIBOR +1%	16-Nov-17	16-Nov-22
Jahangir Siddiqui and Company - Term Finance Certificate	6 Months KIBOR +1.4%	18-Jul-17	18-Jul-22
Javedan Corporation Limited - Sukuk	6 Months KIBOR +1.75%	4-Oct-18	4-Oct-26

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

Name of the investee company	Note	As at July 01, 2019	Purchased during the year	Bonus / Right issue during the year	Sold during the year	As at June 30, 2020	Cost / carrying value as at June 30, 2020	Market value as at June 30, 2020	(Diminution) / appreciation	Percentage of total investments	Percentage of net assets	Paid-up capital of investee company (with face value of investment)
(Number of shares)						(Rupees in '000)			(%)			
Unless stated otherwise, the holdings are in ordinary shares of Rs.10 each.												
Oil and gas exploration companies												
Mari Petroleum Company Limited	7.4.2	7,538	35,500	3,453	(13,840)	32,651	28,304	40,378	12,074	6.43%	4.35%	0.03%
Oil and Gas Development Company Limited		231,700	259,000	-	(291,700)	199,000	21,266	21,691	425	3.46%	2.34%	0.00%
Pakistan Petroleum Limited	7.4.1 & 7.4.2	138,125	60,000	28,825	(118,600)	108,350	12,326	9,403	(2,923)	1.50%	1.02%	0.04%
Attock Petroleum Limited		-	2,500	-	-	2,500	875	763	88	0.12%	0.08%	0.00%
Pakistan Oil Fields Limited		54,660	30,100	-	(56,200)	28,560	9,496	10,014	516	1.60%	1.08%	0.00%
							72,067	82,249	10,182	13.10%	8.88%	0.07%
Oil and gas marketing companies												
Pakistan State Oil Company Limited	7.4.2	85,784	84,500	11,776	(135,800)	26,250	3,749	4,153	404	0.66%	0.45%	0.01%
Investment banks / investment companies												
Arif Habib Limited		-	102,600	-	(45,000)	57,500	2,653	1,870	(783)	0.39%	0.29%	0.10%
Refinery												
National Refinery Limited		-	300	-	(300)	-	-	-	-	0.09%	0.00%	0.00%
Power generation and distribution												
Hub Power Company Limited		899,662	111,500	-	(540,400)	270,762	21,063	19,630	(1,433)	3.13%	2.12%	0.02%
Pakgen Power Limited		446,000	-	-	(50,000)	396,000	5,615	4,755	(860)	0.76%	0.51%	0.11%
Lahor Power Limited		563,000	-	-	-	563,000	7,319	6,570	(749)	1.05%	0.71%	0.15%
Saf Power Limited		2,953,500	-	-	(2,510,000)	443,498	8,320	7,127	(1,193)	1.14%	0.77%	0.11%
							42,317	38,082	(4,235)	6.07%	4.11%	0.39%
Chemicals												
ICI Pakistan Limited		-	4,600	-	-	4,600	2,923	3,195	272	0.51%	0.34%	0.00%
Lotte Chemical Pakistan Limited		40,000	29,000	-	(69,000)	-	-	-	-	0.00%	0.00%	0.00%
Engro Polymer & Chemicals Limited		502,868	239,000	-	(614,000)	127,868	3,866	3,194	(674)	0.51%	0.34%	0.01%
							6,791	6,389	(402)	1.02%	0.69%	0.02%
Fertilizer												
Engro Corporation Limited		113,540	96,400	-	(100,600)	109,340	28,756	32,028	3,272	5.10%	3.46%	0.02%
Engro Fertilizers Limited	7.4.1	209,500	250,856	-	(221,500)	238,856	14,416	14,398	(18)	2.29%	1.55%	0.02%
Fauji Fertilizer Bin Qasim Limited		306,000	85,000	-	(287,000)	4,000	69	64	(5)	0.01%	0.01%	0.00%
Fauji Fertilizer Company Limited		137,000	99,000	-	(155,300)	80,700	8,322	8,876	554	1.41%	0.96%	0.01%
							51,563	55,366	3,803	8.82%	5.98%	0.05%
Cement												
Cherat Cement Company Limited		110,000	-	-	(110,000)	-	-	-	-	0.00%	0.00%	0.00%
Kohat Cement Company Limited		340,770	5,000	-	(280,000)	65,770	3,871	9,040	5,169	1.44%	0.98%	0.03%
Pioneer Cement Limited		104,000	-	-	(104,000)	-	-	-	-	0.00%	0.00%	0.00%
Lucky Cement Limited		19,950	53,600	-	(34,917)	38,833	16,938	17,925	986	2.96%	1.94%	0.01%
							20,810	26,965	6,155	4.30%	2.91%	0.04%
Automobile parts and accessories												
Thal Limited *		21,250	13,700	-	(8,400)	26,550	8,723	8,627	(96)	1.37%	0.93%	0.07%
Leather and tanneries												
Service Industries Limited		-	5,600	-	(4,650)	1,150	1,011	938	(73)	0.15%	0.10%	0.01%
Commercial banks												
Habib Bank Limited		395,700	66,600	-	(303,400)	158,900	17,828	15,393	(2,435)	2.45%	1.66%	0.01%
Allied Bank Limited		329,500	97,000	-	(76,000)	350,500	34,710	26,841	(7,869)	4.28%	2.90%	0.03%
Bank Alfalah Limited		880,500	-	-	(576,227)	304,273	13,263	10,214	(3,049)	1.63%	1.10%	0.02%
Bank Al Habib Limited		-	330,500	-	(36,500)	274,000	19,907	14,330	(5,577)	2.28%	1.55%	0.02%
Faysal Bank Limited		150	-	-	-	150	3	2	(1)	0.00%	0.00%	0.00%
United Bank Limited**	7.4.1	255,800	145,500	-	(290,267)	111,033	13,151	11,476	(1,675)	1.83%	1.24%	0.01%
							98,862	78,256	(20,606)	12.47%	8.46%	0.09%

Name of the investee company	Note	As at July 01, 2019	Purchased during the year	Bonus / Right issue during the year	Sold during the year	As at June 30, 2020	Cost / carrying value as at June 30, 2020	Market value as at June 30, 2020	(Diminution) / Appreciation	Percentage of total investments	Percentage of net assets	Paid-up capital of investee company (with face value of investment)
(Number of shares)						(Rupees in '000)			(%)			
Textile												
Nishat Mills Limited		108,200	34,000	-	(73,000)	69,200	8,311	5,398	(913)	0.85%	0.58%	0.02%
Kohinoor Textiles Limited		-	537,000	-	(244,994)	292,006	9,801	10,368	568	1.65%	1.12%	0.10%
Gul Ahmed Textile Mills Limited	7.4.2	346,000	13,500	43,200	(231,000)	171,700	6,592	4,916	(1,676)	0.78%	0.53%	0.05%
							22,704	20,683	(2,021)	3.29%	2.23%	0.17%
Engineering												
Amreli Steels Limited		100	-	-	(100)	-	-	-	-	0.00%	0.00%	0.00%
International Industries limited		-	25,500	-	(25,500)	-	-	-	-	0.00%	0.00%	0.00%
							-	-	-	0.00%	0.00%	0.00%
Food and personal care products												
Al Shaheer Corporation Limited		98,000	152,448	-	(153,500)	96,948	1,256	1,109	(147)	0.18%	0.12%	0.07%
Glass and ceramics												
Tariq Glass Industries Limited	7.4.2	36,300	53,500	26,750	(116,550)	-	-	-	-	0.00%	0.00%	0.00%
Technology and Communication												
Systems Limited		-	110,500	-	(35,500)	75,000	9,302	13,776	4,474	2.19%	1.49%	0.06%
Paper and board												
Packages Limited		8,400	-	-	(3,000)	2,400	722	834	112	0.13%	0.09%	0
Century Paper and Board Mills		-	100,000	-	(24,000)	76,000	3,294	5,440	2,146	0.87%	0.59%	0
							4,016	6,274	2,258	1.00%	0.68%	0.05%
Insurance												
Adamjee Insurance Company Limited		632,000	68,000	-	(341,244)	358,756	13,206	11,679	(1,327)	1.89%	1.28%	0.10%
IGI Holdings Limited		-	30,000	-	-	30,000	5,559	5,430	(129)	0.85%	0.59%	0.02%
							18,765	17,369	(1,466)	2.76%	1.87%	0.12%
Pharmaceuticals												
The Searle Company Limited		21,240	27,000	-	(20,300)	27,940	5,421	5,567	146	0.89%	0.60%	0.01%
Glaxosmith Kline Consumer		-	7,000	-	-	7,000	1,944	1,903	(41)	0.30%	0.21%	0.01%
Highnoon Laboratories Limited	7.4.2	600	-	60	-	660	152	330	178	0.05%	0.04%	0.00%
							7,517	7,800	283	1.24%	0.84%	0.02%
Total equity securities 'at fair value through profit or loss' as at June 30, 2020							372,106	369,846	(2,260)	58.91%	39.93%	

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

** This represents investment held in a related party.

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

Engro Corporation Limited
Pakistan Petroleum Limited
United Bank Limited

June 30, 2020	
(Number of shares)	(Rupees in '000)
5,000	1,465
25,000	2,170
50,000	5,168
<u>80,000</u>	<u>8,803</u>

7.4.2 The Finance Act, 2015 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the company declaring bonus shares which shall be considered as final discharge of tax liability on such income. The Management Company of the Fund jointly with other asset management companies and Mutual Funds Association of Pakistan, has filed a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the mutual funds based on the premise of exemptions available to mutual funds under clause 99 of Part I and clause 47B of Part IV of Second Schedule to the Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case. Certain investee companies of the Fund, in pursuance of the aforesaid amendment, withheld shares equivalent to 5% of bonus entitlement of the Fund having fair market value of Rs.842,917 at June 30, 2020. Such shares have not been deposited by the investee company in CDC account in Income Tax department. The Fund has included the shares withheld in its investments and recorded them at fair market value at year end. Furthermore, the Finance Act 2018 has brought an amendment in the Income Tax Ordinance 2001, whereby the 5% withholding tax on bonus shares has been withdrawn. Therefore, the bonus shares received during the period ended June 30, 2020, are not liable to withholding of Income Tax.

		June 30, 2020	June 30, 2019
	Note	----- (Rupees in '000) -----	
8. DIVIDEND AND MARK-UP RECEIVABLE			
Dividend receivable		-	795
Mark-up receivable on:			
- Bank balances	8.1	1,610	4,740
- Term deposit receipt		-	3,979
- Pakistan Investment Bonds		10,580	4,325
- Term finance certificates		6,804	7,695
		<u>18,994</u>	<u>21,534</u>

8.1 This include receivable of Rs.0.0085 (2019: Rs.0.034) million on balance maintained with United Bank Limited (related party).

9. ADVANCE TAX

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

10. DEPOSITS AND OTHER RECEIVABLES

Advance against NCCPL exposure margin - spread transaction	7,328	7,328
Security deposit with:		
- Central Depository Company of Pakistan	100	100
- National Clearing Company of Pakistan Limited	3,000	3,000
Other receivables	1,891	131
	<u>12,319</u>	<u>10,559</u>

11. PAYABLE TO THE MANAGEMENT COMPANY

Management remuneration payable	11.1	784	1,173
Sindh Sales Tax on management remuneration	11.2	102	153
Payable against allocated expenses	11.3	158	117
Selling and marketing expenses	11.4	2,419	1,496
Sales load payable to Management Company and others		561	125
		<u>4,024</u>	<u>3,064</u>

11.1 The Management Company has charged remuneration at the rate of 1.00% (2019: 1.00%) of average annual net assets of the Fund. The remuneration is paid to the Management Company on a monthly basis in arrears.

11.2 Sale tax on Management Remuneration has been charged at the rate of 13% (2019: 13%).

- 11.3 During the year, the Management Company has charged 0.1% of the average annual net assets for compensation for expenses related to registrar services, accounting, operations and valuation services to the CIS as per SECP vide SRO 639 dated June 20, 2019. Previously the Management Company was entitled to charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS) at the rate of 0.1% of the average annual net assets of the scheme or actual whichever is lower.
- 11.4 The SECP had allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) initially for a period of three years (i.e. from January 01, 2017 till December 31, 2019). The maximum cap of selling and marketing expense was 0.4% per annum of the net assets of the Fund or actual expenses whichever is lower.

'During the current year, the SECP through its circular 11 dated July 05, 2019 has revised the conditions for charging of selling and marketing expenses to a Fund. As per the revised guidelines, the maximum cap of 0.4% per annum has been lifted and now the asset management company is required to set a maximum limit for charging of such expense to the Fund and the same should be approved by the Board as part of annual plan. Furthermore, the time limit of three years has also been removed in the revised conditions.

'Accordingly, the Board of Directors of Management Company have resolved that the selling and marketing expenses will be charged based on the discretion of the Management Company provided the Total Expense Ratio (TER) prescribed by the SECP vide SRO 639 dated June 20, 2019 is complied with.

	Note	June 30, 2020 ----- (Rupees in '000) -----	June 30, 2019
12. PAYABLE TO THE TRUSTEE			
Remuneration payable	12.1	159	200
Sales tax on remuneration payable	12.2	21	25
		<u>180</u>	<u>225</u>

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

As per the Trust Deed and Offering Document, the tariff structure applicable to the Fund in respect of trustee fee for the year ended June 30, 2020 is as follows:

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

- 12.2 Sale tax on Trustee Remuneration has been charged at the rate of 13% (2019: 13%).

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

SECP, vide SRO no. 685(I)/2019 dated June 2019, revised the rate of annual fee at 0.02% (June 30, 2019: 0.095%) of net assets on all categories of collective investment schemes which is effective from July 01, 2019.

		June 30, 2020	June 30, 2019
	Note	----- (Rupees in '000) -----	
14. ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for indirect duties and taxes	14.1	6,977	6,977
Provision for Sindh Workers' Welfare Fund	14.2	13,407	10,804
Brokerage payable		581	385
Auditors' remuneration payable		639	359
Other payables		11,625	284
		<u>33,229</u>	<u>18,809</u>

14.1 Provision for indirect duties and taxes

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

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

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution, the provision for FED made prior to this period has been maintained by the Fund which at June 30, 2020 aggregates to Rs.6.272 (2019: Rs.6.272) million. Had the provision for FED not been recorded in the financial statements of the Fund, the net assets value of the Fund as at June 30, 2020 would have been higher by Re.0.92 (2019: Re.0.60) per unit.

14.2 Provision for Sindh Workers' Welfare Fund

As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act (SWWF Act), 2014 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.0.5 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 (including the Management Company of the Fund) 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. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF which is currently pending. However, as a matter of abundant caution, MUFAP has recommended to all its members to record a provision for SWWF from the date of enactment of SWWF Act, 2014 (i.e. starting from May 21, 2015). Had the provision for SWWF not been recorded in the financial statements of the Fund, the net assets value of the Fund as at June 30, 2020 would have been higher by Rs.1.97 (2019: Re.1.04) per unit. The Fund has an accounting loss for the year; therefore, no provision for SWWF has been made in these financial statements.

15. TOTAL EXPENSE RATIO

As per Directive 23 of 2016 dated July 20, 2016 issued by Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund is 2.7% as on June 30, 2020 which includes 0.43% representing Government Levy, Workers' Welfare Fund and SECP fee. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulation 60(5) for a collective investment scheme categorised as an asset allocation scheme.

16. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2020 (2019: Nil).

17. AUDITORS' REMUNERATION

	June 30, 2020	June 30, 2019
	----- (Rupees in '000) -----	
Annual audit fee	226	181
Half yearly review fee	161	129
Fee for other certifications and services	168	134
	<u>555</u>	<u>444</u>
Sale tax	44	36
Out of pocket expenses	54	50
	<u>653</u>	<u>530</u>

18. TAXATION

The income of the Fund is exempt from tax under clause (99) of Part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per regulation 63 of the NBFC Regulations, the Fund is required to distribute not less than 90 percent of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2020 to the unit holders as explained above, no provision for taxation has been made in these financial statements during the year.

19. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties comprise of United Bank Limited (Holding Company of Management Company), UBL Fund Managers Limited (Management Company), Al-Ameen Islamic Financial Services (Private) Limited (Subsidiary of the Management Company), entities under the common management or directorship, Central Depository Company of Pakistan Limited as trustee and custodian of the Fund, the directors and officers of the Management Company and unit holders holding 10% or more of the Fund's net assets.

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

All other transactions with related parties / connected persons are in the normal course of business, at contracted rates and terms determined in accordance with the market rates.

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

June 30, 2020					
Management Company	Associated companies	Trustee	Funds under common management	Directors and key executives	Other connected persons / related parties
(Rupees in '000)					
Transactions during the year					
Units issued	-	-	-	669	12,991
Units redeemed	-	-	-	-	-
Profit on savings accounts	-	356	-	-	-
Bank charges	-	13	-	-	-
Purchase of securities	-	291,024	-	-	-
Sale of securities	-	77,560	-	-	-
Dividend income	-	2,205	-	-	-
Dividend paid	-	-	-	211	15,284
Remuneration*	12,628	-	2,371	-	-
Allocation of expenses relating to the Fund	1,118	-	-	-	-
Selling and marketing expense	8,073	-	-	-	-
CDC Charges	-	-	32	-	-

June 30, 2019					
Transactions during the year					
Units issued	-	-	-	800	-
Units redeemed	-	-	-	6,221	-
Profit on savings accounts	-	258	-	-	-
Bank charges	-	10	-	-	-
Purchase of securities	-	91,582	-	-	-
Sale of securities	-	334,901	244,233	-	-
Dividend income	-	2,508	-	-	-
Remuneration*	21,902	-	3,320	-	-
Allocation of expenses relating to the Fund	1,938	-	-	-	-
Listing fee	-	-	-	-	25
Selling and marketing expense	7,753	-	-	-	-
CDC Charges	-	-	79	-	-

June 30, 2020					
Management Company	Associated companies	Trustee	Funds under common management	Directors and key executives	Other connected persons / related parties
(Rupees in '000)					
Balances held					
Units held (Number of units in '000)	-	-	-	21	1,509
Units held (Amount in '000)	-	-	-	2,862	206
Bank balances	-	3,031	-	-	-
Deposits	-	-	100	-	-
Remuneration payable	886	-	-	-	-
Sales load and other payable	561	7	-	-	-
Selling and marketing expense payable	2,419	-	-	-	-
Allocated expenses	158	-	-	-	-
Profit receivable	-	8	-	-	-
Remuneration payable to Trustee	-	-	180	-	-
Investments	-	11,476	-	-	-

June 30, 2019					
Balances held					
Units held (Number of units in '000)	-	-	-	16	1,095,456
Units held (Amount in '000)	-	-	-	2,150	144,856
Bank balances	-	3,739	-	-	-
Remuneration payable	1,326	-	-	-	-
Sales load and other payable	125	43	-	-	-
Selling and marketing expense payable	1,496	-	-	-	-
Allocated expenses	117	-	-	-	-
Profit receivable	-	35	-	-	-
Remuneration payable to Trustee	-	-	225	-	-
Investments	-	37,700	-	-	-

* Remuneration for the year is inclusive of sales tax.

20. FINANCIAL RISK MANAGEMENT

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

20.2 Market risk

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

(i) Profit rate risk

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

a) Sensitivity analysis of variable rate instruments

The Fund's PLS saving accounts, investment in PIB's, T-Bills, TFC's and Sukuks are exposed to variable rate risk. In case of 100 basis points increase / decrease in interest rates at year end, the net assets attributable to unit holders of the Fund and net income for the year would be higher / lower by Rs.3.986 (2019: Rs.6.653) million.

b) Sensitivity analysis of fixed rate instruments

As at June 30, 2020, the fund hold no fixed rate Term Deposit Receipt (TDR) which is classified as investments and carried at amortised cost. The net income and net asset would have no impact as at June 30, 2020.

The composition of the Fund's investment portfolio, KIBOR rates and rates announced by Financial Market Association is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2020 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

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

June 30, 2020						
Exposed to profit rate risk						
	Profit rate (%)	Up to three months	More than three months and up to one year	More than one year	Not exposed to profit rate risk	Total
		(Rupees in '000)				
On-balance sheet financial instruments						
Financial assets						
Bank balances	6% - 8.5%	140,680	-	-	-	140,680
Investments classified as fair value through profit or loss'	7.05% - 15.65%	-	-	257,910	369,846	627,756
Term Deposit Receipt		-	-	-	-	-
Dividend receivable and mark-up receivable		-	-	-	18,994	18,994
Deposits and other receivables		-	-	-	12,319	12,319
		140,680	-	257,910	401,159	799,749
Financial liabilities						
Payable to the Management Company		-	-	-	4,024	4,024
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	180	180
Payable against purchase of equity securities		-	-	-	3,924	3,924
Accrued expenses and other payables		-	-	-	12,845	12,845
		-	-	-	20,973	20,973
On-balance sheet gap		140,680	-	257,910	380,186	778,776

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June 30, 2019						
Exposed to profit rate risk						
	Profit rate (%)	Up to three months	More than three months and up to one year	More than one year	Not exposed to profit rate risk	Total
		(Rupees in '000)				
On-balance sheet financial instruments						
Financial assets						
Bank balances	4.25% - 13.15%	416,702	-	-	-	416,702
Investments classified as fair value through profit or loss'	7.42% - 13%	-	-	248,677	542,757	791,434
Term Deposit Receipt	11.35%	150,000	-	-	-	150,000
Dividend receivable and mark-up receivable		-	-	-	21,534	21,534
Deposits and other receivables		-	-	-	10,559	10,559
		566,702	-	248,677	574,850	1,390,229
Financial liabilities						
Payable to the Management Company		-	-	-	3,064	3,064
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	225	225
Payable against purchase of equity securities		-	-	-	698	698
Accrued expenses and other payables		-	-	-	1,029	1,029
		-	-	-	5,015	5,015
On-balance sheet gap		566,702	-	248,677	569,835	1,385,214

There is no off-balance sheet financial instrument that exist as at year ended June 30, 2020 and June 30, 2019.

(ii) Foreign currency risk

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

(iii) Equity price risk

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

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

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

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

	June 30, 2020	June 30, 2019
	---- (Rupees in '000) ----	
Income statement	18,492	27,138
Unit holders' fund	18,492	27,138

20.3 Liquidity risk

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

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

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

	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
	(Rupees in '000)				
June 30, 2020					
Financial liabilities					
Payable to the Management Company	4,024	-	-	-	4,024
Payable to the Trustee	180	-	-	-	180
Payable against purchase of equity securities	3,924	-	-	-	3,924
Accrued expenses and other liabilities	12,206	639	-	-	12,845
Total liabilities	20,334	639	-	-	20,973

	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
	(Rupees in '000)				
June 30, 2019					
Financial liabilities					
Payable to the Management Company	3,064	-	-	-	3,064
Payable to the Trustee	225	-	-	-	225
Payable against purchase of equity securities	698	-	-	-	698
Accrued expenses and other liabilities	670	359	-	-	1,029
Total liabilities	4,657	359	-	-	5,016

20.4 Credit risk

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

	June 30, 2020	June 30, 2019
	(Rupees in '000)	
Bank balances	140,680	416,702
Dividend and profit receivable	18,994	21,534
Debt securities - Term Finance Certificates / Sukuku	109,772	148,917

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

The analysis below summarizes the credit quality of the Fund's bank balances as on June 30, 2020:

	June 30, 2020	June 30, 2019
	(%)	
Rating by rating category		
AA- to AA+	93	99
AAA	3	1
A+	4	0
Total	100	100

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

20.5 Operational risk

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

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

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

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

20.6 Unit holders' fund risk management

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

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

20.7 Impact of COVID-19

The COVID-19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

The Securities and Exchange Commission of Pakistan (SECP) has provided the following relaxations to the asset management companies operating in Pakistan for a specific period:

- The time period to regularise the exposure limits breach under Regulation 55(13) of the NBFC Regulations has been extended from four months to six months;
- Maximum limit for application of discretionary discount as per the Annexure-I, Chapter 3 of Circular 33 of 2012 has been enhanced;
- The time period for classification of a debt security to non-performing category has been extended from 15 days to 180 days as per the requirements of Annexure-II of Circular 33 of 2012;
- Time period to ensure compliance with minimum fund size for Open End Schemes under Regulation 54(3b) of the NBFC regulations has been increased to 180 days for Open End Schemes;

21. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

	Fair value			
	Level 1	Level 2	Level 3	Total
	----- (Rupees) -----			
<u>June 30, 2019</u>				
Financial assets measured at				
Investments in debt securities	14,473	134,444	-	148,917
Government securities	-	99,760	-	99,760
Quoted equity securities	542,757	-	-	542,757
	<u>557,230</u>	<u>234,204</u>	<u>-</u>	<u>791,434</u>

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

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

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



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 VWDII IRU WKH SXUSRVH DQG WKH\ DUH FRQYHUVDQW ZLWK WKH SROL

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

(i) PATTERN OF UNIT HOLDING

Category	Number of unit holders	Number of units held	% of total
Individuals	805	3,430,588	50.47%
Retirement funds	18	2,403,545	35.36%
Others	7	941,382	13.85%
Public limited companies	1	222	0.00%
Associated Company and Key Executives	2	20,920	0.31%
	833	6,796,657	100%

(ii) TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

Name	%
Taurus Securities Limited	12%
Insight Securities (Private) Limited	9%
Alfalah Clsa Securities (Private) Limited	6%
Topline Securities (Private) Limited	6%
Aba Ali Habib Securities (Pvt.) Limited	5%
Foundation Securities (Private) Limited	5%
NAEL Capital Private Limited	5%
Intermarket Securities Limited	5%
BMA Capital Management Limited	4%
Al Habib Capital Markets (Pvt.) Limited	4%

(iii) THE MEMBERS OF THE INVESTMENT COMMITTEE

S.no	Name	Designation	Experience in years	Qualification
1	Yasir Qadri	CEO	24	MBA
2	Syed Suleman Akhtar	Chief Investment Officer	19	CFA, MBA
3	Muhammad Imran	Head of Investment advisory	20	MBA
4	Irfan Nepal	Chief Dealer & Fund Manager	26	EMBA
5	Hadi Hassan Mukl	Head of Compliance	20	BCOM
6	Syed Shabbir Sardar Zaidi	Fund Manager & Senior Analyst	11	MAS, CFA
7	Syed Sheeraz Ali	Fund Manager & Senior Analyst	10	MBA
8	Mubashir Anis	Fund Manager Equity	8	BS, CFA
9	Muhammad Waseem	Head Research	6	BBA, CFA

OTHER FUNDS MANAGED BY THE FUND MANAGER

UBL Liquidity Plus Fund
 UBL Money Market Fund
 UBL Cash Fund
 UBL Income Opportunity Fund
 UBL Government Securities Fund
 UBL Growth & Income Fund
 UBL Capital Protected Fund III
 UBL Special Savings Fund
 UBL Financial Planning Fund
 UBL Retirement Savings Fund

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(iv) ATTENDANCE AT THE MEETINGS OF THE BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

	August 30, 2019	September 17, 2019	October 29, 2019	December 09, 2019	February 25, 2020	April 30, 2020	Total meetings attended

Directors:

Mr. Arif Akmal Saifie *	N/A	N/A	N/A	N/A	N/A	✓	1
Mr. Azhar Hamid	✓	✓	✓	✓	✓	✓	6
Mr. Imran Sarwar	✓	✓	✓	✓	x	✓	5
Mr. Yasir Qadri	✓	✓	✓	✓	✓	✓	6
Ms. Naz Khan **	✓	✓	✓	✓	✓	✓	6
Ms. Sadia Saeed	x	✓	✓	✓	✓	✓	5
Syed Furukh Zaeem	✓	✓	✓	✓	x	✓	5
Mr. Tauqeer Mazhar ***	✓	✓	✓	✓	N/A	N/A	4

Name of Key Executives

Mr. Bilal Javaid ****	N/A	N/A	N/A	✓	✓	✓	3
Mr. Umair Ahmed	✓	✓	✓	✓	✓	✓	6
S.M. Aly Osman *****	✓	✓	✓	N/A	N/A	N/A	3

* Mr. Arif Akmal appointed as Director with effect from March 20, 2020

** Ms. Naz Khan resigned as Director with effect from July 20, 2020

*** Mr. Tauqeer Mazhar resigned as Director with effect from January 30, 2020

**** Mr. Bilal Javaid appointed as Company Secretary with effect from February 25, 2020

***** S.M. Aly Osman resigned as Company Secretary with effect from November 30, 2019

✓	Present
x	Absent
N/A	Not Applicable

(v) RATING OF THE FUND AND THE MANAGEMENT COMPANY

VIS Credit Rating Company has reaffirmed management quality rating of AM1 (stable outlook) on December 31, 2019.



UBLP-ETF

UBL Pakistan Enterprise Exchange Traded Fund

INVESTMENT OBJECTIVE

UBL Pakistan Enterprise Exchange Traded Fund (UBLP-ETF) aims to track the performance of the benchmark index in order to provide long-term capital appreciation and dividend yield to its investors.

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

Fund Manager's Report – UBL Pakistan Enterprise Exchange Traded Fund (UBLP-ETF)

- i) **Description of the Collective Investment Scheme category and type**
Exchange Traded Fund/ Open-end
- ii) **Statement of Collective Investment Scheme's investment objective**
UBL Pakistan Enterprise Exchange Traded Fund (UBLP-ETF) aims to track the performance of the benchmark index in order to provide long- term capital appreciation and dividend yields to its investors
- iii) **Explanation as to whether the Collective Investment Scheme achieved its stated objective**
The Collective Investment Scheme achieved its stated objective.
- iv) **Statement of benchmark(s) relevant to the Collective Investment Scheme**
KSE-100 Index
- v) **Comparison of the Collective Investment Scheme's performance during the period compared with the said benchmarks**

Monthly Yield	Jul'19	Aug'19	Sep'19	Oct'19	Nov'19	Dec'19	Jan'20	Feb'20	Mar'20	Apr'20	May'20	Jun'20	FYTD
UBLP-ETF	-	-	-	-	-	-	-	-	-2.90%	12.11%	-5.03%	2.72%	5.59%
Benchmark	-	-	-	-	-	-	-	-	-2.76%	12.36%	-4.97%	2.60%	6.53%

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

UBL Pakistan Enterprise Exchange Traded Fund (UBLP-ETF) aims to track the performance of the benchmark index in order to provide long- term capital appreciation and dividend yields to its investors. UBL-ETF yielded return of 6.20% since inception. The net assets of the UBL-ETF were PKR 36mn at the end of Jun'20.

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

Asset Allocation (% of Total Assets)	Jun-19	Jun-20
Equities	0%	95%
Cash	0%	1%
Others	0%	4%
Leverage	Nil	Nil

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

FY'20 Return:	13.74%
Standard Deviation (12m trailing):	n/a
Sharpe Ratio (12m trailing):	n/a

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

Net Asset Value			NAV per unit		
30-Jun-20	24-Mar-20	Change	30-Jun-20	24-Mar-20	Change
Rupees (000)		%	Rupees		%
3,150,000	1,020,000	208.82	11.5321	10.1111	14.054

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

Stock Market Review for FY20

Please refer to relevant note in Directors' report

x) **Disclosure on distribution (if any), comprising:-**

- particulars of income distribution or other forms of distribution made and proposed during the period; and
- statement of effects on the NAV before and after distribution is made

Distribution				Per unit	
<i>Declared on</i>	Bonus	Cash	Per Unit	Cum NAV	Ex NAV
	<i>Rupees (000)</i>			<i>----- Rupees -----</i>	
24 June 2020	Nil	206,000	0.0655	11.4217	11.3562

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

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

xii) Breakdown of unit holdings by size

Range of Units	Number of Investors
	UBLP-ETF
10,000.0000 - 49,999.9999	1
500,000.0000 & Above	2
Total	3

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

There were no unit splits during the period.

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

Investments are subject to market risk.

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

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

PERFORMANCE TABLE

UBL Pakistan Enterprise Exchange Traded Fund

2020

NET ASSETS AS AT 30 JUNE - Rupees in '000 36,326

NET ASSETS VALUE PER UNIT AT 30 JUNE - Rupees

Class A units - Offer	11.5321
- Redemption	11.5321

RETURN OF THE FUND - %

Total Return of the Fund	6.20
Capital Growth (per unit)	5.55
Date of Income Distribution	24-Jun-20
Income Distribution	0.07

AVERAGE ANNUAL RETURN - %

Since Launch/ One Year	6.20

OFFER / REPURCHASE DURING THE YEAR- Rupees

Highest price per unit - Class A units - Offer	11.8919
Highest price per unit - Class A units - Redemption	11.8919
Lowest price per unit - Class A units - Offer	9.5480
Lowest price per unit - Class A units - Redemption	9.5480

PORTFOLIO COMPOSITION - %

Percentage of Net Assets as at 30 June

PORTFOLIO COMPOSITION BY CATEGORY - %

Bank Balances	1.00
Equities	94.00
others	5.00

PORTFOLIO COMPOSITION BY MARKET - %

Equity Market	94.00

Note:

- The Launch date of Fund is 20 MAR 2020

DISCLAIMER

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

Head Office

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



TRUSTEE REPORT TO THE UNIT HOLDERS

UBL PAKISTAN ENTERPRISE EXCHANGE TRADED FUND

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

We Central Depository Company of Pakistan Limited, being the Trustee of UBL Pakistan Enterprise Exchange Traded Fund (the Fund) are of the opinion that UBL Fund Managers Limited being the Management Company of the Fund has in all material respects managed the Fund during period from March 20, 2020 to June 30, 2020 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 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.

Abdul Samad
Chief Operating Officer
Central Depository Company of Pakistan Limited

Karachi: September 30, 2020



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

NAME OF FUND: UBL PAKISTAN ENTERPRISE EXCHANGE TRADED FUND

YEAR ENDED: JUNE 30, 2020

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

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

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

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

* Ms. Naz Khan has resigned dated July 20, 2020

** Mr. Arif Akmal Saifie was appointed as a director from March 20, 2020

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

8. The Board has a formal policy and transparent procedures for remuneration of its directors in accordance with the Act and these Regulations.
9. The following directors and executives have acquired the prescribed Directors' Training Program (DTP) certification:

Directors

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

Executives

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

Board Audit Committee

Name	Designation	Type of Directorship
Ms. Naz Khan*	Chairman	Independent Director
Mr. Arif Akmal Saifie**	Member	Non-Executive Director
Mr. Imran Sarwar	Member	Non-Executive Director
Ms. Sadia Saeed	Member	Non-Executive Director
Mr. Tauqeer Mazhar***	Member	Non-Executive Director

Board Human Resource and Compensation Committee

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

Board Risk and Compliance Committee

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

* Ms. Naz Khan has resigned dated July 20, 2020

** Mr. Arif Akmal Saifie was appointed as a director from March 20, 2020

*** Mr. Tauqeer Mazhar resigned as a director from January 30, 2020

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
14. The frequency of meetings of the committees was as follows:
 - a. The Board Audit Committee: quarterly - six meetings held
 - b. The Board Human Resource and Compensation Committee: quarterly - five meetings held
 - c. The Board Risk and Compliance Committee: quarterly - four meetings held
15. The Board has set up an effective internal audit function. The Function has suitably qualified and experienced staff for the purpose and they are conversant with the policies and procedures of the Management Company.
16. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and are registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the Partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of CEO, CFO, the Head of Internal Audit, the Company Secretary or directors of the Management Company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of Regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with.
19. We confirm that any other significant requirements of the Regulations have been complied with.

AZHAR HAMID
Chairman

Karachi.
Dated: **September 25, 2020**

To the unitholders of UBL Pakistan Enterprise Exchange Traded Fund

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of UBL Fund Managers Limited, the Management Company of **UBL Pakistan Enterprise Exchange Traded Fund** (the Fund) for the period ended **30 June 2020** in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Funds for the period ended 30 June 2020.



Chartered Accountants

Place: Karachi

Date: 30 September 2020

INDEPENDENT AUDITORS' REPORT

To the Unit holders of UBL Pakistan Enterprise Exchange Traded Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of UBL Pakistan Enterprise Exchange Traded Fund (the Fund), which comprise the statement of assets and liabilities as at 30 June 2020, and the income statement, comprehensive income, cash flow statement and statement of movement in unit holders' fund for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, (or give a true and fair view of) the financial position of the Fund as at 30 June 2020, and of its financial performance and its cash flows for the period then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

Key audit matter	How our audit addressed the key audit matter
Existence and valuation of bank balances and investments	
As disclosed in notes 6 and 7 to the accompanying financial statements of the Fund for the period ended 30 June 2020, the bank balances and investments (comprised of equity securities) held by the Fund represent 97% of the total assets of the Fund as at the period end.	We performed a combination of audit procedures focusing on the existence and valuation of bank balances and investments. Our key procedures included the following: - We obtained independent confirmations for verifying the existence of the bank balances as at 30 June 2020 and reconciled it with the books and records of the Fund. - We tested controls over acquisition, disposals and periodic valuation of investments portfolio. - We performed substantive audit procedures on period-end balance of portfolio including review of

Key audit matter	How our audit addressed the key audit matter
In view of the significance of bank balances and investment in relation to the total assets and the Net Assets Value (NAV) of the Fund, we have considered the existence and valuation of such bank balances and Investments as a key audit matter.	custodian's statement and related reconciliations and re-performance of investment valuations on the basis of quoted market prices at the Pakistan Stock Exchange as at 30 June 2020. - We evaluated the appropriateness of the classification of the investments in accordance with the requirements of IFRS 9 and the valuations in accordance with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations). We assessed the Fund's compliance with the requirements of the Regulations in relation to the concentration of investments and exposure limits prescribed in such Regulations and the applicability of disclosures in this regard. - We also evaluated the adequacy of the overall disclosures in the financial statements in respect of the investment portfolio in accordance with the requirements of the Regulations and applicable financial reporting standards.

Other Information

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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.

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

Report on Other Legal and Regulatory Requirements

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

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



Chartered Accountants

Date: 29 September 2020

Karachi

UBL PAKISTAN ENTERPRISE EXCHANGE TRADED FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2020

	Note	June 30, 2020 (Rupees in '000)
ASSETS		
Bank balances	6	549
Investments	7	35,701
Dividend and mark-up receivable	8	294
Advance tax	9	46
Preliminary expenses and floatation costs	10	144
Receivable from Management Company	15	483
Total assets		37,217
LIABILITIES		
Payable to the Management Company	11	180
Payable to the Trustee	12	8
Annual fee payable to the Securities and Exchange Commission of Pakistan (SECP)	13	2
Accrued and other liabilities	14	701
Total liabilities		891
NET ASSETS		36,326
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		36,326
CONTINGENCIES AND COMMITMENTS	16	
		(Number of units)
NUMBER OF UNITS IN ISSUE	17	3,150,000
		(Rupees)
NET ASSETS VALUE PER UNIT		11.5321

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

For UBL Fund Managers Limited
(Management Company)

SD

Chief Executive Officer

SD

Director

SD

Chief Financial Officer

UBL PAKISTAN ENTERPRISE EXCHANGE TRADED FUND
INCOME STATEMENT
FOR THE PERIOD FROM MARCH 20, 2020 TO JUNE 30, 2020

		For the period from March 20, 2020 to June 30, 2020 (Rupees in '000)
	Note	
INCOME		
Mark-up on bank account		41
Dividend income		569
Other Income		29
Total income		639
EXPENSES		
Remuneration of the Management Company	11.1	67
Sales tax on management fee	11.2	9
Remuneration of the Trustee	12.1	10
Sales tax on remuneration of the Trustee	12.2	1
Annual fee to SECP	13	2
Amortization of preliminary expenses and floatation costs	10	9
Brokerage expenses		1
Auditors' remuneration	18	316
Legal and professional charges		115
Custody and settlement charges		78
Bank charges and other expenses		33
Expense Reimbursement by the Management Company	15	(483)
Total expenses		158
Net income for the period from operating activities		481
Element of loss and capital losses included in prices of units issued less those in units redeemed		(279)
Provision for Sindh Workers' Welfare Fund (SWWF)	14.1	(4)
Net income for the period before taxation		198
Taxation	19	-
Net income for the period after taxation		198
<i>Allocation of net income for the period:</i>		
Net income for the period after taxation		198
Income already paid on units redeemed		-
		198
<i>Accounting income available for distribution</i>		
- Relating to capital gains		-
- Excluding capital gains		198
		198
Earnings per unit	25.2	

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

For UBL Fund Managers Limited
(Management Company)

SD
Chief Executive Officer

SD
Director

SD
Chief Financial Officer

**UBL PAKISTAN ENTERPRISE EXCHANGE TRADED FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM MARCH 20, 2020 TO JUNE 30, 2020**

For the period
from March 20,
2020 to June
30, 2020

Note (Rupees in '000)

Net income for the period after taxation		198
Other comprehensive income		
<i>Items not to be reclassified to income statement in subsequent periods:</i>		
Gain on sale of investments classified at 'fair value through other comprehensive income' (FVOCI)		606
Net unrealised appreciation on re-measurement of investments classified at fair value through other comprehensive income' (FVOCI)	7.2	3,147
Cumulative change in fair value through other comprehensive income (FVOCI)		3,753
Total comprehensive income for the period		3,951

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

For UBL Fund Managers Limited
(Management Company)

SD

Chief Executive Officer

SD

Director

SD

Chief Financial Officer

UBL PAKISTAN ENTERPRISE EXCHANGE TRADED FUND
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM MARCH 20, 2020 TO JUNE 30, 2020

For the period
from March 20,
2020 to June
30, 2020
(Rupees in '000)

CASH FLOWS FROM OPERATING ACTIVITIES

Net income for the period before taxation 198

Adjustments for:

Mark-up on bank account	(41)
Dividend income	(569)
Amortization of preliminary expenses and floatation costs	9
Element of loss and capital losses included in prices of units issued less those in units redeemed	279
Provision for Sindh Workers' Welfare Fund (SWWF)	(4)
	(326)

(Increase) in assets

Investments	(31,945)
Security deposit	-
Receivable from Management Company	(483)
Preliminary expenses and floatation costs	(153)
	(32,581)

Increase in liabilities

Payable to the Management Company	180
Payable to the Trustee	8
Annual fee payable to SECP	2
Payable against purchase of investments	-
Accrued and other liabilities	701
	891

Advance tax paid	(46)
Mark-up and dividend received	316
Net cash used in operating activities	(31,548)

CASH FLOWS FROM FINANCING ACTIVITIES

Net receipt from issuance of units	38,993
Distribution during the period	
- Cash of Rs 0.0655 @ Jun 24, 2020	(206)
Net payment against redemption of units	(6,691)
Net cash generated from financing activities	32,097

Net increase in cash and cash equivalents during the period

Cash and cash equivalents at beginning of the period	-

Cash and cash equivalents at end of the period	549

CASH AND CASH EQUIVALENTS

Bank balances	549

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

For UBL Fund Managers Limited
(Management Company)

SD
Chief Executive Officer

SD
Director

SD
Chief Financial Officer

UBL PAKISTAN ENTERPRISE EXCHANGE TRADED FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS
FOR THE PERIOD FROM MARCH 20, 2020 TO JUNE 30, 2020

For the period from March 20, 2020 to June 30, 2020				
	Capital value	Undistributed income	Realised and unrealised appreciation on investments classified at fair value through other comprehensive income	Total
	(Rupees in '000)			
Net assets at beginning of the period	-	-	-	-
Amount received on issuance of 3,739,959 units				
Capital value	37,400		-	37,400
Element of income during the period;				
- Relating to other comprehensive income for the period	1,608	-	-	1,608
- Relating to net income for the period after taxation	(15)	-	-	(15)
	38,993	-	-	38,993
Amount paid on redemption of 589,959 units				
Capital value	(5,900)	-	-	(5,900)
Element of income during the period;				
- Relating to other comprehensive income for the period	(527)	-	-	(527)
- Relating to net income for the period after taxation	(264)	-	-	(264)
	(6,691)	-	-	(6,691)
Element of loss and capital losses included in prices of units issued less those in units redeemed	279		-	279
Total comprehensive income for the period	-	198	3,753	3,951
Distribution during the period				
- Cash of Rs.0.0655 @ Jun 24, 2020	-	(206)	-	(206)
Net income for the period less distribution	-	(8)	3,753	3,745
Net assets at end of the period	32,581	(8)	3,753	36,326
Accounting income available for distribution:				
- Relating to capital gains		-		
- Excluding capital gains		198		
		198		
Distribution during the period		(206)		
Undistributed income carried forward		(8)		
Undistributed income carried forward				
- Realised		(8)		
- Unrealised		-		
		(8)		
				-- (Rupees) --
Net assets value per unit at beginning of the period	10.0000			
Net assets value per unit at end of the period	11.5321			

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

For UBL Fund Managers Limited
(Management Company)

SD
Chief Executive Officer

SD
Director

SD
Chief Financial Officer

**UBL PAKISTAN ENTERPRISE EXCHANGE TRADED FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** UBL Pakistan Enterprise Exchange Traded Fund, was established under the Trust Deed executed between UBL Fund Managers Limited (the Management Company - a wholly owned subsidiary company of United Bank Limited), as the Management Company, and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on November 28, 2019 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on February 13, 2020 in accordance with the requirements of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). The Fund commenced its operations from March 20, 2020.
- 1.2** The Management Company of the Fund is registered with the SECP as a Non-Banking Finance Company under the NBFC Rules. The registered office of the Management Company is situated at 4th Floor, STSM Building, Beaumont Road, Civil Lines, Karachi.
- 1.3** The Fund is an Open Ended Exchange Traded Mutual Fund and is listed on Pakistan Stock Exchange (PSX). The Fund has commenced its operations on 20 March 2020.
- 1.4** The objective of the Fund is to track the performance of the Benchmark index. The index shall be periodically re-balanced & reconstituted as specified in this document in order to provide long-term capital appreciation and dividends yield to the investors.
- 1.5** VIS Credit Rating Company has reaffirmed management quality rating of AM1 on December 31, 2019.
- 1.6** Title to the assets of the Fund are held in the name of the Central Depository Company of Pakistan Limited as Trustee of the Fund.

2. STATEMENT OF COMPLIANCE

- 2.1** These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:
- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
 - Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984;
 - the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

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

3. BASIS OF MEASUREMENT

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

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

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies were adopted in the preparation of these financial statements.

5.1 Financial assets

Classification

Business model assessment

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

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

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

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

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

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

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

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

In contrast, contractual terms that introduce a more 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

Equity instruments at FVOCI

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 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 at fair value through profit or loss

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

Impairment of financial assets

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

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

5.2 Derecognition

The Fund derecognises a financial asset when the contractual right to the cash flows from the financial asset expires or it transfers the right to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

5.3 Financial liabilities

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

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

5.4 Offsetting of financial assets and financial liabilities

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

5.5 Provisions

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

5.6 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 in circulation at the period end.

5.7 Unit holders' fund

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

5.8 Issue and redemption of units

Units issued are recorded at the offer price determined by the Management Company when the Fund is open for subscription. The purchase / offer price open for subscription, shall be calculated and announced by the Management on a daily basis and be made available to the public at the office and branches of the Distributors and will also be published daily on the Management Company's and MUFAP's website.

The offer price shall be equal to the sum of:

- (i) the Net Asset Value (NAV) as of the close of the previous business day (historical pricing);
- (ii) such amount as the Management Company may consider an appropriate provision for duties and charges; and
- (iii) such sum shall be adjusted upward to the nearest paisa.

Investors can sell the units at market prices on PSX which may be above or below actual NAV of the Fund. Only the Authorized Participants can directly redeem units with the Fund in Creation Unit size or multiples thereof. Units can be redeemed on in-kind basis calculated on the basis of NAV determined on the business day prior to the day of receipt of redemption application. The Management Company at the time of announcing the NAV of the Fund, would also announce the composition of Portfolio Deposit and the Cash Component required to be exchanged against redemption of Units.

5.9 Distributions to unit holders

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

5.10 Element of income / (loss) and capital gains / (losses)

Element of income represents the difference between net asset value (NAV) per unit on the issuance or redemption date, as the case may be, of units and the NAV per unit at the beginning of the relevant accounting period.

Under SECP circular no. SCD/AMCW/ETF/240/2020, It is clarified that due to hybrid nature of the exchange traded funds, the treatment of element of income as defined in clause (xiib) of regulation (2) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 is not applicable in case of Exchange Traded Funds. Element of Income in case of Exchange Traded Funds shall be taken to Income statement both at the time of issuance and redemption of units to the extent it pertains to Income Statement. Accordingly, as per Regulation 63 of the NBFC Regulations, 2008, Accounting Income for ETF shall also include element created at the time of issuance and income paid on redemption of units.

5.11 Revenue recognition

- Gains / losses arising on sale of investments classified as financial assets at fair value through OCI is recognized in the other comprehensive income statement on the date when the transaction takes place.
- Dividend income is recognised when the right to receive dividend is established i.e. on the date of book closure of the investee company / institution declaring the dividend.
- Mark-up on bank deposits is recognised using effective yield method.

5.12 Expenses

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

5.13 Taxation

The Fund's income is exempt from Income Tax as per Clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. The Fund is also exempt from the provision of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

5.14 Earnings / (loss) per unit

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

5.15 Cash and cash equivalents

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

5.16 Standards, interpretations and amendments to approved accounting standards that are not yet effective

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

Standard or Interpretation	Effective date (annual periods beginning on or after)
Definition of a Business - Amendments to IFRS 3	January 01, 2020
Interest rate benchmark reform - Amendment to IFRS 9, IAS 39 and IFRS 7	January 01, 2020
Definition of Material – Amendments to IAS 1 and IAS 8	January 01, 2020
Covid-19-Related Rent Concessions – Amendment to IFRS 16	June 01, 2020
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	January 01, 2020
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	January 01, 2020
Classification of liabilities as current or non-current - Amendment to IAS 1	January 01, 2022
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalized

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

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

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

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

		June 30, 2020 (Rupees in '000)
6 BANK BALANCES	Note	
Bank account - saving account	6.1	<u>549</u>
6.1 These carry mark- up at the rates of 8.35% per annum.		
7. INVESTMENTS		
Investments by Category		
At fair value through other comprehensive income		
- Equity securities - listed	7.1	<u>35,701</u>

7.1 Equity securities classified as 'Fair value through other comprehensive income'

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

Name of Investee Company	Note						Balance as at June 30, 2020			Market value as a % of net assets	Weightage in benchmark index (UBLP ETF)	Market value as a % of total investments	Par value as percentage of total paid up capital of the investee company
		As at July 01, 2019	Purchased during the period	Bonus / right issue during the period	Sold during the period	As at June 30, 2020	Carrying value	Market value	(Diminution) / appreciation				
----- (Rupees in '000) -----													
Cement													
Lucky Cement Limited		-	13,056	-	4,551	8,505	3,186	3,926	740	11%	11%	11%	0.003%
							3,186	3,926	739	11%	11%	11%	0.003%
Fertilizer													
Engro Fertilizers Limited	7.1.1 & 7.2	-	61,247	-	21,557	39,690	2,212	2,393	181	7%	7%	7%	0.003%
Engro Corporation Limited		-	32,142	-	12,927	19,215	4,968	5,628	660	15%	16%	16%	0.003%
Fauji Fertilizer Company Limited		-	71,589	-	25,599	45,990	4,100	5,058	958	14%	14%	14%	0.004%
							11,280	13,079	1,799	36%	37%	37%	0.010%
Commercial banks													
Bank Alfalah Limited	7.2	-	72,103	-	25,168	46,935	1,470	1,576	106	4%	4%	4%	0.003%
Habib Bank Limited	7.1.1 & 7.2	-	74,653	-	26,143	48,510	5,007	4,698	(309)	13%	13%	13%	0.003%
United Bank Limited		-	49,750	-	17,620	32,130	3,281	3,321	40	9%	9%	9%	0.003%
MCB Bank Limited	7.2	-	42,254	-	14,849	27,405	4,001	4,442	441	12%	12%	12%	0.000%
							13,759	14,037	278	38%	39%	39%	0.009%
Power generation and distribution													
The Hub Power Company Limited	7.2	-	98,888	-	34,628	64,260	4,329	4,659	330	10%	13%	13%	0.005%
							4,329	4,659	330	10%	13%	13%	0.005%
Total as at June 30, 2020							32,554	35,701	3,147				

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

	June 30, 2020	
	(Number of shares)	(Rupees in '000)
Engro Fertilizers Limited	10,000	603
Fauji Fertilizer Company Limited	15,000	1,650
Habib Bank Limited	15,000	1,453
The Hub Power Company Limited	15,000	1,088
	55,000	4,794

7.2 Net unrealised appreciation on re-measurement of investments classified at 'fair value through other comprehensive income

	Note	June 30, 2020 (Rupees in '000)
Market value of investments		35,701
Less: Carrying cost		(32,554)
		<u>3,147</u>
(Less) / add: Net unrealised (appreciation) / diminution on re-measurement of investments at beginning of the period		<u>-</u>
		<u><u>3,147</u></u>

June 30,
2020
(Rupees in '000)

8 DIVIDEND AND MARK-UP RECEIVABLE

Dividend receivable	291
Mark-up receivable on bank account	3
	<u>294</u>

9 ADVANCE TAX

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

10 PRELIMINARY EXPENSES AND FLOATATION COSTS

Preliminary expenses and floatation costs	10.1	153
Amortization during the period		(9)
		<u>144</u>

10.1 Preliminary expenses and flotation costs represent expenditure incurred prior to the commencement of the operations of the Fund i.e. March 20, 2020 leading upto the initial date of issue of units. This cost is restricted to 1.5 percent of the net assets at the close of initial public offering (IPO), and are being amortised over a period of five years in accordance with the Trust Deed of the Fund.

11 PAYABLE TO THE MANAGEMENT COMPANY

Remuneration payable	11.1	20
Sales tax on remuneration payable	11.2	2
Others		158
		<u>180</u>

11.1 The Management Company is entitled to remuneration for services rendered to the Fund under the provisions of the amended NBFC Regulations dated November 25, 2015, of an amount not exceeding 2 percent of the average daily net assets of the Fund. The Management Company charged remuneration at the rate of 0.65 percent per annum of the average daily net assets of the Fund.

11.2 Sales tax on the management remuneration has been charged at the rate of 13%.

12 PAYABLE TO THE TRUSTEE

Remuneration payable	12.1	7
Sales tax on remuneration payable	12.2	1
		<u>8</u>

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

Based on the Trust Deed, the tariff structure applicable to the Fund as at June 30, 2020 is as follows:

Net assets	Tariff per annum
Up to Rs.1,000 million	0.2% p.a. of net assets
Over Rs. 1,000 million	Rs. 2.0 million plus 0.1% p.a. of net assets, on amount exceeding Rs. 1,000 million.

The Trustee has agreed to receive remuneration at the rate of 50% of the applicable tariff for the period of one year. Accordingly, the Management Company has charged and paid the Trustee's remuneration on the same basis.

12.2 Sales tax on the trustee remuneration has been charged at the rate of 13%.

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

SECP vide S.R.O 685(1)/2019 dated June 28, 2019 has revised rate of annual fee at 0.02% of net assets applicable on all categories of Collective Investment Schemes, accordingly in the current period, the Fund has charged SECP fee as per the revised rates.

		June 30, 2020 (Rupees in '000)
14 ACCRUED AND OTHER LIABILITIES	Note	
Auditors' remuneration		316
Provision for Sindh Workers' Welfare Fund (SWWF)	14.1	4
Brokerage payable		20
Legal and professional charges		115
Listing fee payable		28
Dividend Payable		170
Withholding Tax Payable		31
Zakat Payable		5
Other Payable		12
		<u>701</u>

14.1 As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act (SWWF Act), 2014 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.0.5 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 (including the Management Company of the Fund) 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. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF which is currently pending. However, as a matter of abundant caution, MUFAP has recommended to all its members to record a provision for SWWF from the date of enactment of SWWF Act, 2014 (i.e. starting from May 21, 2015). Had the provision for SWWF not been recorded in the financial statements of the Fund, the net assets value of the Fund as at June 30, 2020 would have been higher by Re.0.0013 per unit. No provision for SWWF has been made in these financial statements.

15 TOTAL EXPENSE RATIO

Total Expense Ratio of the Fund is 0.43% (after adjusting reimbursement from the Management Company) as on June 30, 2020 and this includes 0.04% representing Government Levy, Sindh Worker's Welfare Fund and SECP Fee. This ratio, after excluding the Government Levy, Sindh Worker's Welfare Fund and SECP fee is within the maximum limit of 1.5% prescribed under the NBFC Regulation 60(5) for a collective investment scheme categorised as an exchange traded scheme.

16 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2020.

17 NUMBER OF UNITS IN ISSUE

(Number of units)

Total units in issue at beginning of the period	-
Add: Units issued	3,739,959
Less: Units redeemed	(589,959)
Total units in issue at end of the period	<u>3,150,000</u>

18 AUDITORS' REMUNERATION

Annual audit fee	200
Other certification and services	68
	268
Sales tax	21
Out of pocket	27
	<u>316</u>

19 TAXATION

The income of the Fund is exempt from tax under clause (99) of Part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per regulation 63 of the NBFC Regulations, the Fund is required to distribute not less than 90 percent of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2020 to the unit holders as explained above, no provision for taxation has been made in these financial statements during the year.

20 TRANSACTIONS AND BALANCES OUTSTANDING WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

	Management company	Associated companies	Trustee	Funds under common management	Directors and key executives	Other connected persons / related parties
	(Rupees in '000)					
For the period from March 20, 2020 to June 30, 2020						
Transactions during the period						
Units issued	10,000	-	-	-	-	-
Units redeemed	4,096	-	-	-	-	-
Securities transferred to the fund	-	45,464	-	-	-	-
Securities transferred by the fund	-	16,578	-	-	-	-
Dividend income received	-	569	-	-	-	-
Dividend paid	42	-	-	-	-	-
Remuneration *	76	-	11	-	-	-
As at June 30, 2020						
Balances held						
Units held (units in '000)	640	-	-	-	-	-
Units held (Rupees in '000)	7,381	-	-	-	-	-
Remuneration payable	22	-	8	-	-	-
Receivable from Management Company - net	325	-	-	-	-	-
Investments	-	31,775	-	-	-	-

* Remuneration for the period is inclusive of sales tax.

21 FINANCIAL RISK MANAGEMENT

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

The fund primarily invest in equity securities.

21.2 Market risk

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

(i) Interest rate risk

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

a) Sensitivity analysis of variable rate instruments

Presently, the Fund does not hold any variable profit based investment except balances with banks in deposit account exposing the Fund to cash flow profit rate risk. The Fund is also exposed to mark-up rate risk on bank deposits. In case of 100 basis points increase / decrease in KIBOR at period, the net assets attributable to unit holders of the Fund and net income for the period would be higher / lower by Rs.0.0055 million.

b) Sensitivity analysis of fixed rate instruments

As at June 30, 2020, the Fund does not hold any fixed rate instruments and is not exposed to fair value interest rate risk.

Yield / interest rate sensitivity position for on balance sheet financial instruments is based on the earlier of contractual repricing or maturity date. The composition of the fund investment may change over time. Accordingly, the sensitivity analysis prepared as at June 30, 2020 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

June 30, 2020					
Interest rate (%)	Exposed to interest rate risk			Not exposed to interest rate risk	Total
	Up to three months	More than three months	More than one year		
	(Rupees in '000)				
On-balance sheet financial instruments					
Financial assets					
Investments classified as:					
At fair value through OCI -					
- Listed equity securities	-	-	-	35,701	35,701
Receivable from Management Company	-	-	-	483	483
Bank balances	8.35%	549	-	-	549
Dividend and mark-up receivable		3	-	291	294
		552	-	36,475	37,027
Financial liabilities					
Payable to the Management Company		-	-	178	178
Payable to the Trustee		-	-	7	7
Accrued and other liabilities		-	-	315	315
		-	-	500	500
On-balance sheet gap		552	-	35,975	36,527

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

(ii) Foreign currency risk

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

(iii) Price risk

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

The Fund has exposure to equity price risk arising from its investments in equity securities. The Fund manages its price risk arising from investment in the equity securities by diversifying its portfolio within the eligible limits prescribed in the Fund's constitutive documents, the NBFC Regulations and circulars issued by SECP from time to time. The Fund's equity investments and their fair values exposed to price risk as at the period end are concentrated in the sectors given in note 7.1.

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

	June 30, 2020 (Rupees in '000)
Income statement	1,785
Unit holders' fund	1,785

21.3 Liquidity risk

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

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

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

	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
June 30, 2020	(Rupees in '000)				
Financial liabilities					
Payable to the Management Company	178	-	-	-	178
Payable to the Trustee	7	-	-	-	7
Accrued and other liabilities	20	295	-	-	315
Total liabilities	205	295	-	-	500

21.4 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation. The Fund's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines, offering document and regulatory requirements. The table below analyses the Fund's maximum exposure to credit risk as at June 30, 2020:

	June 30, 2020 (Rupees in '000)
Bank balances	549
Dividend and mark-up receivable	294
Receivable from Management Company	483

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

The analysis below summarizes the credit quality of the Fund's bank balances as on June 30, 2020:

	June 30, 2020 (%)
Rating	
Balance with bank	
AA-	100
Total	100
Receivable from Management Company	
AM1	100
Total	100

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

21.5 Financial instruments by category

	June 30, 2020			
	At fair value through OCI	At fair value through profit or loss	At amortised cost	Total
	(Rupees in '000)			
Assets				
Bank balances	-	-	549	549
Investments	35,701	-	-	35,701
Dividend and mark-up receivable	-	-	294	294
Advance tax	-	-	46	46
Preliminary expenses and floatation costs	-	-	144	144
	35,701	-	1,033	36,734
	June 30, 2020			
	At fair value through OCI	At fair value through profit or loss	At amortised cost	Total
	(Rupees in '000)			
Liabilities				
Payable to the Management Company	-	-	180	180
Payable to the Trustee	-	-	8	8
Annual fee payable to the (SECP)	-	-	2	2
Accrued and other liabilities	-	-	701	701
	-	-	891	891

21.6 Impact of COVID-19

The COVID-19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

The Securities and Exchange Commission of Pakistan (SECP) has provided the following relaxations to the asset management companies operating in Pakistan for a specific period:

- The time period to regularise the exposure limits breach under Regulation 55(13) of the NBFC Regulations has been extended from four months to six months;
- Maximum limit for application of discretionary discount as per the Annexure-I, Chapter 3 of Circular 33 of 2012 has been enhanced;
- The time period for classification of a debt security to non-performing category has been extended from 15 days to 180 days as per the requirements of Annexure-II of Circular 33 of 2012;
- Time period to ensure compliance with minimum fund size for Open End Schemes under Regulation 54(3b) of the NBFC regulations has been increased to 180 days for Open End Schemes;

22 UNIT HOLDERS' FUND

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

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

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

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

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

23. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

	June 30, 2020			
	Fair value			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Financial assets measured at fair value				
Equity securities - listed	35,701	-	-	35,701
	<u>35,701</u>	<u>-</u>	<u>-</u>	<u>35,701</u>

24. SUPPLEMENTARY NON-FINANCIAL INFORMATION

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

25. GENERAL

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

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

26. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Management Company on September 24, 2020

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

SD

Chief Executive Officer

SD

Director

SD

Chief Financial Officer

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

(i) **PATTERN OF UNIT HOLDING**

Category	Number of unit holders	Number of units held	% of total
Individuals	2	196,231	9%
NBFC	3	1,816,947	81%
Others	3	115,445	5%
Public limited companies	1	64,765	3%
Retirement funds	1	51,294	2%
	10	2,244,682	100%

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

Name	%
JS Global Capital Limited	100

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

Investment Committee				
S.No	Name	Designation	Experience in years	Qualification
1	Yasir Qadri	Chief Executive Officer	24	MBA
2	Syed Suleman Akhtar	Chief Investment Officer	19	CFA, MBA
3	Muhammad Imran	Head of Investment advisory	20	MBA
4	Irfan Nepal	Chief Dealer & Fund Manager	26	EMBA
5	Hadi Hassan Muki	Head of Compliance	20	BCOM
6	Syed Shabbir Sardar Zaidi	Fund Manager & Senior Analyst	11	MAS, CFA
7	Syed Sheeraz Ali	Fund Manager & Senior Analyst	10	MBA
8	Mubashir Anis	Fund Manager Equity	8	BS, CFA
9	Muhammad Waseem	Head Research	6	BBA, CFA

OTHER FUNDS MANAGED BY THE FUND MANAGER

UBL Financial Sector Fund
UBL Stock Advantage Fund
UBL Dedicated Equity Fund

(iv) MEETING OF THE DIRECTORS

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

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

	August 30, 2019	September 17, 2019	October 29, 2019	December 09, 2019	25-Feb	April 30, 2020	Total meetings attended
Directors:							
Mr. Arif Akmal Saifie *	N/A	N/A	N/A	N/A	N/A	✓	1
Mr. Azhar Hamid	✓	✓	✓	✓	✓	✓	6
Mr. Imran Sarwar	✓	✓	✓	✓	x	✓	5
Mr. Yasir Qadri	✓	✓	✓	✓	✓	✓	6
Ms. Naz Khan **	✓	✓	✓	✓	✓	✓	6
Ms. Sadia Saeed	x	✓	✓	✓	✓	✓	5
Syed Furrukh Zaeem	✓	✓	✓	✓	x	✓	5
Mr. Tauqeer Mazhar ***	✓	✓	✓	✓	N/A	N/A	4
Key Executives:							
Mr. Bilal Javaid ****	N/A	N/A	N/A	✓	✓	✓	3
Mr. Umair Ahmed	✓	✓	✓	✓	✓	✓	6
S.M. Aly Osman *****	✓	✓	✓	N/A	N/A	N/A	3

* Mr. Arif Akmal appointed as Director with effect from March 20, 2020

** Ms. Naz Khan resigned as Director with effect from July 20, 2020

*** Mr. Tauqeer Mazhar resigned as Director with effect from January 30, 2020

**** Mr. Bilal Javaid appointed as Company Secretary with effect from February 25, 2020

***** S.M. Aly Osman resigned as Company Secretary with effect from November 30, 2019

✓	Present
x	Absent
N/A	Not Applicable

(v) RATING OF THE FUND AND THE MANAGEMENT COMPANY

VIS Credit Rating Company has reaffirmed management quality rating of AM1 on December 31, 2019.

UDEF

UBL Dedicated Equity Fund

INVESTMENT OBJECTIVE

The investment objective of the Fund is to provide other 'Fund of Funds' schemes an avenue for investing in Equities.

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

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

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

Monthly Yield	Jul'19	Aug'19	Sep'19	Oct'19	Nov'19	Dec'19	Jan'20	Feb'20	Mar'20	Apr'20	May'20	Jun'20	FYTD
UDEF	-6.59%	-8.04%	8.88%	8.84%	15.44%	3.15%	3.38%	-6.36%	-25.80%	20.52%	0.46%	1.10%	6.58%
Benchmark	-5.79%	-7.10%	8.11%	6.62%	14.86%	3.68%	2.20%	-8.76%	-23.04%	16.69%	-0.53%	1.45%	1.53%

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

The investment objective of the Fund is to provide other 'Fund of Funds' schemes an avenue for investing in Equities. During the period under review, the fund posted a return of 6.58% whereas benchmark index yielded 1.53%. The fund size stood at PKR 37mn at end of Jun'20 and the fund manager maintained the exposure in local equity market of around 88% while exposure in cash stood at 3% at the end of Jun20.

Major exposure in equities is taken in Commercial Banks (23%), E&Ps (16%), Fertilizer (11%), Cement (7%) and Textile (5%).

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

Asset Allocation (% of Total Assets)	Jun-19	Jun-20
Equities	96%	88%
T-bills	0%	0%
Cash	1%	3%
Others	2%	10%
Leverage	Nil	Nil

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

FY'20 Return:	6.58%
Standard Deviation (12m trailing):	26.10%
Sharpe Ratio (12m trailing):	(0.21)

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

Net Asset Value			NAV per unit		
30-Jun-20	30-Jun-19	Change	30-Jun-20	30-Jun-19	Change
Rupees (000)		%	Rupees		%
36,568	181,583	(79.86)	86.21	80.89	6.57

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

Stock Market Review for FY19

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

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

x) **Disclosure on distribution (if any), comprising:-**

- particulars of income distribution or other forms of distribution made and proposed during the period; and
- statement of effects on the NAV before and after distribution is made

Distribution	Per unit

<i>Declared on</i>	Bonus	Cash	Per Unit	Cum NAV	Ex NAV
	<i>Rupees (000)</i>		<i>----- Rupees -----</i>		

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

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

- xii) Breakdown of unit holdings by size**

Range of Units	Number of Investors
	USF
0.0001 - 9,999.9999	4
10,000.0000 - 49,999.9999	1
50,000.0000 - 99,999.9999	2
100,000.0000 - 499,999.9999	2
500,000.0000 & Above	
Total	9

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

There were no unit splits during the period.

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

Investments are subject to market risk.

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

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

UBL Dedicated Equity Fund

1. Summary of Actual Proxy Voted By the Fund

	Resolutions	For	Against	Abstain*
Number	5	5	-	-
Percentage	100%	100%	-	-

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

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

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

PERFORMANCE TABLE

UBL Dedicated Equity Fund

	2020	2019	2018
NET ASSETS AS AT 30 JUNE - Rupees in '000	36,568	181,583	45,810
NET ASSETS VALUE PER UNIT AT 30 JUNE - Rupees *			
Class A units - Offer	86.2142	80.8948	98.1306
- Redemption	86.2142	80.8948	98.1306
RETURN OF THE FUND - %			
Total Return of the Fund	6.58	(17.56)	(1.87)
Capital Growth (per unit)	6.58	(17.56)	(1.87)
Date of Income Distribution	-	-	-
Income Distribution	-	-	-
Date of Income Distribution	-	-	-
Income Distribution	-	-	-
AVERAGE ANNUAL RETURN - %			
One Year	6.58	(17.56)	(1.87)
Second Year	(5.49)	(9.72)	-
Third Year	(4.28)	-	-
OFFER / REPURCHASE DURING THE YEAR- Rupees *			
Highest price per unit - Class A units - Offer	103.1018	102.0185	103.2771
Highest price per unit - Class A units - Redemption	103.1018	102.0185	103.2771
Lowest price per unit - Class A units - Offer	67.6286	79.7907	96.1279
Lowest price per unit - Class A units - Redemption	67.6286	79.7907	96.1279
* Front-end load @ 3% is applicable			
PORTFOLIO COMPOSITION - %			
Percentage of Net Assets as at 30 June			
PORTFOLIO COMPOSITION BY CATEGORY - %			
Bank Balances	3.00	1.00	7.00
Equity securities	88.00	96.00	92.00
Others	9.00	2.00	1.00
PORTFOLIO COMPOSITION BY MARKET - %			
Equity market	100.00	100.00	100.00
Debt Market	-	-	-

Note:

- The Launch date of Fund is 31 May 2018

DISCLAIMER

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

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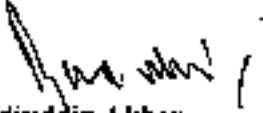
TRUSTEE REPORT TO THE UNIT HOLDERS

UBL DEDICATED EQUITY FUND

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

We Central Depository Company of Pakistan Limited, being the Trustee of UBL Dedicated Equity Fund (the Fund) are of the opinion that UBL Fund Managers Limited, being the Management Company of the Fund has in all material respects managed the Fund during year ended June 30, 2020 in accordance with the provisions of the following:

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


Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 17, 2020



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

NAME OF FUND: UBL DEDICATED EQUITY FUND

YEAR ENDED: JUNE 30, 2020

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

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

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

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

* Ms. Naz Khan has resigned dated July 20, 2020

** Mr. Arif Akmal Saifie was appointed as a director from March 20, 2020

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



8. The Board has a formal policy and transparent procedures for remuneration of its directors in accordance with the Act and these Regulations.
9. The following directors and executives have acquired the prescribed Directors' Training Program (DTP) certification:

Directors

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

Executives

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

Board Audit Committee

Name	Designation	Type of Directorship
Ms. Naz Khan*	Chairman	Independent Director
Mr. Arif Akmal Saifie**	Member	Non-Executive Director
Mr. Imran Sarwar	Member	Non-Executive Director
Ms. Sadia Saeed	Member	Non-Executive Director
Mr. Tauqeer Mazhar***	Member	Non-Executive Director

Board Human Resource and Compensation Committee

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

Board Risk and Compliance Committee

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

* Ms. Naz Khan has resigned dated July 20, 2020

** Mr. Arif Akmal Saifie was appointed as a director from March 20, 2020

*** Mr. Tauqeer Mazhar resigned as a director from January 30, 2020

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
14. The frequency of meetings of the committees was as follows:
 - a. The Board Audit Committee: quarterly - six meetings held
 - b. The Board Human Resource and Compensation Committee: quarterly - five meetings held
 - c. The Board Risk and Compliance Committee: quarterly - four meetings held
15. The Board has set up an effective internal audit function. The Function has suitably qualified and experienced staff for the purpose and they are conversant with the policies and procedures of the Management Company.
16. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and are registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the Partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of CEO, CFO, the Head of Internal Audit, the Company Secretary or directors of the Management Company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of Regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with.
19. We confirm that any other significant requirements of the Regulations have been complied with.

AZHAR HAMID
Chairman

Karachi.
Dated: **September 25, 2020**

To the unitholders of UBL Dedicated Equity Fund

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of UBL Fund Managers Limited, the Management Company of **UBL Dedicated Equity Fund** (the Fund) for the year ended **30 June 2020** in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Fund for the year ended 30 June 2020.



Chartered Accountants

Place: Karachi

Date: 30 September 2020

INDEPENDENT AUDITORS' REPORT

To the Unit holders of UBL Dedicated Equity Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **UBL Dedicated Equity Fund (the Fund)**, which comprise the statement of assets and liabilities as at 30 June 2020, and the income statement, comprehensive income, cash flow statement and statement of movement in unit holders' fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, (or give a true and fair view of) the financial position of the Fund as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

Key audit matter	How our audit addressed the key audit matter
Existence and valuation of bank balances and investments	
As disclosed in notes 6 and 7 to the accompanying financial statements of the Fund for the year ended 30 June 2020, the bank balances and investments (comprised of equity securities) held by the Fund represent 90% of the total assets of the Fund as at the year end.	We performed a combination of audit procedures focusing on the existence and valuation of bank balances and investments. Our key procedures included the following: - We obtained independent confirmations for verifying the existence of the bank balances as at 30 June 2020 and reconciled it with the books and records of the Fund. - We tested controls over acquisition, disposals and periodic valuation of investments portfolio.



Key audit matter	How our audit addressed the key audit matter
In view of the significance of bank balances and investment in relation to the total assets and the Net Assets Value (NAV) of the Fund, we have considered the existence and valuation of such bank balances and investments as a key audit matter.	- We performed substantive audit procedures on year-end balance of portfolio including review of custodian's statement and related reconciliations, and related reconciliations, re-performance of investment valuations on the basis of quoted market prices at the Pakistan Stock Exchange as at 30 June 2020. - We evaluated the appropriateness of the classification of the investments in accordance with the requirements of IFRS 9 and the valuations in accordance with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations). - We assessed the Fund's compliance with the requirements of the Regulations in relation to the concentration of investments and exposure limits prescribed in such Regulations and the applicability of disclosures in this regard. - We also evaluated the adequacy of the overall disclosures in the financial statements in respect of the investment portfolio in accordance with the requirements of the Regulations and applicable financial reporting standards.

Other Information

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatements, 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.
- 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 Shaikh Ahmed Salman.

Exh 24

Chartered Accountants

Date: 29 September 2020

Karachi

UBL DEDICATED EQUITY FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2020

		June 30, 2020	June 30, 2019
	Note	----- (Rupees in '000) -----	
ASSETS			
Bank balances	6	1,064	2,697
Investments	7	33,993	176,071
Dividend and mark-up receivable	8	1,047	1,190
Advance tax	9	47	42
Security deposit	10	2,500	2,500
Preliminary expenses and floatation costs	11	182	244
Receivable against sale of investments		-	428
Total assets		38,833	183,172
LIABILITIES			
Payable to the Management Company	12	111	606
Payable to the Trustee	13	7	38
Annual fee payable to the Securities and Exchange Commission of Pakistan (SECP)	14	32	156
Accrued and other liabilities	15	1,051	614
Payable against purchase of investments		1,064	175
Total liabilities		2,265	1,589
NET ASSETS		36,568	181,583
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		36,568	181,583
CONTINGENCIES AND COMMITMENTS			
	17		
		----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE		424,153	2,244,682
		----- (Rupees) -----	
NET ASSETS VALUE PER UNIT		86.2142	80.8948

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

For UBL Fund Managers Limited
(Management Company)

SD

Chief Executive Officer

SD

Director

SD

Chief Financial Officer

UBL DEDICATED EQUITY FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

		June 30, 2020	June 30, 2019
	Note	----- (Rupees in '000) -----	
INCOME			
Mark-up on bank accounts		1,723	992
Dividend income		7,637	7,142
Unrealised gain / (loss) on revaluation of investments classified as at fair value through profit or loss - net		1,877	(29,291)
Loss on sale of investments classified as at fair value through profit or loss - net		(11,540)	(2,578)
Total loss		(303)	(23,735)
EXPENSES			
Remuneration of the Management Company	12.1	3,232	3,278
Sales tax on management fee	12.2	420	426
Allocated expenses by the Management Company	12.3	162	164
Selling and marketing expenses	12.4	646	656
Remuneration of the Trustee	13.1	347	328
Sales tax on remuneration of the Trustee	13.2	45	43
Annual fee to SECP	14	32	156
Amortization of preliminary expenses and floatation costs	11	62	62
Brokerage expenses		706	528
Auditors' remuneration	18	408	320
Legal and professional charges		224	208
Custody and settlement charges		472	476
Bank charges and other expenses		57	46
Total expenses		6,813	6,691
Net loss for the year from operating activities		(7,116)	(30,426)
Provision for Sindh Workers' Welfare Fund (SWWF)	15.1	-	-
Net loss for the year before taxation		(7,116)	(30,426)
Taxation	19	-	-
Net loss for the year after taxation		(7,116)	(30,426)
<i>Allocation of net income for the year:</i>			
Net income for the year after taxation		-	-
Income already paid on units redeemed		-	-
		-	-
<i>Accounting income available for distribution</i>			
- Relating to capital gains		-	-
- Excluding capital gains		-	-
		-	-
Earnings per unit	25.2		

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

For UBL Fund Managers Limited
(Management Company)

SD
Chief Executive Officer

SD
Director

SD
Chief Financial Officer

UBL DEDICATED EQUITY FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	June 30, 2020 ----- (Rupees in '000) -----	June 30, 2019 -----
Net loss for the year after taxation	(7,116)	(30,426)
Other comprehensive income	-	-
Total comprehensive loss for the year	<u><u>(7,116)</u></u>	<u><u>(30,426)</u></u>

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

For UBL Fund Managers Limited
(Management Company)

SD
Chief Executive Officer

SD
Director

SD
Chief Financial Officer

**UBL DEDICATED EQUITY FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020**

	June 30, 2020	June 30, 2019
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year before taxation	(7,116)	(30,426)
Adjustments for:		
Mark-up on bank accounts	(1,723)	(992)
Unrealised (gain) / loss on revaluation of investments classified as at fair value through profit or loss - net	(1,877)	29,291
Dividend income	(7,637)	(7,142)
Loss on sale of investments classified as fair value through profit and loss - net	11,540	2,578
Amortization of preliminary expenses and floatation costs	62	62
	365	23,797
Decrease / (increase) in assets		
Investments	132,415	(165,033)
Receivable against sale of investment	428	(428)
	132,843	(165,461)
Increase / (decrease) in liabilities		
Payable to the Management Company	(495)	(2,331)
Payable to the Trustee	(31)	28
Annual fee payable to SECP	(124)	151
Payable against purchase of investments	889	175
Accrued and other liabilities	437	209
	676	(1,768)
Advance tax paid	(5)	(13)
Mark-up and dividend received	9,503	7,038
Net cash generated / (used) in operating activities	136,266	(166,833)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipt from issuance of units	319,095	392,531
Net payment against redemption of units	(456,994)	(226,331)
Net cash (used) / generated from financing activities	(137,899)	166,200
Net decrease in cash and cash equivalents during the year	(1,633)	(633)
Cash and cash equivalents at beginning of the year	2,697	3,330
Cash and cash equivalents at end of the year	1,064	2,697
CASH AND CASH EQUIVALENTS		
Bank balances	1,064	2,697

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

For UBL Fund Managers Limited
(Management Company)

SD
Chief Executive Officer

SD
Director

SD
Chief Financial Officer

UBL DEDICATED EQUITY FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	June 30, 2020			June 30, 2019			
	Capital value	Undistributed loss	Total	Capital value	Undistributed loss	Unrealised appreciation on investments classified as 'fair value through other comprehensive income' - net	Total
	(Rupees in '000)			(Rupees in '000)			
Net assets at beginning of the year	212,797	(31,214)	181,583	46,598	-	(788)	45,810
Reclassification under IFRS 9	-	-	-	-	(788)	788	-
Amount received on issuance of 3,712,418 units (June 30, 2019: 4,299,037 units)							
Capital value	300,315	-	300,315	421,867	-	-	421,867
Element of income during the year;							
- Relating to net income / (loss) for the year after taxation	18,780	-	18,780	(29,336)	-	-	(29,336)
	319,095	-	319,095	392,531	-	-	392,531
Amount paid on redemption of 5,532,947 units (June 30, 2019: 2,521,180 units)							
Capital value	(447,586)	-	(447,586)	(247,406)	-	-	(247,406)
Element of income during the year;							
- Relating to net (loss) / income for the year after taxation	(9,408)	-	(9,408)	21,074	-	-	21,074
	(456,994)	-	(456,994)	(226,332)	-	-	(226,332)
Total comprehensive loss for the year	-	(7,116)	(7,116)	-	(30,426)	-	(30,426)
Distribution during the year	-	-	-	-	-	-	-
Net loss for the year less distribution	-	(7,116)	(7,116)	-	(30,426)	-	(30,426)
Net assets at end of the year	74,898	(38,330)	36,568	212,797	(31,214)	-	181,582
Undistributed income brought forward:							
- Realised	-	(1,923)	(1,923)	-	-	-	-
- Unrealised	-	(29,291)	(29,291)	-	-	-	-
- Reclassification under IFRS 9	-	-	-	-	(788)	-	(788)
	-	(31,214)	(31,214)	-	(788)	-	(788)
Accounting income available for distribution:							
- Relating to capital gains	-	-	-	-	-	-	-
- Excluding capital gains	-	-	-	-	-	-	-
Net loss for the year after taxation	-	(7,116)	(7,116)	-	(30,426)	-	(30,426)
Distribution during the year	-	-	-	-	-	-	-
Undistributed loss carried forward	-	(38,330)	(38,330)	-	(31,214)	-	(31,214)
Undistributed loss carried forward							
- Realised	-	(40,207)	(40,207)	-	(1,923)	-	(1,923)
- Unrealised	-	1,877	1,877	-	(29,291)	-	(29,291)
	-	(38,330)	(38,330)	-	(31,214)	-	(31,214)
	-- (Rupees) --			-- (Rupees) -			
Net assets value per unit at beginning of the year	80.8948			98.1306			
Net assets value per unit at end of the year	86.2142			80.8948			

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

For UBL Fund Managers Limited
(Management Company)

SD
Chief Executive Officer

SD
Director

SD
Chief Financial Officer

UBL DEDICATED EQUITY FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** UBL Dedicated Equity Fund, was established under the Trust Deed executed between UBL Fund Managers Limited (the Management Company - a wholly owned subsidiary company of United Bank Limited), as the Management Company, and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on April 10, 2018 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on May 02, 2018 in accordance with the requirements of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). The Fund commenced its operations from May 29, 2018.
- 1.2** The Management Company of the Fund is registered with the SECP as a Non-Banking Finance Company under the NBFC Rules. The registered office of the Management Company is situated at 4th Floor, STSM Building, Beaumont Road, Civil Lines, Karachi.
- 1.3** The Fund is an open-ended mutual fund and is listed on the Pakistan Stock Exchange Limited. Units are offered for subscription on a continuous basis to the public. The units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holders.
- 1.4** The investment objective of the fund is to provide other 'Fund-of-Funds' schemes an avenue for investing in Equities.
- 1.5** VIS Credit Rating Company has reaffirmed management quality rating of AM1 on December 31, 2019.
- 1.6** Title to the assets of the Fund are held in the name of the Central Depository Company of Pakistan Limited as Trustee of the Fund.

2. STATEMENT OF COMPLIANCE

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

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

3. BASIS OF PREPARATION

3.1 Accounting convention

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

3.2 Critical accounting estimates and judgments

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

3.3 Functional and presentation currency

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 New / Revised Standards, Interpretations and Amendments

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

IFRS 16 – Leases

IFRIC 23 – Uncertainty over Income Tax Treatments

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

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

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

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

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

IAS 23 – Borrowing Costs - Borrowing costs eligible for capitalisation

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

IFRS 14 – Regulatory Deferral Accounts

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

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

4.2 Cash and cash equivalents

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

4.3 Financial assets

4.3.1 Classification

Business model assessment

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

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

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

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

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

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

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

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

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

Equity instruments

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

Initial Measurement

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

Subsequent Measurement

Financial assets at fair value through profit or loss

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

Impairment of financial assets

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

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

4.4 Derecognition

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

4.5 Financial liabilities

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

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

4.6 Offsetting of financial assets and liabilities

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

4.7 Preliminary expenses and floatation costs

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

4.8 Issuance and redemption of units

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

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

4.9 Net assets value per unit

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

4.10 Taxation

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

4.11 Revenue recognition

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

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

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

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

4.12 Provisions

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

4.13 Distribution to unit holders

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

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

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

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

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

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

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

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

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

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

		June 30, 2020	June 30, 2019
	Note	(Rupees in '000)	
6. BANK BALANCES			
Bank account - saving account	6.1	<u>1,064</u>	<u>2,697</u>
6.1 These carry mark- up at the rates ranging from 6.5% to 11.25% (June 30, 2019: 3.75% to 8%) per annum and includes a balance of Rs.1.04 (June 30, 2019: Rs.2.68) million held with United Bank Limited (a related party).			
7. INVESTMENTS			
Investments by Category			
At fair value through profit or loss			
- Equity securities - listed	7.1	<u>33,993</u>	<u>176,071</u>

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

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

Name of Investee Company	Note	Number of shares					Balance as at June 30, 2020			Market value as a % of net assets	Market value as a % of total investments	Par value as percentage of total paid up capital of the investee company
		As at July 01, 2019	Purchased during the period	Bonus / right issue during the year	Sold during the period	As at June 30, 2020	Carrying value	Market value	(Diminution) / appreciation			
----- (Rupees in '000) -----												
Cement												
Kohat Cement Company Limited		84,440	82,000	-	156,600	9,840	846	1,353	507	3.70%	3.98%	0.005%
Lucky Cement Limited		10,508	18,850	-	26,200	3,158	1,302	1,458	156	3.99%	4.29%	0.001%
Pioneer Cement Limited		42,000	-	-	42,000	-	-	-	-	-	-	-
							2,148	2,811	663	7.68%	8.27%	
Oil and gas exploration companies												
Mari Petroleum Company Limited	7.1.1	12,098	2,900	1,459	14,360	2,097	1,898	2,593	695	7.09%	7.63%	0.002%
Oil and Gas Development Company Limited		87,368	97,500	-	165,300	19,568	1,712	2,133	421	5.83%	6.27%	0.000%
Pakistan Oilfields Limited		15,652	5,000	-	20,540	112	44	39	(5)	0.11%	0.11%	0.000%
Pakistan Petroleum Limited		43,763	54,200	7,912	90,200	15,675	1,167	1,360	193	3.72%	4.00%	0.001%
							4,821	6,125	1,304	16.75%	18.02%	
Oil and gas marketing companies												
Pakistan State Oil Company Limited		25,853	25,200	3,630	51,000	3,683	526	583	57	1.59%	1.72%	0.001%
							526	583	57	1.59%	1.72%	
Food and personal care products												
Al Shaheer Corporation Limited		29,550	-	12,026	40,000	1,576	19	18	(1)	0.05%	0.05%	0.001%
							19	18	(1)	0.05%	0.05%	
Fertilizer												
Engro Fertilizers Limited		30,818	20,000	-	30,818	20,000	1,211	1,206	(5)	3.30%	3.55%	0.001%
Engro Corporation Limited		29,823	28,200	-	51,000	7,023	1,944	2,057	113	5.63%	6.05%	0.001%
Fauji Fertilizer Company Limited		59,791	57,500	-	109,200	8,091	764	890	126	2.43%	2.62%	0.001%
Fatima Fertilizer Company Limited		-	29,000	-	21,500	7,500	193	200	7	0.55%	0.59%	0.000%
Fauji Fertilizer Bin Qasim Limited		87,076	-	-	87,076	-	-	-	-	-	-	-
							4,112	4,353	241	11.90%	12.81%	
Chemicals												
Engro Polymers and Chemicals Limited		147,613	117,500	-	253,500	11,613	315	290	(25)	0.79%	0.85%	0.001%
ICI Pakistan Limited		50	-	-	-	50	27	35	8	0.10%	0.10%	0.000%
Sitara Chemical Industries Limited		13,100	-	-	11,866	1,234	377	342	(35)	0.94%	1.01%	0.006%
Itehad Chemicals Limited		-	110,000	-	84,258	25,742	532	678	146	1.85%	1.99%	0.030%
Lotte Chemical Pakistan Limited		-	55,000	-	55,000	-	-	-	-	-	-	-
Sitara Peroxide Limited		-	17,000	-	-	17,000	363	347	(16)	0.95%	1.02%	0.031%
							1,614	1,692	78	4.63%	4.98%	
Transport												
Pakistan National Shipping Corporation		-	28,000	-	26,000	2,000	159	151	(8)	0.41%	0.44%	0.002%
							159	151	(8)	0.41%	0.44%	
Investment Banking												
Arif Habib Limited		-	75,000	-	74,000	1,000	52	33	(19)	0.09%	0.10%	0.002%
							52	33	(19)	0.09%	0.10%	
Miscellaneous												
Synthetic Products Enterprises Limited		85,000	28,400	-	106,000	7,400	183	308	125	0.84%	0.91%	0.008%
							183	308	125	0.84%	0.91%	
Technology and communication												
Systems Limited		41,750	22,500	-	57,500	6,750	753	1,240	487	3.39%	3.65%	0.005%
							753	1,240	487	3.39%	3.65%	
Automobile parts and accessories												
Thal Limited *		214	16,100	-	14,200	2,114	609	687	78	1.88%	2.02%	0.003%
							609	687	78	1.88%	2.02%	
Leather and tanneries												
Service Industries Limited		5,812	450	1,128	7,300	90	39	73	34	0.20%	0.21%	0.000%
Bata Pakistan Limited		-	1,500	-	1,500	-	-	-	-	-	-	-
							39	73	34	0.20%	0.21%	
Engineering												
International Industries Limited		5,200	27,000	20	32,200	20	2	2	-	0.01%	0.01%	0.000%
							2	2	-	0.01%	0.01%	

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

Name of Investee Company	Note	As at July 01, 2019	Number of shares				Balance as at June 30, 2020			Market value as a % of net assets	Market value as a % of total investments	Par Value as percentage of total paid up capital of the investee company
			Purchased during the period	Bonus / right issue during the year	Sold during the period	As at June 30, 2020	Carrying value	Market value	Appreciation / (diminution)			
----- (Rupees in '000) -----												
Insurance												
Adamjee Insurance Company Limited	7.1.1	192,485	75,000	-	242,000	25,485	851	844	(7)	2.31%	2.48%	0.007%
IGI Holdings Limited		-	17,000	-	15,000	2,000	382	362	(20)	0.99%	1.06%	0.001%
							1,233	1,206	(27)	3.30%	3.54%	
Commercial banks												
Allied Bank Limited	7.1.1	109,674	29,000	-	115,500	23,174	2,373	1,775	(598)	4.86%	5.22%	0.002%
Bank Alfalah Limited		309,961	176,500	-	454,500	31,961	1,168	1,073	(95)	2.93%	3.16%	0.002%
Faysal Bank Limited		86	136,000	-	136,000	86	2	1	(1)	0.00%	0.00%	0.000%
Habib Bank Limited		133,501	106,500	-	221,700	18,301	1,977	1,773	(204)	4.85%	5.22%	0.001%
Bank AL Habib Limited		-	200,500	-	174,500	26,000	1,828	1,360	(468)	3.72%	4.00%	0.002%
United Bank Limited		107,209	68,600	-	154,900	20,909	2,366	2,161	(205)	5.91%	6.36%	0.002%
Meezan Bank Limited		-	64,000	-	64,000	-	-	-	-	0.00%	0.00%	0.000%
National Bank of Pakistan		1,174	-	-	-	1,174	40	32	(8)	0.09%	0.09%	0.000%
MCB Bank Limited	-	4,500	-	-	4,500	689	729	40	1.99%	2.14%	0.000%	
							10,443	8,904	(1,539)	24.35%	26.19%	
Textile composite												
Gul Ahmed Textile Mills Limited		69,879	10,000	7,475	75,500	11,854	388	339	(49)	0.93%	1.00%	0.003%
Nishat Mills Limited		38,890	32,200	-	61,400	9,690	741	756	15	2.07%	2.22%	0.003%
Kohinoor Textile Mills Limited	7.1.1	3,636	191,500	-	167,991	27,145	757	964	207	2.64%	2.84%	0.009%
							1,886	2,059	173	5.64%	6.06%	
Power generation and distribution												
Hub Power Company Limited		161,330	96,000	-	234,500	22,830	1,743	1,655	(88)	4.53%	4.87%	0.002%
K-Electric Limited **		140,953	-	-	140,500	453	2	1	(1)	0.00%	0.00%	0.000%
Pakgen Power Limited		146,165	107,000	-	239,247	13,918	188	167	(21)	0.46%	0.49%	0.004%
Lalpir Power Limited		21,357	-	-	21,000	357	5	4	(1)	0.01%	0.01%	0.000%
Saif Power Limited		64,684	6,500	-	71,000	184	3	3	-	0.01%	0.01%	0.000%
Kot Addu Power Company Limited		-	15,000	-	15,000	-	-	-	-	0.00%	0.00%	0.000%
							1,941	1,830	(111)	5.01%	5.38%	
Paper and board												
Century Paper & Board Mills Limited		56,211	99,000	-	141,860	13,351	625	956	331	2.61%	2.81%	0.009%
Packages Limited		5,000	-	-	5,000	-	-	-	-	0.00%	0.00%	0.000%
Cherat Packaging Limited		-	3,000	-	-	3,000	366	351	(15)	0.96%	1.03%	0.007%
							991	1,307	316	3.57%	3.84%	
Pharmaceuticals												
The Searle Company Limited		6,610	2,900	-	7,610	1,900	382	379	(3)	1.04%	1.11%	0.001%
Ferozsons Laboratories Limited		6,700	-	-	6,700	-	-	-	-	0.00%	0.00%	0.000%
IBL Health Care Limited		-	6,000	-	3,000	3,000	203	232	29	0.63%	0.68%	0.006%
							585	611	26	1.67%	1.79%	
Total as at June 30, 2020							32,116	33,993	1,877			

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

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

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

	June 30, 2020	
	(Number of shares)	(Rupees in '000)
Adamjee Insurance Company Limited	10,000	331
Bank Alfalah Limited	20,000	671
Kohinoor Textile Mills Limited	17,000	604
Mari Petroleum Company Limited	2,000	2,473
	49,000	4,079

		June 30, 2020	June 30, 2019
	Note	----- (Rupees in '000) -----	
8. DIVIDEND AND MARK-UP RECEIVABLE			
Dividend receivable		58	610
Mark-up receivable on bank account	8.1	989	580
		<u>1,047</u>	<u>1,190</u>

8.1 This includes receivable of Rs.0.99 (2019: Rs.0.57) million on balances maintained with United Bank Limited (a related party).

9. ADVANCE TAX

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

10. SECURITY DEPOSIT

Deposit with National Clearing Company of Pakistan Limited (NCCPL)	<u>2,500</u>	<u>2,500</u>

11. PRELIMINARY EXPENSES AND FLOATATION COSTS

Preliminary expenses and floatation costs	11.1	244	306
Amortization during the year		(62)	(62)
		<u>182</u>	<u>244</u>

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

12. PAYABLE TO THE MANAGEMENT COMPANY

Remuneration payable	12.1	60	335
Sales tax on remuneration payable	12.2	8	44
Allocated expenses payable	12.3	7	17
Selling and marketing expenses payable	12.4	36	210
		<u>111</u>	<u>606</u>

12.1 The Management Company charged remuneration at the rate of 2 percent (June 30, 2019: 2 percent) per annum of the average daily net assets of the Fund. The remuneration is paid to the Management Company on monthly basis in arrears.

12.2 Sales tax on the management remuneration has been charged at the rate of 13% (June 30, 2019: 13%).

12.3 Uptil June 19, 2019 in accordance with Regulation 60 of the NBFC Regulations, the Management Company was entitled to charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS) at the rate of up to 0.1% of the average annual net assets of the scheme or actual whichever is less. However, SECP vide SRO 639 dated June 20, 2019 removed the maximum cap of 0.1%.

Therefore, with effect from June 20, 2019, the Management Company can charge expenses related to registrar services, accounting, operations and valuation services to the CIS based on its discretion provided the Total Expense Ratio (TER) prescribed by the SECP vide SRO 639 dated June 20, 2019 is complied with.

The SECP had allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) initially for a period of three years (i.e. from January 01, 2017 till December 31, 2019). The maximum cap of selling and marketing expense was 0.4% per annum of the net assets of the Fund or actual expenses whichever is lower.

12.4 During the current year, the SECP through its circular 11 dated July 05, 2019 has revised the conditions for charging of selling and marketing expenses to a Fund. As per the revised guidelines, the maximum cap of 0.4% per annum has been lifted and now the asset management company is required to set a maximum limit for charging of such expense to the Fund and the same should be approved by the Board as part of annual plan. Furthermore, the time limit of three years has also been removed in the revised conditions.

Accordingly, the Board of Directors of Management Company have resolved that the selling and marketing expenses will be charged based on the discretion of the Management Company provided the Total Expense Ratio (TER) prescribed by the SECP vide SRO 639 dated June 20, 2019 is complied with.

13. PAYABLE TO THE TRUSTEE

Remuneration payable	13.1	6	34
Sales tax on remuneration payable	13.2	1	4
		<u>7</u>	<u>38</u>

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

As per the Trust Deed and Offering Document, the tariff structure applicable to the Fund in respect of the trustee fee for the year ended June 30, 2020 is as follows:

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

13.2 Sales tax on the trustee remuneration has been charged at the rate of 13% (2019: 13%)

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

SECP, vide SRO no. 685(I)/2019 dated June 28, 2019, revised the rate of annual fee at 0.02% (2019: 0.095%) of net assets on all categories of collective investment schemes which is effective from July 01, 2019.

	Note	June 30, 2020 ----- (Rupees in '000) -----	June 30, 2019
15. ACCRUED AND OTHER LIABILITIES			
Auditors' remuneration		408	215
Provision for Sindh Workers' Welfare Fund (SWWF)	15.1	13	13
Brokerage payable		465	272
Legal and professional charges		165	94
Listing fee payable		-	20
		1,051	614

15.1 As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act (SWWF Act), 2014 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.0.5 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 (including the Management Company of the Fund) 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. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF which is currently pending. However, as a matter of abundant caution, MUFAP has recommended to all its members to record a provision for SWWF from the date of enactment of SWWF Act, 2014 (i.e. starting from May 21, 2015). Had the provision for SWWF not been recorded in the financial statements of the Fund, the net assets value of the Fund as at June 30, 2020 would have been higher by Rs.0.03 (June 2019: Rs.0.01) per unit. The Fund has an accounting loss for the year; therefore, no provision for SWWF has been made in these financial statements.

16. TOTAL EXPENSE RATIO

Total Expense Ratio of the Fund is 4.23% as on June 30, 2020 and this includes 0.38% representing Government Levy, Sindh Worker's Welfare Fund and SECP Fee. This ratio, after excluding the Government Levy, Sindh Worker's Welfare Fund and SECP fee is within the maximum limit of 4.5% prescribed under the NBFC Regulation 60(5) for a collective investment scheme categorised as an equity scheme.

17. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2020 (June 30, 2019: Nil)

18. AUDITORS' REMUNERATION

Annual audit fee	218	155
Half yearly review fee	75	54
Other certification and services	58	41
	351	250
Sales tax	28	20
Out of pocket	29	50
	408	320

19. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed to the unit holders in cash. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the Fund has incurred a net loss during the year, no provision for taxation has been made in these financial statements.

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

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

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

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

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

	Management company	Associated companies	Trustee	Funds under common management	Directors and key executives	Other connected persons / related parties
	----- (Rupees in '000) -----					
For the year ended June 30, 2020						
Transactions during the year						
Mark-up on bank account	-	1,721	-	-	-	-
Bank charges	-	14	-	-	-	-
Units issued	-	-	-	249,438	-	33,702
Units redeemed	-	-	-	370,290	-	8,721
Central Depository Service expenses (CDS)	-	-	15	-	-	-
Remuneration *	3,652	-	392	-	-	-
Allocated expenses by the Management Company	162	-	-	-	-	-
Selling and marketing expense	646	-	-	-	-	-
Purchase of securities	-	9,677	-	-	-	-
Sale of securities	-	20,319	-	-	-	-
As at June 30, 2020						
Balances held						
Units held (units in '000)	-	-	-	-	-	422
Units held (Rupees in '000)	-	-	-	-	-	36,373
Bank balances	-	1,048	-	-	-	-
Remuneration payable	68	-	7	-	-	-
Other payable	-	-	-	-	-	-
Selling and marketing expenses payable	36	-	-	-	-	-
Mark-up receivable	-	989	-	-	-	-
Allocated expenses payable	7	-	-	-	-	-
Investments	-	2,161	-	-	-	-
For the year ended June 30, 2019						
Transactions during the year						
Mark-up on bank account	-	989	-	-	-	-
Bank charges	-	24	-	-	-	-
Units issued	-	-	-	242,915	-	-
Units redeemed	-	-	-	117,399	-	-
Central Depository Service expenses (CDS)	-	-	27	-	-	-
Remuneration *	3,704	-	371	-	-	-
Allocated expenses by the Management Company	164	-	-	-	-	-
Selling and marketing expense	656	-	-	-	-	-
Purchase of securities	-	23,426	-	-	-	-
Sale of securities	-	10,036	-	-	-	-
Listing fee	-	-	-	-	-	20
As at June 30, 2019						
Balances held						
Units held (units in '000)	-	-	-	1,817	-	-
Units held (Rupees in '000)	-	-	-	146,981	-	-
Bank balances	-	2,684	-	-	-	-
Remuneration payable	379	-	38	-	-	-
Selling and marketing expenses payable	210	-	-	-	-	-
Mark-up receivable	-	580	-	-	-	-
Allocated expenses payable	17	-	-	-	-	-
Investments	-	15,800	-	-	-	-

* Remuneration for the year is inclusive of sales tax.

21. FINANCIAL RISK MANAGEMENT

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

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

21.1 Market risk

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

(i) Interest rate risk

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

a) Sensitivity analysis of variable rate instruments

Presently, the Fund does not hold any variable profit based investment except balances with banks in deposit account exposing the Fund to cash flow profit rate risk. The Fund is also exposed to mark-up rate risk on bank deposits. In case of 100 basis points increase / decrease in KIBOR at year end, the net assets attributable to unit holders of the Fund and net income for the year would be higher / lower by Rs.0.01 (2019: Rs.0.03) million.

b) Sensitivity analysis of fixed rate instruments

As at June 30, 2020, the Fund does not hold any fixed rate instruments and is not exposed to fair value interest rate risk.

Yield / interest rate sensitivity position for on balance sheet financial instruments is based on the earlier of contractual repricing or maturity date. The composition of the fund investment may change over time. Accordingly, the sensitivity analysis prepared as at June 30, 2020 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

June 30, 2020						
	Exposed to interest rate risk			Not exposed to interest rate risk	Total	
	Interest rate (%)	Up to three months	More than three months			More than one year
		(Rupees in '000)				
On-balance sheet financial instruments						
Financial assets						
Investments classified as:						
At fair value through profit or loss -						
- Listed equity securities	-	-	-	33,993	33,993	
Bank balances	6.5 - 11.25%	1,064	-	-	1,064	
Dividend and mark-up receivable		-	-	1,047	1,047	
Security deposit		-	-	2,500	2,500	
		<u>1,064</u>	<u>-</u>	<u>37,540</u>	<u>38,604</u>	
Financial liabilities						
Payable to the Management Company		-	-	103	103	
Payable to the Trustee		-	-	6	6	
Accrued and other liabilities		-	-	845	845	
Payable against purchase of investments		-	-	1,064	1,064	
		<u>-</u>	<u>-</u>	<u>2,018</u>	<u>2,018</u>	
On-balance sheet gap		<u>1,064</u>	<u>-</u>	<u>35,522</u>	<u>36,586</u>	

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

June 30, 2019						
	Interest rate (%)	Exposed to interest rate risk			Not exposed to interest rate risk	Total
		Up to three months	More than three months	More than one year		
(Rupees in '000)						
On-balance sheet financial instruments						
Financial assets						
Investments classified as:						
At fair value through profit or loss -						
- Listed equity securities		-	-	-	176,071	176,071
Bank balances	3.75 - 8%	2,697	-	-	-	2,697
Dividend and mark-up receivable		-	-	-	1,190	1,190
Security deposit		-	-	-	2,500	2,500
Receivable against sale of investments		-	-	-	428	428
		<u>2,697</u>	<u>-</u>	<u>-</u>	<u>180,189</u>	<u>182,886</u>
Financial liabilities						
Payable to the Management						
Company		-	-	-	562	562
Payable to the Trustee		-	-	-	34	34
Accrued and other liabilities		-	-	-	467	467
Payable against purchase of investments		-	-	-	175	175
		<u>-</u>	<u>-</u>	<u>-</u>	<u>1,238</u>	<u>1,238</u>
On-balance sheet gap		<u>2,697</u>	<u>-</u>	<u>-</u>	<u>178,951</u>	<u>181,648</u>

There is no off-balance sheet financial instrument that exist as at year ended June 30, 2019

(ii) Foreign currency risk

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

(iii) Equity price risk

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

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

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

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

	June 30, 2020	June 30, 2019
	(Rupees in '000)	
Income statement	1,700	8,804
Unit holders' fund	1,700	8,804

21.2 Liquidity risk

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

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

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

	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
June 30, 2020	(Rupees in '000)				
Financial liabilities					
Payable to the Management Company	103	-	-	-	103
Payable to the Trustee	6	-	-	-	6
Payable against purchase of investments	1,064	-	-	-	1,064
Accrued and other liabilities	465	380	-	-	845
Total liabilities	1,638	380	-	-	2,018
June 30, 2019	(Rupees in '000)				
Financial liabilities					
Payable to the Management Company	562	-	-	-	562
Payable to the Trustee	34	-	-	-	34
Payable against purchase of investments	175	-	-	-	175
Accrued and other liabilities	272	195	-	-	467
Total liabilities	1,043	195	-	-	1,238

21.3 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation. The Fund's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines, offering document and regulatory requirements. The table below analyses the Fund's maximum exposure to credit risk as at June 30, 2020:

	June 30, 2020	June 30, 2019
	(Rupees in '000)	
Bank balances	1,064	2,697
Dividend and mark-up receivable	1,047	1,190
Security deposit	2,500	2,500
Receivable against sale of investments	-	434

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

The analysis below summarizes the credit quality of the Fund's bank balances as on June 30, 2020

	June 30, 2020	June 30, 2019
	(%)	
Rating by Rating Category		
AAA	98.6	99.5
AA- to AA+	1.4	0.5
Total	100	100

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

21.4 Operational risk

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

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

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

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

21.5 Impact of COVID 19

The COVID-19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

The Securities and Exchange Commission of Pakistan (SECP) has provided the following relaxations to the asset management companies operating in Pakistan for a specific period:

- The time period to regularise the exposure limits breach under Regulation 55(13) of the NBFC Regulations has been extended from four months to six months;
- Maximum limit for application of discretionary discount as per the Annexure-I, Chapter 3 of Circular 33 of 2012 has been enhanced;
- Time period to ensure compliance with minimum fund size for Open End Schemes under Regulation 54(3b) of the NBFC regulations has been increased to 180 days for Open End Schemes;

22. UNIT HOLDERS' FUND

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

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

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

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

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

23. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

As at June 30, 2020 and June 30, 2019, the Fund held the following instruments measured at fair values:

June 30, 2020				
Fair value				
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Financial assets measured at fair value				
Equity securities - listed	33,993	-	-	33,993
June 30, 2019				
Fair value				
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Financial assets measured at fair value				
Equity securities - listed	176,071	-	-	176,071

During the year ended June 30, 2020, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

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

24. SUPPLEMENTARY NON-FINANCIAL INFORMATION

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

25. GENERAL

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

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

26. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Management Company on September 24, 2020.

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

SD

Chief Executive Officer

SD

Director

SD

Chief Financial Officer

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

(i) **PATTERN OF UNIT HOLDING**

Category	Number of unit holders	Number of units held	% of total
Individuals	2	1,979	0%
Others	4	217,405	51%
Public limited companies	1	67,279	16%
Retirement funds	2	137,490	32%
	9	424,153	100%

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

Name	%
Js Global Capital Limited.	11%
Vector Securities (Pvt.) Limited	9%
Habib Metropolitan Financial Services Limited	7%
Bipl Securities Limited (Formerly Kasb Sec)	7%
Next Capital Limited	6%
Al Habib Capital Markets (Pvt.) Limited	5%
Djm Securities Pvt Limited	5%
Topline Securities (Private) Limited	4%
Adam Securities (Pvt) Ltd.	4%
Nael Capital Private Limited	4%

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

Investment Committee				
S.No	Name	Designation	Experience in years	Qualification
1	Yasir Qadri	CEO	24	MBA
2	Syed Suleman Akhtar	Chief Investment Officer	19	CFA, MBA
3	Muhammad Imran	Head of Investment advisory	20	MBA
4	Irfan Nepal	Chief Dealer & Fund Manager	26	EMBA
5	Hadi Hassan Muki	Head of Compliance	20	BCOM
6	Syed Shabbir Sardar Zaidi	Fund Manager & Senior Analyst	11	MAS, CFA
7	Syed Sheeraz Ali	Fund Manager & Senior Analyst	10	MBA
8	Mubashir Anis	Fund Manager Equity	8	BS, CFA
9	Muhammad Waseem	Head Research	6	BBA, CFA

OTHER FUNDS MANAGED BY THE FUND MANAGER

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

(iv) MEETING OF THE DIRECTORS

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

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

	August 30, 2019	September 17, 2019	October 29, 2019	December 9, 2019	February 25, 2020	April 30, 2020	Total meetings attended
Directors:							
Mr. Arif Akmal Saifie *	N/A	N/A	N/A	N/A	N/A	✓	1
Mr. Azhar Hamid	✓	✓	✓	✓	✓	✓	6
Mr. Imran Sarwar	✓	✓	✓	✓	x	✓	5
Mr. Yasir Qadri	✓	✓	✓	✓	✓	✓	6
Ms. Naz Khan **	✓	✓	✓	✓	✓	✓	6
Ms. Sadia Saeed	x	✓	✓	✓	✓	✓	5
Syed Furrukh Zaeem	✓	✓	✓	✓	x	✓	5
Mr. Tauqeer Mazhar ***	✓	✓	✓	✓	N/A	N/A	4
Key Executives:							
Mr. Bilal Javaid ***	N/A	N/A	N/A	✓	✓	✓	3
Mr. Umair Ahmed	✓	✓	✓	✓	✓	✓	6
S.M. Aly Osman ****	✓	✓	✓	N/A	N/A	N/A	3

* Mr. Arif Akmal appointed as Director with effect from March 20, 2020

** Ms. Naz Khan resigned as Director with effect from July 20, 2020

*** Mr. Tauqeer Mazhar resigned as Director with effect from January 30, 2020

**** Mr. Bilal Javaid appointed as Company Secretary with effect from February 25, 2020

***** S.M. Aly Osman resigned as Company Secretary with effect from November 30, 2019

✓	Present
x	Absent
N/A	Not Applicable

(v) RATING OF THE FUND AND THE MANAGEMENT COMPANY

VIS Credit Rating Company has reaffirmed management quality rating of AM1 on December 31, 2019.

UFPF

UBL Financial Planning Fund

INVESTMENT OBJECTIVE

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

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

Fund Manager's Report – UBL Financial Planning Fund

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

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

Fund of Funds Scheme / Open-end

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

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

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

The fund achieved its stated objective

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

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

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

Monthly Yield	Jul'19	Aug'19	Sep'19	Oct'19	Nov'19	Dec'19	Jan'20	Feb'20	Mar'20	Apr'20	May'20	Jun'20	FYTD
UAPPP-I	0.03%	-0.24%	2.45%	2.35%	4.37%	1.41%	2.10%	-2.40%	-10.68%	1.17%	0.47%	0.43%	0.20%
Benchmark	-0.22%	-0.07%	1.88%	2.09%	4.66%	1.91%	1.67%	-2.97%	-9.20%	0.81%	0.73%	0.65%	0.61%

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

UAPPP-I aims to generate returns on Investments as per respective Allocation Plans by investing in Mutual Funds in line with the risk tolerance of the Investor. The plan yielded return of 0.63% during FY20. Major exposure was maintained in Money Market funds, thus maintaining high portfolio quality. The net assets of the Plan were PKR 52mn at the end of FY20.

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

Asset Allocation (% of Total Assets)	Jun-19	Jun-20
Equity Funds	22%	0%
Money Market Funds	77%	98%
Income Funds	0%	0%
Others	0%	0%
Cash	1%	2%

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

FY'20 Return:	0.63%
Standard Deviation (12m trailing):	7.44%
Sharpe Ratio (12m trailing):	(1.55)

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

Net Asset Value			NAV per unit		
30-Jun-20	30-Jun-19	Change	30-Jun-20	30-Jun-19	Change
Rupees (000)		%	Rupees		%
51,658	168,752	-69.39	103.7512	103.1001	0.63

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

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

Debt Market Review for FY19

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

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

Stock Market Review for FY19

Prolonging its losing streaks, Pakistan equity market witnessed another year of dismissal performance where the benchmark index posted loss of 19% during FY19 for the second consecutive year. Major reasons for the decline in KSE-100 index were the expectations of

rate hikes, subdued economic growth, deteriorating macroeconomic conditions, mushrooming twin deficits and large PKR currency devaluation against USD. With growing uncertainties, market participants remained cautious, keeping average market-traded volumes depressed (96.3mn). Foreign participants remained net sellers with cumulative sell off of USD 356mn during FY19.

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

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

Distribution				Per unit	
Declared on	Bonus	Cash	Per Unit	Cum NAV	Ex NAV
	Rupees (000)			----- Rupees -----	
No Distribution					

- x) **Description and explanation of any significant changes in the state of affairs of the Collective Investment Scheme during the period and up till the date of the manager's report, not otherwise disclosed in the financial statements**
- There were no significant changes in state of affairs of the scheme.

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

Range of Units	Number of Investors
	UAPPP-I
0.0001 - 9,999.9999	42
10,000.0000 - 49,999.9999	3
50,000.0000 - 99,999.9999	1
100,000.0000 - 499,999.9999	1
500,000.0000 & Above	-
Total	47

- xii) **Disclosure on unit split (if any), comprising:-**
There were no unit splits during the period.
- xiii) **Disclosure of circumstances that materially affect any interests of unit holders**
Investment are subject to credit and market risk.
- xiv) **Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker(s) or dealer(s) by virtue of transactions conducted by the Collective Investment Scheme.**
No soft commissions are received by the AMC from its brokers or dealers by virtue of transactions conducted by the Collective Investment Scheme.

Fund Manager's Report – UBL Financial Planning Fund

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

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

Fund of Funds Scheme / Open-end

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

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

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

The fund achieved its stated objective.

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

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

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

Monthly Yield	Jul'19	Aug'19	Sep'19	Oct'19	Nov'19	Dec'19	Jan'20	Feb'20	Mar'20	Apr'20	May'20	Jun'20	FYTD
UAPPP-II	0.00%	-0.58%	1.77%	2.27%	4.51%	1.29%	1.65%	-2.49%	-7.45%	0.68%	0.42%	0.48%	2.09%
Benchmark	0.04%	0.03%	1.71%	2.31%	5.05%	2.20%	1.69%	-3.15%	-5.33%	0.81%	0.73%	0.65%	6.53%

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

UAPPP-II aims to generate returns on Investments as per respective Allocation Plans by investing in Mutual Funds in line with the risk tolerance of the Investor. The plan yielded return of 2.09% during FY20. Major exposure was maintained in Money market funds, thus maintaining high portfolio quality. The net assets of the fund were PKR 194mn at the end of FY20.

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

Asset Allocation (% of Total Assets)	Jun-19	Jun-20
Equity Funds	18%	0%
Money Market Funds	39%	100%
Income Funds	0%	0%
Others	3%	0%
Cash	0%	0%
Placement with banks	40%	0%

vi) Analysis of the Collective Investment Scheme's performance

FY'20 Return:	2.09%
Standard Deviation (12m trailing):	6.32%
Sharpe Ratio (12m trailing):	(1.59)

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

Net Asset Value			NAV per unit		
30-Jun-20	30-Jun-19	Change	30-Jun-20	30-Jun-19	Change
Rupees (000)		%	Rupees		%
194,359	308,716	-37.04	101.6049	101.4723	2.09

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

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

Debt Market Review for FY19

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

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

Stock Market Review for FY19

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

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

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

Distribution				Per unit	
Declared on	Bonus	Cash	Per Unit	Cum NAV	Ex NAV
	Rupees (000)			----- Rupees -----	
June 29, 2020		3,795	1.9860	103.5939	101.6079

- x) **Description and explanation of any significant changes in the state of affairs of the Collective Investment Scheme during the period and up till the date of the manager's report, not otherwise disclosed in the financial statements**
 There were no significant changes in state of affairs of the scheme.
- xi) **Breakdown of unit holdings by size**

Range of Units	Number of Investors
	UAPPP-II
0.0001 - 9,999.9999	51
10,000.0000 - 49,999.9999	23
50,000.0000 - 99,999.9999	4
100,000.0000 - 499,999.9999	2
500,000.0000 & Above	1
Total	81

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

There were no unit splits during the period.

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

Investment are subject to credit and market risk.

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

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

Fund Manager's Report – UBL Financial Planning

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

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

Fund of Funds Scheme / Open-end

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

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

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

The fund achieved its stated objective.

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

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

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

Monthly Yield	Jul'19	Aug'19	Sep'19	Oct'19	Nov'19	Dec'19	Jan'20	Feb'20	Mar'20	Apr'20	May'20	Jun'20	FYTD
UAPPP-III	-0.97%	-1.55%	2.80%	2.89%	5.46%	1.95%	2.20%	-2.54%	-10.53%	1.20%	0.48%	0.48%	0.96%
Benchmark	-0.63%	-1.07%	2.82%	2.46%	5.57%	2.38%	1.85%	-3.76%	-8.86%	0.81%	0.73%	0.65%	2.19%

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

UAPPP-III aims to generate returns on Investments as per respective Allocation Plans by investing in Mutual Funds in line with the risk tolerance of the Investor. The plan yielded return of 0.96% during FY20 against benchmark return of 2.19%. Major exposure was maintained in Money Market funds, thus maintaining high portfolio quality. The net assets of the Plan were PKR 155mn as at end of FY20.

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

Asset Allocation (% of Total Assets)	Jun-19	Jun-20
Equity Funds	28%	0%
Money Market Funds	71%	99%
Income Funds	0%	0%
Others	0%	1%
Cash	1%	0%
Placement with banks	0%	0%

vi) Analysis of the Collective Investment Scheme's performance

FY'20 Return:	0.96%
Standard Deviation (12m trailing):	0.08
Sharpe Ratio (12m trailing):	(1.33)

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

Net Asset Value			NAV per unit		
30-Jun-20	30-Jun-19	Change	30-Jun-20	30-Jun-19	Change
Rupees (000)		%	Rupees		%
155,098	190,447	-18.56	101.2829	100.3210	0.96

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

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

Debt Market Review for FY19

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

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

Stock Market Review for FY19

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

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

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

Distribution				Per unit	
Declared on	Bonus	Cash	Per Unit	Cum NAV	Ex NAV
	Rupees (000)			----- Rupees -----	
No Distribution					

- x) **Description and explanation of any significant changes in the state of affairs of the Collective Investment Scheme during the period and up till the date of the manager's report, not otherwise disclosed in the financial statements**
- There were no significant changes in state of affairs of the scheme.

xi) Breakdown of unit holdings by size

Range of Units	Number of Investors
	UAPPP-III
0.0001 - 9,999.9999	57
10,000.0000 - 49,999.9999	31
50,000.0000 - 99,999.9999	3
100,000.0000 - 499,999.9999	1
500,000.0000 & Above	-
Total	92

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

There were no unit splits during the period.

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

Investment are subject to credit and market risk.

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

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

PERFORMANCE TABLE

UBL Active Principal Preservation Plan - I

	2020	2019	2018
NET ASSETS AS AT 30 JUNE - Rupees in '000	51,658	168,752	173,165
NET ASSETS VALUE PER UNIT AT 30 JUNE - Rupees *			
Class A units - Offer	107.2684	103.1001	104.2994
- Redemption	103.7512	101.0381	100.8796
RETURN OF THE FUND - %			
Total Return of the Fund	0.63	2.20	0.88
Capital Growth (per unit)	0.63	2.20	0.88
Date of Income Distribution	-	-	-
Income Distribution	-	-	-
Date of Income Distribution	-	-	-
Income Distribution	-	-	-
AVERAGE ANNUAL RETURN - %			
One Year	0.63	2.20	0.88
Since inception / Third Year	1.24	1.54	0.88
OFFER / REPURCHASE DURING THE YEAR- Rupees *			
Highest price per unit - Class A units - Offer	121.1649	104.9596	105.0923
Highest price per unit - Class A units - Redemption	117.1921	102.8604	101.6465
Lowest price per unit - Class A units - Offer	104.8518	96.5799	103.3229
Lowest price per unit - Class A units - Redemption	101.4139	92.7167	99.9351

* Front-end load @ 3% is applicable

PORTFOLIO COMPOSITION - %

Percentage of Net Assets as at 30 June

PORTFOLIO COMPOSITION BY CATEGORY - %

Income Funds	-	-	42
Money Market Funds	98	77	42
Equity Funds	0	22	16
Bank Balances	2	1	

PORTFOLIO COMPOSITION BY MARKET - %

Equity	0	22	16.00
Debt	100	78	84.00

Note:

- The Launch date of Fund is 21 February 2018

DISCLAIMER

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

PERFORMANCE TABLE

UBL Active Principal Preservation Plan - II

	2020	2019	2018
NET ASSETS AS AT 30 JUNE - Rupees in '000	194,359	308,716	324,118
NET ASSETS VALUE PER UNIT AT 30 JUNE - Rupees *			
Class A units - Offer	105.0493	101.4723	104.0444
- Redemption	101.6049	99.4429	100.6329
RETURN OF THE FUND - %			
Total Return of the Fund	2.09	3.10	0.63
Capital Growth (per unit)	0.09	0.96	0.63
Date of Income Distribution	-	2-Jul-18	-
Income Distribution	-	0.1258	-
Date of Income Distribution	29-Jun-20	28-Jun-19	-
Income Distribution	1.986	2.1534	-
AVERAGE ANNUAL RETURN - %			
One Year	2.09	3.10	0.63
Since inception / Third Year	1.94	1.87	0.63
OFFER / REPURCHASE DURING THE YEAR- Rupees *			
Highest price per unit - Class A units - Offer	117.4350	104.9208	104.0999
Highest price per unit - Class A units - Redemption	113.5845	100.7240	100.6866
Lowest price per unit - Class A units - Offer	103.5929	97.5811	103.4976
Lowest price per unit - Class A units - Redemption	100.1962	93.6779	100.1041

* Front-end load @ 3% is applicable

PORTFOLIO COMPOSITION - %

Percentage of Net Assets as at 30 June

PORTFOLIO COMPOSITION BY CATEGORY - %

Equity Funds	0	18	5
Money Market Funds	100	39	57
Others	0	3	0
Placement with banks	0	40	37

PORTFOLIO COMPOSITION BY MARKET - %

Equity	0	18	5
Debt	100	82	95

Note:

- The Launch date of Fund is 31 May 2018

DISCLAIMER

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

PERFORMANCE TABLE

UBL Active Principal Preservation Plan - III

	2020	2019
NET ASSETS AS AT 30 JUNE - Rupees in '000	155,098	190,447
NET ASSETS VALUE PER UNIT AT 30 JUNE - Rupees *		
Class A units - Offer	104.7164	100.3210
- Redemption	101.2829	96.3082
RETURN OF THE FUND - %		
Total Return of the Fund	0.96	0.43
Capital Growth (per unit)	0.96	0.32
Date of Income Distribution	-	28-Jun-19
Income Distribution	-	0.1127
Date of Income Distribution	-	-
Income Distribution	-	-
AVERAGE ANNUAL RETURN - %		
One Year	0.96	0.43
Since inception/Second Year	0.70	0.43
OFFER / REPURCHASE DURING THE YEAR- Rupees *		
Highest price per unit - Class A units - Offer	118.2488	103.3771
Highest price per unit - Class A units - Redemption	114.3716	99.2420
Lowest price per unit - Class A units - Offer	100.0876	99.3350
Lowest price per unit - Class A units - Redemption	96.8059	95.3616

* Front-end load @ 3% is applicable

PORTFOLIO COMPOSITION - %

Percentage of Net Assets as at 30 June

PORTFOLIO COMPOSITION BY CATEGORY - %

Money Market Funds	99	71
Equity Funds	-	28
Bank Balances	-	1
Others	1	-

PORTFOLIO COMPOSITION BY MARKET - %

Equity Market	-	28
Debt	100	72

Note:

- The Launch date of Fund is 24 Oct 2018

DISCLAIMER

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



TRUSTEE REPORT TO THE UNIT HOLDERS

UBL FINANCIAL PLANNING FUND

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

We Central Depository Company of Pakistan Limited, being the Trustee of UBL Financial Planning Fund (the Fund) are of the opinion that UBL Fund Managers Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2020 in accordance with the provisions of the following:

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

Badiuddin Akbar
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 25, 2020





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

NAME OF FUND: UBL FINANCIAL PLANNING FUND

YEAR ENDED: JUNE 30, 2020

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

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

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

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

* Ms. Naz Khan has resigned dated July 20, 2020

** Mr. Arif Akmal Saifie was appointed as a director from March 20, 2020

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

8. The Board has a formal policy and transparent procedures for remuneration of its directors in accordance with the Act and these Regulations.
9. The following directors and executives have acquired the prescribed Directors' Training Program (DTP) certification:

Directors

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

Executives

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

Board Audit Committee

Name	Designation	Type of Directorship
Ms. Naz Khan*	Chairman	Independent Director
Mr. Arif Akmal Saifie**	Member	Non-Executive Director
Mr. Imran Sarwar	Member	Non-Executive Director
Ms. Sadia Saeed	Member	Non-Executive Director
Mr. Tauqeer Mazhar***	Member	Non-Executive Director

Board Human Resource and Compensation Committee

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

Board Risk and Compliance Committee

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

* Ms. Naz Khan has resigned dated July 20, 2020

** Mr. Arif Akmal Saifie was appointed as a director from March 20, 2020

*** Mr. Tauqeer Mazhar resigned as a director from January 30, 2020

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
14. The frequency of meetings of the committees was as follows:
 - a. The Board Audit Committee: quarterly - six meetings held
 - b. The Board Human Resource and Compensation Committee: quarterly - five meetings held
 - c. The Board Risk and Compliance Committee: quarterly - four meetings held
15. The Board has set up an effective internal audit function. The Function has suitably qualified and experienced staff for the purpose and they are conversant with the policies and procedures of the Management Company.
16. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and are registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the Partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of CEO, CFO, the Head of Internal Audit, the Company Secretary or directors of the Management Company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of Regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with.
19. We confirm that any other significant requirements of the Regulations have been complied with.

AZHAR HAMID
Chairman

Karachi.
Dated: **September 25, 2020**

To the unitholders of UBL Financial Planning Fund

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

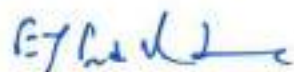
We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of UBL Fund Managers Limited, the Management Company of **UBL Financial Planning Fund** (the Fund) for the year ended **30 June 2020** in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Fund for the year ended 30 June 2020.



Chartered Accountants

Place: Karachi

Date: 30 September 2020

INDEPENDENT AUDITORS' REPORT

To the Unit holders of UBL Financial Planning Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **UBL Financial Planning Fund (the Fund)**, which comprise the statement of assets and liabilities as at 30 June 2020, and the income statement, comprehensive income, cash flows statement and movement in unit holders' fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, (or give a true and fair view of) the financial position of the Fund as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional 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
Existence and valuation of bank balances and investments	
As disclosed in notes 6 and 7 to the accompanying financial statements of the Fund for the year ended 30 June 2020, the bank balances and investments (comprised of open end mutual funds) held by the Fund represent 99.56% of the total assets of the Fund as at the year end.	We performed a combination of audit procedures focusing on the existence and valuation of investments. Our key procedures included the following: - We obtained independent confirmations for verifying the existence of the bank balances as at 30 June 2020 and reconciled it with the books and records of the Fund. - We tested controls over acquisition, disposals and periodic valuation of investments portfolio.
In view of the significance of bank balances and investment in relation to the total assets and the Net Asset Value (NAV) of the Fund, we have considered the existence	

Key audit matter	How our audit addressed the key audit matter
and valuation of such bank balances and investments as a key audit matter.	- We performed substantive audit procedures on year-end balance of portfolio including review of custodian's statement and related reconciliations and valuations on such investments in accordance with the accounting policy of the Fund as mentioned in note 4. - We evaluated the appropriateness of the classification of the investments in accordance with the requirements of IFRS 9 and the valuations in accordance with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2006 (the Regulations). - We assessed the Fund's compliance with the requirements of the Regulations in relation to the concentrations of investments and exposure limits prescribed in such Regulations and the applicability of disclosures in this regard. - We also evaluated the adequacy of the overall disclosures in the financial statements in respect of the investment portfolio in accordance with the requirements of the Regulations and applicable financial reporting standards.

Other Information

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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



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

Report on Other Legal and Regulatory Requirements

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

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



Chartered Accountants

Date: 29 September 2020

Karachi

UBL FINANCIAL PLANNING FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2020

		June 30, 2020				June 30, 2019		For the period from October 24, 2018 to June 30, 2019	
		UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	UBL Active Principal Preservation Plan III	Total	UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	UBL Active Principal Preservation Plan III	Total
Note		(Rupees in '000)							
ASSETS									
Bank balances	6	919	46	32	997	1,195	521	1,751	3,467
Investments	7	51,450	199,425	154,142	405,017	168,177	309,837	190,265	668,279
Mark-up and other receivables	8	138	261	1,386	1,785	46	188	21	255
Advance tax	9	1	-	-	1	1	-	-	1
Preliminary expenses and floatation costs	10	-	-	-	-	167	203	-	370
Total assets		52,508	199,732	155,560	407,800	169,586	310,749	192,037	672,372
LIABILITIES									
Payable to the Management Company	11	449	493	31	973	463	570	21	1,054
Payable to the Trustee	12	6	14	10	30	16	29	18	63
Annual fee payable to Securities and Exchange Commission of Pakistan (SECP)	13	19	47	35	101	129	240	104	473
Accrued and other liabilities	15	376	4,819	386	5,581	226	1,194	1,447	2,867
Total liabilities		850	5,373	462	6,685	834	2,033	1,590	4,457
NET ASSETS		51,658	194,359	155,098	401,115	168,752	308,716	190,447	667,915
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		51,658	194,359	155,098	401,115	168,752	308,716	190,447	667,915
CONTINGENCIES AND COMMITMENTS	16								
NUMBER OF UNITS IN ISSUE		497,900	1,912,839	1,531,338		1,636,777	3,042,371	1,898,372	
NET ASSETS VALUE PER UNIT		103.7512	101.6049	101.2829		103.1001	101.4723	100.3210	

The annexed notes from 1 to 25 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)

SD

Chief Executive Officer

SD

Director

SD

Chief Financial Officer

**UBL FINANCIAL PLANNING FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020**

		June 30, 2020			Total	June 30, 2019		For the period from October 24, 2018 to June 30, 2019	Total	
		UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	UBL Active Principal Preservation Plan III		UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	UBL Active Principal Preservation Plan III		
Note		(Rupees in '000)								
INCOME										
Mark-up on bank accounts		315	174	90	579	164	68	73	305	
Unrealised gain / (loss) on re-measurement of investments classified as 'at fair value through profit or loss' - net		1,319	654	5,019	6,992	(4,136)	(6,217)	(5,680)	(16,033)	
Income from term deposit receipt (TDR)		-	7,819	-	7,819	-	8,321	-	8,321	
(Loss) / gain on sale of investments classified as classified as 'at fair value through profit or loss' - net		342	(3,790)	(973)	(4,421)	8,505	9,055	6,519	24,079	
Dividend Income		-	-	-	-	74	711	-	785	
Other income		1,572	1,876	883	4,331	255	872	688	1,815	
Total income		3,548	6,733	5,019	15,300	4,862	12,810	1,600	19,272	
EXPENSES										
Remuneration of the Management Company		11.1	-	1,162	-	1,162	-	1,237	-	1,237
Sales tax on management fee		11.2	-	151	-	151	-	161	-	161
Allocated expenses by the Management Company		11.3	93	235	177	505	172	320	139	631
Remuneration of the Trustee		12.1	68	164	124	356	172	320	139	631
Sales tax on remuneration of the Trustee		12.2	9	21	16	46	22	42	18	82
Annual fee payable to Securities and Exchange Commission of Pakistan		13	19	47	35	101	129	240	104	473
Amortization of preliminary expenses and floatation costs		10	167	203	-	370	258	221	-	479
Auditors' remuneration		18	144	144	144	432	126	126	86	338
Legal and professional charges			50	51	63	164	80	76	26	182
Bank charges and other expenses			16	58	31	105	38	39	7	84
Total expenses			566	2,236	590	3,392	997	2,782	519	4,298
Net income for the year from operating activities			2,982	4,497	4,429	11,908	3,865	10,028	1,081	14,974
Provision for Sindh Workers' Welfare Fund (SWWF)		15.1	58	88	86	232	76	197	21	294
Net income for the year before taxation			2,924	4,409	4,343	11,676	3,789	9,831	1,060	14,680
Taxation		19	-	-	-	-	-	-	-	-
Net income for the year after taxation			2,924	4,409	4,343	11,676	3,789	9,831	1,060	14,680
<i>Allocation of net income for the year:</i>										
Net income for the period after taxation			2,924	4,409	4,343	11,676	3,789	9,831	1,060	14,680
Income already paid on units redeemed			(2,775)	(498)	(3,039)	(6,312)	(159)	(529)	(16)	(704)
			149	3,911	1,304	5,364	3,630	9,302	1,044	13,976
<i>Accounting income available for distribution</i>										
- Relating to capital gains			9	-	982	991	4,192	2,563	822	7,577
- Excluding capital gains			140	3,911	322	4,373	(562)	6,739	222	6,399
			149	3,911	1,304	5,364	3,630	9,302	1,044	13,976
Earning per unit		24.2								
The annexed notes from 1 to 25 form an integral part of these financial statements.										

For UBL Fund Managers Limited
(Management Company)

SD

Chief Executive Officer

SD

Director

SD

Chief Financial Officer

UBL FINANCIAL PLANNING FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	June 30, 2020				June 30, 2019		For the period from October 24, 2018 to June 30, 2019	
	UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	UBL Active Principal Preservation Plan III	Total	UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	UBL Active Principal Preservation Plan III	Total
----- (Rupees in '000) -----								
Net income for the year after taxation	2,924	4,409	4,343	11,676	3,789	9,831	1,060	14,680
Other comprehensive income for the year	-	-	-	-	-	-	-	-
Total comprehensive income for the year	2,924	4,409	4,343	11,676	3,789	9,831	1,060	14,680

The annexed notes from 1 to 25 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)

SD

Chief Executive Officer

SD

Director

SD

Chief Financial Officer

UBL FINANCIAL PLANNING FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	June 30, 2020				June 30, 2019		For the period from October 24, 2018 to June 30, 2019	
	UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	UBL Active Principal Preservation Plan III	Total	UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	UBL Active Principal Preservation Plan III	Total
(Rupees in '000)								
CASH FLOWS FROM OPERATING ACTIVITIES								
Net income for the year before taxation	2,924	4,409	4,343	11,676	3,789	9,831	1,060	14,680
Adjustments for:								
Mark-up on bank accounts	(315)	(174)	(90)	(579)	(164)	(68)	(73)	(305)
Unrealised (gain) / loss on re-measurement of investments classified as 'at fair value through profit or loss' - net	(1,319)	(654)	(5,019)	(6,992)	4,136	6,217	5,680	16,033
Net gain / (loss) on sale of investments classified as classified as 'at fair value through profit or loss' - net	(342)	3,790	973	4,421	(8,505)	(9,055)	(6,519)	(24,079)
Amortization of preliminary expenses and floatation costs	167	203	-	370	258	221	-	479
Provision for Sindh Workers' Welfare Fund (SWWF)	58	88	86	232	76	197	21	294
	(1,751)	3,253	(4,050)	(2,548)	(4,199)	(2,488)	(891)	(7,578)
Decrease / (Increase) in assets								
Investments	118,388	107,276	40,169	265,833	8,830	24,926	(189,429)	(155,673)
Advances and other receivables	(1)	-	(1,378)	(1,379)	40	-	(21)	19
Preliminary expenses and floatation costs	-	-	-	-	(425)	(424)	-	(849)
	118,387	107,276	38,791	264,454	8,445	24,502	(189,450)	(156,503)
Increase / (Decrease) in liabilities								
Payable to the Management Company	(14)	(77)	10	(81)	297	(2,457)	21	(2,139)
Payable to the Trustee	(10)	(15)	(8)	(33)	1	1	18	20
Annual fee payable to SECP	(110)	(193)	(69)	(372)	83	219	104	406
Accrued and other liabilities	92	3,537	(1,147)	2,482	68	(3,979)	1,427	(2,484)
	(42)	3,252	(1,214)	1,996	449	(6,216)	1,570	(4,197)
Mark-up received	224	101	103	428	164	45	73	282
Net cash generated from / (used in) operating activities	119,742	118,291	37,973	276,006	8,648	25,674	(187,638)	(153,316)
CASH FLOWS FROM FINANCING ACTIVITIES								
Net receipt from issuance of units	9,906	2,895	-	12,801	-	5,976	211,178	217,154
Cash dividend paid to unit holders	-	(3,795)	-	(3,795)	-	(6,837)	(212)	(7,049)
Net payment against redemption of units	(129,924)	(117,866)	(39,692)	(287,482)	(8,202)	(24,372)	(21,577)	(54,151)
Net cash (used in) / generated from financing activities	(120,018)	(118,766)	(39,692)	(278,476)	(8,202)	(25,233)	189,389	155,954
Net increase in cash and cash equivalent during the year	(276)	(475)	(1,719)	(2,470)	446	441	1,751	2,638
Cash and cash equivalents at beginning of the year	1,195	521	1,751	3,467	749	80	-	829
Cash and cash equivalents at end of the year	919	46	32	997	1,195	521	1,751	3,467
Cash and cash equivalents								
Bank balances	919	46	32	997	1,195	521	1,751	3,467

The annexed notes from 1 to 25 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)

SD
Chief Executive Officer

SD
Director

SD
Chief Financial Officer

UBL FINANCIAL PLANNING FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	June 30, 2020									Total	June 30, 2019						For the period from October 24, 2018 to June 30, 2019			Total	
	UBL Active Principal Preservation Plan I			UBL Active Principal Preservation Plan II			UBL Active Principal Preservation Plan III				UBL Active Principal Preservation Plan I			UBL Active Principal Preservation Plan II			UBL Active Principal Preservation Plan III				
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total		Capital value	Undistributed income	Total	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total		
	(Rupees in '000)										(Rupees in '000)										
Net assets at beginning of the year	163,614	5,138	168,752	304,219	4,497	308,716	189,616	831	190,447	667,915	171,657	1,508	173,165	322,086	2,032	324,118	-	-	-	497,283	
Issuance of units:																					
UBL Active Principal Preservation Plan I (96,848 Units) (2019: Nil Units)																					
- Capital value	9,985	-	9,985	-	-	-	-	-	-	9,985	-	-	-	-	-	-	-	-	-	-	
- Element relating to the income for the year after taxation	(79)	-	(79)	-	-	-	-	-	-	(79)	-	-	-	-	-	-	-	-	-	-	
UBL Active Principal Preservation Plan II (28,489 Units) (2019: 58,941 Units)																					
- Capital value	-	-	-	2,891	-	2,891	-	-	-	2,891	-	-	-	5,917	-	5,917	-	-	-	5,917	
- Element relating to the income for the year after taxation	-	-	-	4	-	4	-	-	-	4	-	-	-	59	-	59	-	-	-	59	
UBL Active Principal Preservation Plan III (Nil Units) (2019: 2,111,727 Units)																					
- Capital value	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	211,173	-	211,173	211,173	
- Element relating to the income for the year after taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5	-	5	5	
	9,906	-	9,906	2,895	-	2,895	-	-	-	12,801	-	-	-	5,976	-	5,976	211,178	-	211,178	217,154	
Redemption of units																					
UBL Active Principal Preservation Plan I (1,235,724 Units) (2019: 79,775 Units)																					
- Capital value	(127,403)	-	(127,403)	-	-	-	-	-	-	(127,403)	(8,225)	-	(8,225)	-	-	-	-	-	-	(8,225)	
- Element relating to the income for the year after taxation	254	(2,775)	(2,521)	-	-	-	-	-	-	(2,521)	182	(159)	23	-	-	-	-	-	-	23	
UBL Active Principal Preservation Plan II (1,157,967 Units) (2019: 237,374 Units)																					
- Capital value	-	-	-	(117,502)	-	(117,502)	-	-	-	(117,502)	-	-	-	(23,828)	-	(23,828)	-	-	-	(23,828)	
- Element relating to the income for the year after taxation	-	-	-	134	(498)	(364)	-	-	-	(364)	-	-	-	(15)	(529)	(544)	-	-	-	(544)	
UBL Active Principal Preservation Plan III (367,034 Units) (2019: 213,355 Units)																					
- Capital value	-	-	-	-	-	-	(36,821)	-	(36,821)	(36,821)	-	-	-	-	-	-	(21,336)	-	(21,336)	(21,336)	
- Element relating to the income for the year after taxation	-	-	-	-	-	-	168	(3,039)	(2,871)	(2,871)	-	-	-	-	-	-	(226)	(16)	(242)	(242)	
	(127,149)	(2,775)	(129,924)	(117,368)	(498)	(117,866)	(36,653)	(3,039)	(39,692)	(287,482)	(8,043)	(159)	(8,202)	(23,843)	(529)	(24,372)	(21,562)	(16)	(21,578)	(54,152)	
Total comprehensive income for the year	-	2,924	2,924	-	4,409	4,409	-	4,343	4,343	11,676	-	3,789	3,789	-	9,831	9,831	-	1,060	1,060	14,680	
Distribution during the year	-	-	-	-	(3,795)	(3,795)	-	-	-	(3,795)	-	-	-	-	(6,837)	(6,837)	-	(213)	(213)	(7,050)	
Net income for the year less distribution	-	2,924	2,924	-	614	614	-	4,343	4,343	7,881	-	3,789	3,789	-	2,994	2,994	-	847	847	7,630	
Net assets at end of the year	46,371	5,287	51,658	189,746	4,613	194,359	152,963	2,135	155,098	401,115	163,614	5,138	168,752	304,219	4,497	308,716	189,616	831	190,447	667,915	
Undistributed income brought forward:																					
- Realised	-	9,274	9,274	-	10,714	10,714	-	6,511	6,511	26,499	-	330	330	-	1,509	1,509	-	-	-	1,839	
- Unrealised	-	(4,136)	(4,136)	-	(6,217)	(6,217)	-	(5,680)	(5,680)	(16,033)	-	1,178	1,178	-	523	523	-	-	-	1,701	
	-	5,138	5,138	-	4,497	4,497	-	831	831	10,466	-	1,508	1,508	-	2,032	2,032	-	-	-	3,540	
Accounting income available for distribution:																					
- Relating to capital gains	-	9	9	-	-	-	-	982	982	991	-	4,192	4,192	-	2,563	2,563	-	822	822	7,577	
- Excluding capital gains	-	140	140	-	3,911	3,911	-	322	322	4,373	-	(562)	(562)	-	6,739	6,739	-	222	222	6,399	
	-	149	149	-	3,911	3,911	-	1,304	1,304	5,364	-	3,630	3,630	-	9,302	9,302	-	1,044	1,044	13,976	
Distribution during the year	-	-	-	-	(3,795)	(3,795)	-	-	-	(3,795)	-	-	-	-	(6,837)	(6,837)	-	(213)	(213)	(7,050)	
Undistributed income carried forward	-	5,287	5,287	-	4,613	4,613	-	2,135	2,135	12,035	-	5,138	5,138	-	4,497	4,497	-	831	831	10,466	
Undistributed income carried forward																					
- Realised	-	3,968	3,968	-	3,959	3,959	-	(2,884)	(2,884)	5,043	-	9,274	9,274	-	10,714	10,714	-	6,511	6,511	26,499	
- Unrealised	-	1,319	1,319	-	654	654	-	5,019	5,019	6,992	-	(4,136)	(4,136)	-	(6,217)	(6,217)	-	(5,680)	(5,680)	(16,033)	
	-	5,287	5,287	-	4,613	4,613	-	2,135	2,135	12,035	-	5,138	5,138	-	4,497	4,497	-	831	831	10,466	
	-- (Rupees) --			-- (Rupees) --			-- (Rupees) --			-- (Rupees) --			-- (Rupees) --			-- (Rupees) --			-- (Rupees) --		
Net assets value per unit at end of the year	103.7512			101.6049			101.2829			103.1001			101.4723			100.3210					

The annexed notes from 1 to 25 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)

SD

Chief Executive Officer

SD

Director

SD

Chief Financial Officer

UBL FINANCIAL PLANNING FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** UBL Financial Planning Fund (the Fund) was established under the Trust Deed executed between UBL Fund Managers Limited (the Management Company - a wholly owned subsidiary company of United Bank Limited), as the Management Company, and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on August 07, 2017 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on August 29, 2017 in accordance with the requirements of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The Fund commenced its operations from September 28, 2017.
- 1.2** The Management Company of the Fund is registered with the SECP as a Non-Banking Finance Company under the NBFC Rules, 2003. The registered office of the Management Company is situated at 4th Floor, STSM Building, Beaumont Road, Civil Lines, Karachi.
- 1.3** The Fund is an open-ended mutual fund and is listed on the Pakistan Stock Exchange Limited. Units are offered for subscription on a continuous basis to the public. The units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holders.
- 1.4** The objective of the Fund is to generate returns on Investments as per respective Allocation Plans by investing in Mutual Funds in line with the risk tolerance of the Investor. The duration of the Fund and Allocation Plans initially launched therein is perpetual, however, additional Allocation Plans may have a set time frame. Presently, the fund offers only UBL Active Principal Preservation Plan I, UBL Active Principal Preservation Plan II & UBL Active Principal Preservation Plan III.
- 1.5** VIS Credit Rating Company has assigned Management quality rating of 'AM1' dated December 31, 2019 to the Management Company.
- 1.6** Title to the assets of the Fund are held in the name of the Central Depository Company of Pakistan Limited as Trustee of the Fund.

2. STATEMENT OF COMPLIANCE

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

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

3. BASIS OF PREPARATION

3.1 Accounting convention

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

3.2 Critical accounting estimates and judgments

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

3.3 Functional and presentation currency

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 New / Revised Standards, Interpretations and Amendments

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

IFRS 16 – Leases

IFRIC 23 – Uncertainty over Income Tax Treatments

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

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

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

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

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

IAS 23 – Borrowing Costs - Borrowing costs eligible for capitalisation

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

IFRS 14 – Regulatory Deferral Accounts

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

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

4.2 Cash and cash equivalents

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

4.3 Financial assets

4.3.1 Classification

Business model assessment

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

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

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

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

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

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

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

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

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

4.3.2 Initial Measurement

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

Subsequent Measurement

Debt instruments at Amortized Cost

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

Debt instruments at FVOCI

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

Financial assets at fair value through profit or loss

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

4.3.3 Impairment of financial assets

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

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

4.4 Derecognition

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

4.5 Financial liabilities

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

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

4.6 Offsetting of financial assets and liabilities

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

4.7 Provisions

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

4.8 Taxation

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

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

4.9 Dividend distribution and appropriations

Dividend distributions and appropriations are recorded in the period in which these are approved by the Board of Directors of the Management Company. Based on Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

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

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared and approved by the Board of Directors of the Management Company.

4.10 Issue and redemption of units

Units issued are recorded at the offer price, prevalent on the day on which the applications for purchase of units are received (however units are issued on the receipt of cash / realisation of cheques). The offer price represents the net asset value per unit as of the close of the business day plus the allowable front-end sales load. The front-end 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 Fund receives redemption applications during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load. Redemption of units is recorded on acceptance of application for redemption.

4.11 Net asset value per unit

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

4.12 Revenue recognition

- Gain or loss on sale of investment is accounted for in the income statement in the period in which it arises.
- Unrealised gain / loss arising on revaluation of investments classified as 'at fair value through profit or loss' is included in the income statement in the period in which it arises.
- Dividend income is recognised when the right to receive the dividend is established.
- Mark-up on bank balances and term deposits is recorded on accrual basis.

4.13 Expenses

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

4.14 Preliminary expenses and floatation cost

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

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

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

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

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

Standard or Interpretation	Effective date (annual periods beginning on or after)
Definition of a Business - Amendments to IFRS 3	January 01, 2020
Interest rate benchmark reform - Amendment to IFRS 9, IAS 39 and IFRS 7	January 01, 2020
Definition of Material – Amendments to IAS 1 and IAS 8	January 01, 2020
Covid-19-Related Rent Concessions – Amendment to IFRS 16	January 01, 2020
Property, Plant and Equipment: Proceeds before Intended Use – - Amendments to IAS 16	January 01, 2020
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	January 01, 2020
Classification of liabilities as current or non-current - Amendment to IAS 1	January 01, 2022
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalized

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

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

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

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

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

Note	June 30, 2020				June 30, 2019			
	UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	UBL Active Principal Preservation Plan III	Total	UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	UBL Active Principal Preservation Plan III	Total
	----- (Rupees in '000) -----				----- (Rupees in '000) -----			

6. BANK BALANCES

Bank accounts - saving	6.1	919	46	32	997	1,195	521	1,751	3,467

6.1 These carry mark-up at the rates ranging from 4.75% to 6.50% (June 30, 2019: 8% to 8.25%) per annum maintained with United Bank Limited (a related party).

7. INVESTMENTS

Investments by Category

7.1 At fair value through profit or loss

Units of mutual funds	7.1.1	51,450	199,425	154,142	405,017	168,177	177,306	190,265	535,748

7.2 At Amortised Cost

Term Deposits Receipts		-	-	-	-	-	132,531	-	132,531

51,450	199,425	154,142	405,017	168,177	309,837	190,265	668,279

7.1.1 Units of mutual funds classified as 'at fair value through profit or loss

Name of Investee Fund (funds under common management)	Number of units				Balance as at June 30, 2020			Market value as a % of net assets of each plan	Market value as a % of total investments of each plan
	As at July 01, 2019	Purchased during the period	Sold / redeemed during the period	As at June 30, 2020	Carrying value	Market value	Appreciation/ (Diminution)		
Held by UBL Active Principal Preservation Plan I									
UBL Dedicated Equity Fund	455,644	667,734	1,123,378	-	-	-	-	-	-
UBL Money Market Fund	1,304,352	1,245,224	2,038,721	510,855	50,131	51,450	1,319	99.60%	100.00%
					50,131	51,450	1,319	99.60%	100.00%
Held by UBL Active Principal Preservation Plan II									
UBL Dedicated Equity Fund	689,972	1,216,821	1,906,793	-	-	-	-	-	-
UBL Money Market Fund	1,206,745	5,639,356	4,865,989	1,980,112	198,771	199,425	654	102.61%	100.00%
					198,771	199,425	654	102.61%	100.00%
Held by UBL Active Principal Preservation Plan III									
UBL Dedicated Equity Fund	671,331	930,829	1,602,160	-	-	-	-	-	-
UBL Money Market Fund	1,350,445	2,561,083	2,381,034	1,530,494	149,123	154,142	5,019	99.38%	100.00%
					149,123	154,142	5,019	99.38%	100.00%
Total as at June 30, 2020					398,025	405,017	6,992		
Total as at June 30, 2019					551,781	535,748	(16,033)		

		June 30, 2020				June 30, 2019			
		UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	UBL Active Principal Preservation Plan III	Total	UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	UBL Active Principal Preservation Plan III	Total
Note		(Rupees in '000)							
8. MARK UP AND OTHER RECIEVABLES									
Mark-up receivable on bank accounts	8.1	137	95	8	240	46	23	21	90
Balance held in collection account		1	166	-	167	-	165	-	165
Other recievable		-	-	1,378	1,378	-	-	-	-
		138	261	1,386	1,785	46	188	21	255

8.1 This represents receivable on bank balance maintained with United Bank Limited (a related party).

9. ADVANCE TAX

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

		June 30, 2020				June 30, 2019			
		UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	UBL Active Principal Preservation Plan III	Total	UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	UBL Active Principal Preservation Plan III	Total
	Note	(Rupees in '000)							
10. PRELIMINARY EXPENSES AND FLOATATION COSTS									
Preliminary expenses and floatation costs	10.1	167	203	-	370	425	425	-	850
Amortization during the year		(167)	(203)	-	(370)	(258)	(221)	-	(479)
		-	-	-	-	167	204	-	371

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

	Note	June 30, 2020				June 30, 2019			
		UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	UBL Active Principal Preservation Plan III	Total	UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	UBL Active Principal Preservation Plan III	Total
11. PAYABLE TO THE MANAGEMENT COMPANY		(Rupees in '000)							
Remuneration payable	11.1	-	24	-	24	-	102	-	102
Sales tax on remuneration payable	11.2	-	3	-	3	-	13	-	13
Allocated expenses payable	11.3	-	36	26	62	14	26	16	56
Other payables		449	430	5	884	449	430	5	884
		449	493	31	973	463	571	21	1,055

11.1 The Management Company has charged 1% per annum of the term deposit receipt placed only in case of UBL Active Principal Preservation Plan II. No management fee is being charged in UBL Active Principal Preservation Plan I & UBL Active Principal Preservation Plan III as no investment is made in term deposits by both plans.

11.2 Sales tax at the rate of 13% (June 30, 2019: 13%) on gross value of management fee is applied under the provisions of Sindh Sales Tax on Services Act, 2011.

11.3 Upto June 19, 2019 in accordance with Regulation 60 of the NBFC Regulations, the Management Company was entitled to charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS) at the rate of up to 0.1% of the average annual net assets of the scheme or actual whichever is less. However, SECP vide SRO 639 dated June 20, 2019 removed the maximum cap of 0.1%. Therefore, with effect from June 20, 2019, the Management Company can charge expenses related to registrar services, accounting, operations and valuation services to the CIS based on its discretion provided the Total Expense Ratio (TER) prescribed by the SECP vide SRO 639 dated June 20, 2019 is complied with.

	Note	June 30, 2020				June 30, 2019			
		UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	UBL Active Principal Preservation Plan III	Total	UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	UBL Active Principal Preservation Plan III	Total
12. PAYABLE TO THE TRUSTEE		(Rupees in '000)							
Remuneration payable	12.1	5	12	9	26	14	26	16	56
Sales tax on remuneration payable	12.2	1	2	1	4	2	3	2	7
		6	14	10	30	16	29	18	63

12.1 The tariff structure applicable to the fund in respect of trustee fee has been revised from July 1, 2019, whereby the revised tariff is 0.07% of net assets.

12.2 Sales tax at the rate of 13% on the remuneration of the Trustee is applied under the provisions of Sindh Sales Tax on Services Act, 2011.

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

SECP, vide SRO no. 685(I)/2019 dated June 28, 2019, revised the rate of annual fee at 0.02% (2019: 0.075%) of net assets on all categories of collective investment schemes which is effective from July 01, 2019.

14. TOTAL EXPENSE RATIO

Total Expense Ratio of UBL Active Principal Preservation Plan I, UBL Active Principal Preservation Plan II and UBL Active Principal Preservation Plan III is 0.66%, 0.99% and 0.38% respectively as on June 30, 2020 and these include 0.09%, 0.13% and 0.08% representing Government Levy, Sindh Worker's Welfare Fund and SECP Fee respectively. The ratio of each plan is within the maximum limit of 0.5% in case of UBL Active Principal Preservation Plan I, UBL Active Principal Preservation Plan III (as the management fee is not charged) and 2.5% in case of UBL Active Principal Preservation Plan II (as the management fee is charged), as prescribed under the NBFC Regulation 60 (5) for a collective investment scheme categorised as a Fund of Fund scheme.

		June 30, 2020				June 30, 2019			
		UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	UBL Active Principal Preservation Plan III	Total	UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	UBL Active Principal Preservation Plan III	Total
Note		(Rupees in '000)							
15. ACCRUED AND OTHER LIABILITIES									
Auditors' remuneration		154	154	95	403	99	99	40	238
Withholding tax payable		-	848	-	848	-	727	30	757
Capital gain tax payable		5	5	144	154	1	1	-	2
Provision for Sindh Workers' Welfare Fund (SWWF)	15.1	165	326	108	599	106	238	21	365
Others		52	3,486	39	3,577	20	129	1,356	1,505
		376	4,819	386	5,581	226	1,194	1,447	2,867

15.1 As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act (SWWF Act), 2014 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.0.5 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 (including the Management Company of the Fund) 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. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF which is currently pending. However, as a matter of abundant caution, MUFAP has recommended to all its members to record a provision for SWWF from the date of enactment of SWWF Act, 2014 (i.e. starting from May 21, 2015). However, All these plans have been launched after 2015 so provision for SWWF has been made from their respective date of launch.

Had the provision for SWWF is being made on a daily basis. Had the provision for SWWF not been recorded in the financial statements of the Fund, the net assets value of UBL Active Principal Preservation Plan I would have been higher by Rs.0.331 per unit, UBL Active Principal Preservation Plan II and UBL Active Principal Preservation Plan III would have been higher by Re.0.17 per unit and Re.0.071 per unit respectively as at June 30, 2020. (June 30, 2019: UAPPP-I: 0.065 per unit, UAPPP-II: 0.078 per unit & UAPPP-III: 0.011 per unit).

16. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2020 (June 30, 2019: Nil).

17. BASIS OF ALLOCATION OF EXPENSES TO EACH PLAN

17.1 Remuneration to the Management Company, the Trustee and annual fee to the SECP is allocated to each plan on the basis of the net assets of the plan, where applicable.

17.2 Expenses specifically incurred by a plan, such as custody and settlement charges, fees and subscription, and bank charges are charged to that plan.

17.3 Auditors' remuneration and legal and professional charges are allocated on the basis of the proportionate net assets of each plan.

18. AUDITORS' REMUNERATION

	June 30, 2020				June 30, 2019			
	UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	UBL Active Principal Preservation Plan III	Total	UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	UBL Active Principal Preservation Plan III	Total
	(Rupees in '000)							
Annual audit fee	49	49	50	148	40	40	27	107
Half yearly review fee	25	25	24	74	20	20	14	54
Fee for other certification and services	48	48	47	143	39	39	27	106
	122	122	121	365	99	99	68	267
Sales tax	10	10	10	30	8	8	5	21
Out of pocket expenses	12	12	13	37	19	19	13	50
	144	144	144	432	126	126	86	338

19. TAXATION

The income of the Fund is exempt from tax under clause (99) of Part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per regulation 63 of the NBFC Regulations, the Fund is required to distribute not less than 90 percent of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2020 to the unit holders as explained above, no provision for taxation has been made in these financial statements during the year.

20. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

	Management company	Associated companies	Trustee	Funds under common management	Directors and key executives	Other connected persons / related parties
	(Rupees in '000)					
	For the period ended June 30, 2020					
UBL Active Principal Preservation Plan I						
Transactions during the year						
Mark-up on bank accounts	-	315	-	-	-	-
Bank and other charges	-	7	-	-	-	-
Remuneration (Inclusive of SST)	-	-	77	-	-	-
Allocated expenses	93	-	-	-	-	-
Purchase of investment	-	-	-	192,147	-	-
Sale of investment	-	-	-	310,537	-	-
	As at June 30, 2020					
Balances held						
Units held (units in '000)	-	-	-	-	-	387
Units held (Rupees in '000)	-	-	-	-	-	40,105
Bank balances	-	919	-	-	-	-
Remuneration payable	-	-	6	-	-	-
Other payable	449	-	-	-	-	-
Units of mutual funds held	-	-	-	51,450	-	-
Sales load payable	1	-	-	-	-	-
Mark-up receivable	-	137	-	-	-	-

	Management company	Associated companies	Trustee	Funds under common management	Directors and key executives	Other connected persons / related parties
	(Rupees in '000)					
For the period ended June 30, 2020						
UBL Active Principal Preservation Plan II						
Transactions during the year						
Income from term deposit receipt (TDR)	-	7819	-	-	-	-
Mark-up on bank accounts	-	174	-	-	-	-
Bank and other charges	-	48	-	-	-	-
Units issued	-	-	-	-	-	1,422
Remuneration (Inclusive of SST)	1,313	-	185	-	-	-
Allocated expenses	235	-	-	-	-	-
Purchase of investment	-	-	-	711,041	-	-
Sale of investment	-	-	-	685,778	-	-
Dividend paid	-	-	-	-	-	1,788
As at June 30, 2020						
Balances held						
Units held (units in '000)	-	-	-	-	-	901
Units held (Rupees in '000)	-	-	-	-	-	91,498
Bank balances	-	46	-	-	-	-
Remuneration payable	27	-	14	-	-	-
Allocated expenses payable	36	-	-	-	-	-
Other payable	430	-	-	-	-	-
Units of mutual funds held	-	-	-	199,425	-	-
Mark-up receivable	-	95	-	-	-	-
For the period ended June 30, 2020						
UBL Active Principal Plan III						
Transactions during the year						
Mark-up on bank accounts	-	90	-	-	-	-
Bank and other charges	-	22	-	-	-	-
Remuneration (inclusive of SST)	-	-	140	-	-	-
Allocated expenses	177	-	-	-	-	-
Purchase of investment	-	-	-	347,504	-	-
Sale of investment	-	-	-	387,675	-	-

	Management company	Associated companies	Trustee	Funds under common management	Directors and key executives	Other connected persons / related parties
	----- (Rupees in '000) -----					
	As at June 30, 2020					
Balances held						
Units held (units in '000)	-	-	-	-	-	391
Units held (Rupees in '000)	-	-	-	-	-	39,602
Bank balances	-	32	-	-	-	-
Remuneration payable	-	-	10	-	-	-
Allocated expenses payable	26	-	-	-	-	-
Other payable	-	-	-	-	-	-
Units of mutual funds held	-	-	-	154,142	-	-
Mark-up receivable	-	8	-	-	-	-

	Management company	Associated companies	Trustee	Funds under common management	Directors and key executives	Other connected persons / related parties
	----- (Rupees in '000) -----					
	For the period ended June 30, 2019					
UBL Active Principal Preservation Plan I						
<u>Transactions during the year</u>						
Mark-up on bank accounts	-	164	-	-	-	-
Bank and other charges	-	7	-	-	-	-
Remuneration (Inclusive of SST)	-	-	195	-	-	-
Allocated expenses	172	-	-	-	-	-
Purchase of investment	-	-	-	449,009	-	-
Sale of investment	-	-	-	457,655	-	-
Dividend received	-	-	-	74	-	-

As at June 30, 2019						
Balances held						
Units held (units in '000)	-	-	-	-	-	535
Units held (Rupees in '000)	-	-	-	-	-	55,159
Bank balances	-	1,195	-	-	-	-
Remuneration payable	-	-	16	-	-	-
Allocated expenses payable	14	-	-	-	-	-
Other payable	449	-	-	-	-	-
Units of mutual funds held	-	-	-	168,177	-	-
Mark-up receivable	-	46	-	-	-	-

UBL Active Principal Preservation Plan II	Management company	Associated companies	Trustee	Funds under common management	Directors and key executives	Other connected persons / related parties
	(Rupees in '000)					
Transactions during the year	For the period ended June 30, 2019					
Income from term deposit receipt (TDR)	-	8321	-	-	-	-
Mark-up on bank accounts	-	68	-	-	-	-
Bank and other charges	-	7	-	-	-	-
Units issued	-	-	-	-	-	1,243
Remuneration (Inclusive of SST)	1,397	-	362	-	-	-
Allocated expenses	320	-	-	-	-	-
Purchase of investment	-	-	-	490,316	-	-
Sale of investment	-	-	-	523,368	-	-
Dividend paid	-	-	-	-	-	1,421
Dividend received	-	-	-	711	-	-
Balances held	As at June 30, 2019					
Units held (units in '000)	-	-	-	-	-	635
Units held (Rupees in '000)	-	-	-	-	-	64,435
Term Deposit Receipt (TDR)	-	132,531	-	-	-	-
Bank balances	-	521	-	-	-	-
Remuneration payable	115	-	29	-	-	-
Allocated expenses payable	26	-	-	-	-	-
Other payable	430	-	-	-	-	-
Units of mutual funds held	-	-	-	177,306	-	-
Mark-up receivable	-	23	-	-	-	-
Mark-up receivable on TDR	-	8,868	-	-	-	-

UBL Active Principal Plan III	Management company	Associated companies	Trustee	Funds under common management	Directors and key executives	Other connected persons / related parties
	(Rupees in '000)					
Transactions during the period	For the period ended June 30, 2019					
Mark-up on bank accounts	-	73	-	-	-	-
Bank and other charges	-	6	-	-	-	-
Units issued	-	-	-	-	-	40,105
Remuneration (inclusive of SST)	-	-	157	-	-	-
Allocated expenses	139	-	-	-	-	-
Purchase of investment	-	-	-	777,013	-	-
Sale of investment	-	-	-	587,911	-	-
Dividend paid	-	-	-	-	-	44

	As at June 30, 2019				
Balances held					
Units held (units in '000)	-	-	-	-	391
Units held (Rupees in '000)	-	-	-	-	39,226
Bank balances	-	1,751	-	-	-
Remuneration payable	-	-	18	-	-
Allocated expenses payable	16	-	-	-	-
Other payable	5	-	-	-	-
Units of mutual funds held	-	-	-	190,265	-
Sales load payable	-	1,300	-	-	-
Mark-up receivable	-	21	-	-	-

21. FINANCIAL RISK MANAGEMENT

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

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

21.2 Market risk

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

(i) Interest rate risk

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

a) Sensitivity analysis of variable rate instruments

Presently, the Fund does not hold any variable profit based investment except balances with banks in deposit account exposing the Fund to cash flow profit rate risk. The Fund is also exposed to mark-up rate risk on bank deposits. In case of 100 basis points increase / decrease in KIBOR at year end, the net assets attributable to unit holders of the Fund and net income for the year would be higher / lower by Rs.0.01 (2019: Rs.0.034) million.

b) Sensitivity analysis of fixed rate instruments

As at June 30, 2020, the Fund does not hold any fixed rate instruments and is not exposed to fair value interest rate risk.

Yield / interest rate sensitivity position for on balance sheet financial instruments is based on the earlier of contractual repricing or maturity date. The composition of the fund investment may change over time. Accordingly, the sensitivity analysis prepared as at June 30, 2020 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

On-balance sheet financial instruments	% Interest rate	June 30, 2020												Total
		UBL Active Principal Preservation Plan I				UBL Active Principal Preservation Plan II				UBL Active Principal Preservation Plan III				
		Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	
		Upto three months	More than three months and up to one year	More than one year		Upto three months	More than three months and up to one year	More than one year		Upto three months	More than three months and up to one year	More than one year		
(Rupees in '000)														
Financial assets	4.75-6.5	919	-	-	1	46	-	-	166	32	-	-	-	1,164
Bank balances														
Investments		-	-	-	51,450	-	-	-	199,425	-	-	-	154,142	405,017
Mark-up and other receivables		-	-	-	138	-	-	-	261	-	-	-	1,386	1,785
		919	-	-	51,589	46	-	-	199,852	32	-	-	155,528	407,966
Financial liabilities														
Payable to the Management Company		-	-	-	449	-	-	-	493	-	-	-	31	973
Payable to the Trustee		-	-	-	5	-	-	-	12	-	-	-	9	26
Accrued and other liabilities		-	-	-	196	-	-	-	3,630	-	-	-	124	3,950
		-	-	-	650	-	-	-	4,135	-	-	-	164	4,949
On-balance sheet gap		919	-	-	50,939	46	-	-	195,717	32	-	-	155,364	403,017

There is no off-balance sheet financial instrument that exist as on June 30, 2020.

On-balance sheet financial instruments	% Interest rate	June 30, 2019											Total	
		UBL Active Principal Preservation Plan I				UBL Active Principal Preservation Plan II				UBL Active Principal Preservation Plan III				
		Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Exposed to yield / interest rate risk				Not exposed to yield / interest rate risk
		months	months and up to	one year		months	months and up to	one year		months	months and up to	one year		
		(Rupees in '000)												
Financial assets	8.00-8.25	1,195	-	-	-	521	-	-	165	1,751	-	-	-	3,632
Bank balances														
Investments	6.75	-	-	-	168,177	-	-	132,531	177,306	-	-	-	190,265	668,279
Mark-up and other receivables		-	-	-	46	-	-	-	188	-	-	-	21	255
		1,195	-	-	168,223	521	-	132,531	177,659	1,751	-	-	190,286	672,167
Financial liabilities														
Payable to the Management Company		-	-	-	463	-	-	-	570	-	-	-	21	1,054
Payable to the Trustee		-	-	-	14	-	-	-	26	-	-	-	16	56
Accrued and other liabilities		-	-	-	111	-	-	-	220	-	-	-	1,391	1,722
		-	-	-	588	-	-	-	816	-	-	-	1,428	2,832
On-balance sheet gap		1,195	-	-	167,635	521	-	132,531	176,843	1,751	-	-	188,859	669,334

There is no off-balance sheet financial instrument that exist as on June 30, 2019.

21.3 Foreign currency risk

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

21.4 Price risk

Price risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market prices (other than those arising from currency risk or interest rate risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market.

UBL Active Principal Preservation Plan I

The plan is exposed to equity price risk because of units of mutual funds held and classified on the balance sheet as 'at fair value through profit or loss - held-for-trading'. In case of 5% increase / decrease in net assets value (NAV) of the said mutual funds on June 30, 2020, the net assets relating to the plan and total net assets of the Fund would increase / decrease by Rs.2.57 million (June 30, 2019: Rs.8.41 million).

UBL Active Principal Preservation Plan II

The plan is exposed to equity price risk because of units of mutual funds held and classified on the balance sheet as 'at fair value through profit or loss - held-for-trading'. In case of 5% increase / decrease in net assets value (NAV) of the said mutual funds on June 30, 2020, the net assets relating to the plan and total net assets of the Fund would increase / decrease by Rs.9.97 million (June 30, 2019: Rs.8.87 million).

UBL Active Principal Preservation Plan III

The plan is exposed to equity price risk because of units of mutual funds held and classified on the balance sheet as 'at fair value through profit or loss - held-for-trading'. In case of 5% increase / decrease in net assets value (NAV) of the said mutual funds on June 30, 2020, the net assets relating to the plan and total net assets of the Fund would increase / decrease by Rs.7.71 million (June 30, 2019: Rs.9.51).

The analysis is based on the assumption that the net assets value increased / decreased by 5% with all other variables held constant and all the plans' equity instruments moved according to the historical correlation with the net assets value of mutual funds. This represents management's best estimate of a reasonable possible shift in the net assets value of the mutual funds. The composition of the each plan's investment portfolio and the correlation thereof to the net assets value of the mutual funds, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2020 is not necessarily indicative of the effect on the each plan's net assets of future movements in net assets value of the mutual funds.

21.5 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation. The Fund's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines, offering document and regulatory requirements. The table below analyses the Fund's maximum exposure to credit risk:

	June 30, 2020			
	UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	UBL Active Principal Preservation Plan III	Total
	----- (Rupees in '000) -----			
Bank balances	919	46	32	997
Investments	51,450	199,425	154,142	405,017
Mark-up and other receivables	138	261	1,386	1,785
	52,507	199,732	155,560	407,799

All deposits with banks are highly rated and risk of default is considered minimal.

	June 30, 2019			Total
	UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	UBL Active Principal Preservation Plan III	
	----- (Rupees in '000) -----			
Bank balances	1,195	521	1,751	3,467
Term deposit receipts	-	132,531	-	132,531
Investments	168,177	177,306	190,265	535,748
Mark-up and other receivables	46	188	21	255
	169,418	310,546	192,037	672,001

All deposits with banks are highly rated and risk of default is considered minimal.

Bank balances by rating category

The fund held bank balances and investments at June 30, 2020 with banks having the following credit ratings:

Rating	June 30, 2020					
	UBL Active Principal Preservation Plan I		UBL Active Principal Preservation Plan II		UBL Active Principal Preservation Plan III	
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
Balances with banks						
AAA	919	100%	46	100%	32	100%
Investments - Units of mutual funds						
AA(f)	51,450	100%	199,425	100%	154,142	100%

Above rates are on the basis of available ratings assigned by PACRA and VIS as of June 30, 2020.

Bank balances by rating category

The fund held bank balances and investments at June 30, 2019 with banks having the following credit ratings:

Rating	June 30, 2019					
	UBL Active Principal Preservation Plan I		UBL Active Principal Preservation Plan II		UBL Active Principal Preservation Plan III	
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
Balances with banks						
AAA	1,195	100%	521	100%	1,751	100%
Investments - Units of mutual funds						
AA(f)	168,177	100%	177,306	100%	190,265	100%

Above rates are on the basis of available ratings assigned by PACRA and VIS as of June 30, 2019.

21.6 Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities earlier than expected. The Fund is exposed to cash redemptions of its redeemable units on a regular basis. Units are redeemable at the unit holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive documents.

In order to manage the Fund's overall liquidity, the Fund has the ability to withhold daily redemption requests in excess of ten percent of the units in issue and such request would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any significant redemption during the period. Further, the Fund also has the ability to suspend redemption of units with approval of Board of Directors of the Management Company in extraordinary circumstances.

The table below analyses the all plans' financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

June 30, 2020										
UBL Active Principal Preservation Plan I			UBL Active Principal Preservation Plan II			UBL Active Principal Preservation Plan III				
Upto one month	More than one month upto three months	More than three months and upto one year	Upto one month	More than one month upto three months	More than three months and upto one year	Upto one month	More than one month upto three months	More than three months and upto one year	Total	
Financial liabilities										
(Rupees in '000)										
Payable to the Management Company	449	-	-	493	-	-	31	-	-	973
Payable to the Trustee	5	-	-	12	-	-	9	-	-	26
Accrued and other liabilities	52	144	-	3,488	142	-	39	85	-	3,950
	506	144	-	3,993	142	-	79	85	-	4,949

June 30, 2019									Total	
UBL Active Principal Preservation Plan I			UBL Active Principal Preservation Plan II			UBL Active Principal Preservation Plan III				
Upto one month	More than one month upto three months	More than three months and upto one year	Upto one month	More than one month upto three months	More than three months and upto one year	Upto one month	More than one month upto three months	More than three months and upto one year		
(Rupees in '000)										
Financial liabilities										
Payable to the Management Company	463	-	-	570	-	-	21	-	-	1,054
Payable to the Trustee	14	-	-	26	-	-	16	-	-	56
Accrued and other liabilities	20	91	-	140	80	-	1,356	35	-	1,722
	497	91	-	736	80	-	1,393	35	-	2,832

21.7 Unit holders' fund risk management

The Fund's capital is represented by redeemable units. The Fund is required by the NBFC Regulations, to maintain a minimum fund size of Rs.100 million, to be maintained all the time during the life of the scheme. The units issued by the Fund provides an investor with the right to require redemption for cash at a value proportionate to the unit holder's share in the Fund's net assets at the redemption date.

The Fund's objective in managing the unit holders' fund is to ensure a stable base to maximise returns to all investors and to manage liquidity risk arising from redemption. In accordance with the risk management policies, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption, such liquidity being augmented by disposal of investments.

21.8 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Fund's operations either internally within the Fund or externally at the Fund's service providers, and from external factors other than credit, market and liquidity risk such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risk arise from all of the Fund's activities.

The Fund's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risk faced, and the adequacy of controls and procedures to address the risk identified;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

21.9 Impact of COVID 19

The COVID-19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

The Securities and Exchange Commission of Pakistan (SECP) has provided the following relaxations to the asset management companies operating in Pakistan for a specific period:

- The time period to regularise the exposure limits breach under Regulation 55(13) of the NBFC Regulations has been extended from four months to six months;
- Maximum limit for application of discretionary discount as per the Annexure-I, Chapter 3 of Circular 33 of 2012 has been enhanced;
- Time period to ensure compliance with minimum fund size for Open End Schemes under Regulation 54(3b) of the NBFC regulations has been increased to 180 days for Open End Schemes;

22. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value.

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2020 and June 30, 2019, the fund held the following instruments measured at fair values:

June 30, 2020				
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
UBL Active Principle preservation Plan I				
At fair value through profit or loss	-	51,450	-	51,450
UBL Active Principle preservation Plan II				
At fair value through profit or loss	-	199,425	-	199,425
UBL Active Principle preservation Plan III				
At fair value through profit or loss	-	154,142	-	154,142
	-	405,017	-	405,017

June 30, 2019				
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
UBL Active Principle preservation Plan I				
At fair value through profit or loss	-	168,177	-	168,177
UBL Active Principle preservation Plan II				
At fair value through profit or loss	-	177,306	-	177,306
UBL Active Principle preservation Plan III				
At fair value through profit or loss	-	190,265	-	190,265
	-	535,748	-	535,748

Fair values of investments in units of mutual funds are determined based on redemption prices disclosed at the MUFAP as at the close of the business days.

23. SUPPLEMENTARY NON-FINANCIAL INFORMATION

The information regarding unit holding pattern, members of the Investment Committee, fund manager, meetings of the Board of Directors of the Management Company and rating of the Fund and the Management Company has been disclosed in Annexure I to the financial statements.

24. GENERAL

24.1 Figures have been rounded off to the nearest thousand rupee.

24.2 Earnings per unit has not been disclosed as in the opinion of the Management Company, determination of the cumulative weighted average number of outstanding units is not practicable.

25. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Management Company on September 24, 2020.

**For UBL Fund Managers Limited
(Management Company)**

SD

Chief Executive Officer

SD

Director

SD

Chief Financial Officer

SUPPLEMENTARY NON-FINANCIAL INFORMATION
AS REQUIRED UNDER RULES 6(D), (F), (G), (H), (I) AND (J)
OF THE 5TH SCHEDULE TO THE NON BANKING FINANCE COMPANIES
AND NOTIFIED ENTITIES REGULATIONS, 2008

(i) **PATTERN OF UNIT HOLDING**

Category	Number of unit holders	Number of units held	% of Total
Individuals	216	2,905,063	73.69
Retirement Funds	1	4,837	0.13
Others	3	1,032,231	26.18
	220	3,942,131	100

(ii) **THE MEMBERS OF THE INVESTMENT COMMITTEE**

S.no	Name	Designation	Experience in years	Qualification
1	Yasir Qadri	Chief Executive Officer	24	MBA
2	Syed Suleman Akhtar	Chief Investment Officer	19	CFA, MBA
3	Muhammad Imran	Head of Investment advisory	20	MBA
4	Irfan Nepal	Chief Dealer & Fund Manager	26	EMBA
5	Hadi Hassan Muki	Head of Compliance	20	BCOM
6	Syed Shabbir Sardar Zaidi	Fund Manager & Senior Analyst	11	MAS, CFA
7	Syed Sheeraz Ali	Fund Manager & Senior Analyst	10	MBA
8	Mubashir Anis	Fund Manager Equity	8	BS, CFA
9	Muhammad Waseem	Head Research	6	BBA, CFA

OTHER FUNDS MANAGED BY THE FUND MANAGER

AI - Ameen Islamic Aggressive Income Fund
AI - Ameen Islamic Special Savings Fund
UBL Money Market Fund
UBL Income Opportunity Fund
UBL Financial Planning Fund
UBL Liquidity Plus Fund
UBL Cash Fund
UBL Government Securities Fund
UBL Growth and Income Fund
UBL Asset Allocation Fund
UBL Special Savings Fund
UBL Special Savings Fund - II
UBL Retirement Savings Fund

(iii) ATTENDANCE AT THE MEETINGS OF THE BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

During the year, six meetings of the Board of Directors of the Management Company were held. The details of the attendance are as under:

	August 30, 2019	September 17, 2019	October 29, 2019	December 9, 2019	February 25, 2020	April 30, 2020	Total meetings attended
Name of Director							
Mr. Arif Akmal Saifie *	N/A	N/A	N/A	N/A	N/A	✓	1
Mr. Azhar Hamid	✓	✓	✓	✓	✓	✓	6
Mr. Imran Sarwar	✓	✓	✓	✓	x	✓	5
Mr. Yasir Qadri	✓	✓	✓	✓	✓	✓	6
Ms. Naz Khan **	✓	✓	✓	✓	✓	✓	6
Ms. Sadia Saeed	x	✓	✓	✓	✓	✓	5
Syed Furrukh Zaeem	✓	✓	✓	✓	x	✓	5
Mr. Tauqeer Mazhar ***	✓	✓	✓	✓	N/A	N/A	4
Name of Key Executives							
Mr. Bilal Javaid ****	N/A	N/A	N/A	✓	✓	✓	3
Mr. Umair Ahmed	✓	✓	✓	✓	✓	✓	6
S.M. Aly Osman *****	✓	✓	✓	N/A	N/A	N/A	3

* Mr. Arif Akmal appointed as Director with effect from March 20, 2020

** Ms. Naz Khan resigned as Director with effect from July 20, 2020

*** Mr. Tauqeer Mazhar resigned as Director with effect from January 30, 2020

**** Mr. Bilal Javaid appointed as Company Secretary with effect from February 25, 2020

***** S.M. Aly Osman resigned as Company Secretary with effect from November 30, 2019

✓	Present
x	Absent
N/A	Not Applicable

(iv) RATING OF THE FUND AND THE MANAGEMENT COMPANY

VIS has assigned a "AM1" management quality rating to the Management Company on December 31, 2019.

UFSF

UBL Financial Sector Fund

INVESTMENT OBJECTIVE

The objective is to provide investors long-term capital appreciation by investing primarily in a mix of actively managed portfolio of listed equities that offer capital gains and dividends yield potential preferably in the Financial Sector.

Management Company	UBL Fund Managers Limited
Trustee	Central Depository Company of Pakistan Limited 99-B, Block-B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi. Tel: (9221) 111-111-500
Distribution Company	United Bank Limited (for detail of others, please visit our website: www.ublfunds.com.pk)
Auditors	BDO Ebrahim & Co., Chartered Accountants
Bankers	Allied Bank Limited United Bank Limited Soneri Bank Limited
Management Co. Rating	AM 1 (VIS Credit Rating Company Limited)

Fund Manager's Report – UBL Financial Sector Fund (UFSF)

- i) **Description of the Collective Investment Scheme category and type**
Equity / Open-end
- ii) **Statement of Collective Investment Scheme's investment objective**
The objective is to provide investors long-term capital appreciation by investing primarily in a mix of actively managed portfolio of listed equities that offer capital gains and dividends yield potential preferably in the Financial Sector.
- iii) **Explanation as to whether the Collective Investment Scheme achieved its stated objective**
The Collective Investment Scheme achieved its stated objective.
- iv) **Statement of benchmark(s) relevant to the Collective Investment Scheme**
KSE-100 Index
- v) **Comparison of the Collective Investment Scheme's performance during the period compared with the said benchmarks**

Monthly Yield	Jul'19	Aug'19	Sep'19	Oct'19	Nov'19	Dec'19	Jan'20	Feb'20	Mar'20	Apr'20	May'20	Jun'20	FYTD
UFSF	-5.91%	-7.10%	5.43%	5.67%	12.81%	2.39%	2.61%	-5.77%	-26.93%	7.44%	-4.29%	3.69%	-15.28%
Benchmark	-5.79%	-7.10%	8.11%	6.62%	14.86%	3.68%	2.20%	-8.76%	-23.04%	16.69%	-0.53%	1.45%	1.53%

Description of the strategies and policies employed during the period under review in relation to the Collective Investment Scheme's performance

The objective is to provide investors long-term capital appreciation by investing primarily in a mix of actively managed portfolio of listed equities that offer capital gains and dividends yield potential preferably in the Financial Sector. During the period under review, the fund posted a negative return of 15.28%. The fund manager maintained the exposure in local equity market of around 92% while exposure in cash stood at 1% at the end of Jun'20. The net assets of the fund were PKR 626mn at the end of Jun'20.

- vi) **Disclosure of the Collective Investment Scheme's asset allocation as at the date of the report and particulars of significant changes in asset allocation since the last report (if applicable)**

Asset Allocation (% of Total Assets)	Jun-19	Jun-20
Equities	92%	92%
T-bills	0%	0%
Cash	7%	1%
Others	1%	6%
Leverage	Nil	Nil

vii) **Analysis of the Collective Investment Scheme's performance**

FY'20 Return:	-15.28%
Standard Deviation (12m trailing):	26.76%
Sharpe Ratio (12m trailing):	(1.02)

viii) **Changes in total NAV and NAV per unit since the last review period or since commencement (in case of newly established Collective Investment Schemes)**

Net Asset Value			NAV per unit		
30-Jun-20	30-Jun-19	Change	30-Jun-20	30-Jun-19	Change
Rupees (000)		%	Rupees		%
9,222,014	10,745,730	-14.18	67.9130	80.1577	-15.28

ix) **Disclosure on the markets that the Collective investment Scheme has invested in including review of the market(s) invested in and performance during the period**

Stock Market Review for FY19

Prolonging its losing streaks, Pakistan equity market witnessed another year of dismissal performance where the benchmark index posted loss of 19% during FY19 for the second consecutive year. Major reasons for the decline in KSE-100 index were the expectations of rate hikes, subdued economic growth, deteriorating macroeconomic conditions, mushrooming twin deficits and large PKR currency devaluation against USD. With growing uncertainties, market participants remained cautious, keeping average market-traded volumes depressed (96.3mn). Foreign participants remained net sellers with cumulative sell off of USD 356mn during FY19.

Equity market started the fiscal year on a positive note, with the benchmark index returning ~2% in the Jan-19. However delays in finalization of IMF program in the absence of any substantial alternative macroeconomic remedy dragged the stock market for the remaining fiscal year with the benchmark index registering a continual decline for the remaining 5 months. Among the sectors, Cement, Oil and Gas marketing, Refinery, Automobile and insurance were the major sector which negatively contributed in the index during the period under review.

- x) **Disclosure on distribution (if any), comprising:-**
- particulars of income distribution or other forms of distribution made and proposed during the period; and
- statement of effects on the NAV before and after distribution is made

Distribution				Per unit	
Declared on	Bonus	Cash	Per Unit	Cum NAV	Ex NAV
	Rupees (000)			----- Rupees -----	
No Distribution					

- xi) **Description and explanation of any significant changes in the state of affairs of the Collective Investment Scheme during the period and up till the date of the manager's report, not otherwise disclosed in the financial statements.**

There were no significant changes in the state of affairs of Collective Investment Scheme during the period that has not been disclosed in the financial statements.

- xii) **Breakdown of unit holdings by size**

Range of Units	Number of Investors
	UFSF
0.0001 - 9,999.9999	109
10,000.0000 - 49,999.9999	29
50,000.0000 - 99,999.9999	9
100,000.0000 - 499,999.9999	5
500,000.0000 & Above	4
Total	156

- xiii) **Disclosure on unit split (if any), comprising:-**

There were no unit splits during the period.

- xiv) **Disclosures of circumstances that materially affect any interests of unit holders**

Investments are subject to market risk.

- xv) **Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker(s) or dealer(s) by virtue of transactions conducted by the Collective Investment Scheme.**

No soft commissions are received by the AMC from its brokers or dealers by virtue of transactions conducted by the Collective Investment Scheme.

UBL Financial Sector Fund

xvi) Summary of Actual Proxy Voted By the Fund

	Resolutions	For	Against	Abstain*
Number	4	4	-	-
Percentage	100%	100%	-	-

*Reasons for abstaining shall be disclosed (if applicable).

2. Details where Management Company did not participate in investee company's shareholders meetings (if applicable)

3. The proxy voting policy of the Fund is available on the website of UBL Fund Managers Limited (Management Company) and detailed information regarding actual proxies voted by the Management Company in respect of the Fund is also available without charge, upon request, to all unit holders.

PERFORMANCE TABLE

UBL Financial Sector Fund

	2020	2019	2018
NET ASSETS AS AT 30 JUNE - Rupees in '000	626,295	861,353	372,153
NET ASSETS VALUE PER UNIT AT 30 JUNE - Rupees *			
Class A units - Offer	70.2153	82.8750	94.3135
- Redemption	67.9130	80.1577	91.2211
RETURN OF THE FUND - %			
Total Return of the Fund	(15.28)	(12.13)	(8.78)
Capital Growth (per unit)	(15.28)	(12.13)	(8.78)
Date of Income Distribution	-	-	-
Income Distribution	-	-	-
Date of Income Distribution	-	-	-
Income Distribution	-	-	-
AVERAGE ANNUAL RETURN - %			
One Year	(15.28)	(12.13)	(8.78)
Second Year	(13.71)	(10.46)	-
Third Year	(12.06)	-	-
OFFER / REPURCHASE DURING THE YEAR- Rupees *			
Highest price per unit - Class A units - Offer	100.5480	101.2762	103.3959
Highest price per unit - Class A units - Redemption	97.2512	97.9555	100.0057
Lowest price per unit - Class A units - Offer	63.0467	82.2532	92.2498
Lowest price per unit - Class A units - Redemption	60.9795	79.5562	89.2251

* Front-end load @ 3% is applicable

PORTFOLIO COMPOSITION - %

Percentage of Net Assets as at 30 June

PORTFOLIO COMPOSITION BY CATEGORY - %

Bank Balances	1	7	1
Equity Securities	92	92	72
Others	7	1	27

PORTFOLIO COMPOSITION BY MARKET - %

Equity Market	100.00	100.00	100.00
Debt	-	-	-

Note:

- The Launch date of Fund is 6 April 2018

DISCLAIMER

Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up.

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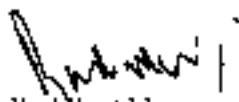
TRUSTEE REPORT TO THE UNIT HOLDERS

UBL FINANCIAL SECTOR FUND

Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of UBL Financial Sector Fund (the Fund) are of the opinion that UBL Fund Managers Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2020 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund, and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund


Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 25, 2020



STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 BY UBL FUND MANAGERS LIMITED

NAME OF FUND: UBL FINANCIAL SECTOR FUND

YEAR ENDED: JUNE 30, 2020

The Securities and Exchange Commission of Pakistan (SECP) has exempted open-end collective investment schemes from the requirements of the Listed Companies (Code of Corporate Governance) Regulations (the Regulations). However, the Board of Directors (the Board) of UBL Fund Managers Limited [the Management Company of UBL Financial Sector Fund (the Fund)], for the purpose of establishing a framework of good governance has voluntarily opted to comply with the relevant provisions of the Regulations.

The Management Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven as per the following:
 - a. Male: Five Directors; and
 - b. Female: Two Directors.
2. The composition of the Board is as follows:

Category	Name
Independent Directors	Mr. Azhar Hamid Ms. Naz Khan*
Executive Directors	Mr. Yasir Qadri
Non-Executive Directors	Mr. Imran Sarwar Ms. Sadia Saeed Mr. Arif Akmal Saifie** Syed Furrukh Zaeem
Female Director	Ms. Naz Khan* Ms. Sadia Saeed

* Ms. Naz Khan has resigned dated July 20, 2020

** Mr. Arif Akmal Saifie was appointed as a director from March 20, 2020

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including the Management Company.
4. The Management Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures.
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Management Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Management Company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.



8. The Board has a formal policy and transparent procedures for remuneration of its directors in accordance with the Act and these Regulations.
9. The following directors and executives have acquired the prescribed Directors' Training Program (DTP) certification:

Directors

- a. Mr. Imran Sarwar
- b. Mr. Yasir Qadri
- c. Ms. Naz Khan
- d. Ms. Sadia Saeed
- e. Syed Furrukh Zaeem

Executives

- a. Mr. Amin Gulamani (Head of Human Resources)
 - b. Mr. Hadi Hassan Mukhi (Head of Compliance and Risk)
 - c. Mr. Umair Ahmed (Chief Financial Officer)
 - d. Mr. Zeeshan Quddus (Chief Business Development Officer)
10. The Board has approved appointment of the Chief Financial Officer (CFO), the Company Secretary and the Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with the relevant requirements of the Regulations.
 11. The Chief Executive Officer (CEO) and CFO duly endorsed the financial statements of the Fund before approval of the Board.
 12. The Board has formed committees comprising of members given below.

Board Audit Committee

Name	Designation	Type of Directorship
Ms. Naz Khan*	Chairman	Independent Director
Mr. Arif Akmal Saifie**	Member	Non-Executive Director
Mr. Imran Sarwar	Member	Non-Executive Director
Ms. Sadia Saeed	Member	Non-Executive Director
Mr. Tauqeer Mazhar***	Member	Non-Executive Director

Board Human Resource and Compensation Committee

Name	Designation	Type of Directorship
Mr. Azhar Hamid	Chairman	Independent Director
Mr. Yasir Qadri	Member	Executive Director
Ms. Naz Khan*	Member	Independent Director
Ms. Sadia Saeed	Member	Non-Executive Director
Syed Furrukh Zaeem	Member	Non-Executive Director

Board Risk and Compliance Committee

Name	Designation	Type of Directorship
Mr. Imran Sarwar	Chairman	Non-Executive Director
Mr. Azhar Hamid	Member	Independent Director
Mr. Arif Akmal Saifie**	Member	Non-Executive Director
Mr. Tauqeer Mazhar***	Member	Non-Executive Director
Mr. Yasir Qadri	Member	Executive Director
Syed Furrugh Zaeem	Member	Non-Executive Director

* Ms. Naz Khan has resigned dated July 20, 2020

** Mr. Arif Akmal Saifie was appointed as a director from March 20, 2020

*** Mr. Tauqeer Mazhar resigned as a director from January 30, 2020

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
14. The frequency of meetings of the committees was as follows:
 - a. The Board Audit Committee: quarterly - six meetings held
 - b. The Board Human Resource and Compensation Committee: quarterly - five meetings held
 - c. The Board Risk and Compliance Committee: quarterly - four meetings held
15. The Board has set up an effective internal audit function. The Function has suitably qualified and experienced staff for the purpose and they are conversant with the policies and procedures of the Management Company.
16. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and are registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the Partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of CEO, CFO, the Head of Internal Audit, the Company Secretary or directors of the Management Company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of Regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with.
19. We confirm that any other significant requirements of the Regulations have been complied with.

AZHAR HAMID
Chairman

Karachi.
Dated: **September 25, 2020**



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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE UNITHOLDERS OF UBL FINANCIAL SECTOR FUND ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 AS ADOPTED BY THE BOARD OF DIRECTORS OF UBL FUND MANAGERS LIMITED

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) as adopted by the Board of Directors (the Board) of UBL Fund Managers Limited, the Management Company of UBL Financial Sector Fund (the Fund) for the year ended June 30, 2020 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Management Company of the Fund. Our responsibility is to review whether the Statement of Compliance reflects the status of the Fund's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

The Regulations require the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Fund's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Fund for the year ended June 30, 2020.

We draw attention to the following paragraph as detailed in the Statement of Compliance:

"The Securities and Exchange Commission of Pakistan (SECP) through its letter dated April 18, 2018 to Mutual Funds Association of Pakistan (MUFAP) has exempted the open-end collective investment schemes from the requirements of the Code of Corporate Governance. However, the Board of Directors of UBL Fund Managers Limited, the Management Company of the Fund, for the purpose of establishing a framework of good governance whereby a Fund is managed by best practice of corporate governance, has voluntarily opted to comply with the relevant provisions of the Listed Companies (Code of Corporate Governance) Regulations 2019 (The Code)."

Accordingly, our opinion is in relation to Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019 as adopted by the Board of Directors of the Management Company.

KARACHI

DATED: SEPTEMBER 25, 2020

CHARTERED ACCOUNTANTS
Engagement Partner: Zulfikar Ali Causer



FINANCIAL STATEMENTS
OF
UBL FINANCIAL SECTOR FUND
FOR THE YEAR ENDED JUNE 30, 2020

BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS**Report on the audit of the financial statements****Opinion**

We have audited the financial statements of UBL Financial Sector Fund ("the Fund"), which comprise the statement of assets and liabilities as at June 30, 2020, and the income statement, statement of comprehensive income, statement of cash flows and statement of movement in unit holders' fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at June 30, 2020, and its financial performance and its cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S.NO	Key audit matter(s)	How the matter was addressed in our audit
1.	Existence and valuation of investments As disclosed in note 6 to the financial statements of the Fund for the year ended June 30, 2020, the investments held by the Fund comprised of debt instruments amounting to Rs. 595.852 million which represent 92% of the total assets of the Fund as at the year end.	Our audit procedures included the following: We evaluated the design and implementation of key controls of Investment and tested controls over acquisition, disposals and periodic valuation of investments portfolio.

S.NO	Key audit matter(s)	How the matter was addressed in our audit
	As these investments represent a significant element of the statement of assets and liabilities, a discrepancy in the valuation or existence of investments could cause the NAV to be materially misstated which would also impact the Fund's reported performance as the valuation of investments is the main driver of movements in the performance of the Fund. Further, the Fund is required to be compliant with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) with respect to investments. In view of the significance of these investments in relation to the total assets and the NAV of the Fund, we have considered the existence and valuation of such investments as a key audit matter.	- We performed substantive audit procedures on year-end balance of investment portfolio including review of custodian's statement, and related reconciliations and re-performance of investment valuations on the basis of quoted market prices at the Pakistan Stock Exchange Limited as at June 30, 2020 and matching the valuation of investment with that appearing in the financial statements. - We assessed the Fund's compliance with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) in relation to the concentration of investments and exposure limits prescribed in such Regulations and documented and reviewed the adequacy of disclosures as may be applicable in situations of non-compliance. - We also evaluated the adequacy of the overall disclosures in the financial statements in respect of the investment portfolio in accordance with the requirements of the NBFC Regulations and whether the Fund's disclosures in relation to the valuation of investments are compliant with the relevant accounting requirements.
2.	Recognition, measurement and presentation of 'Element of Income' Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) stipulates the requirements for recognition, measurement and presentation of element of income. As per the NBFC Regulations, element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unitholders' fund.	Our audit procedures included the following: We reviewed the processes and controls implemented by the Fund relating to the production and review of system generated reports and manual workings for the purpose of calculations of element of income or loss and bifurcation of amount paid on redemption of units into "capital value" and "income already paid on units redeemed".

S.NO	Key audit matter(s)	How the matter was addressed in our audit
	Furthermore, the NBFC Regulations also prescribes certain disclosure requirements with respect to presentation of element of income in the 'Statement of Movement in Unit Holders' Fund'. The NBFC Regulations explains that the accounting income as appearing in the 'Income Statement' excludes the amount of element of income and accounting income available for distribution as appearing in the 'Income Statement' excludes income already paid on units redeemed. The Fund has to distribute not less than 90 percent of its accounting income for the year (excluding capital gains whether realized or unrealized). However, at the time of distribution, in order to maintain the same ex-dividend net asset value of all units outstanding on the date of distribution, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution. Due to the complex calculations involved in determining the element of income, the related impact on financial statements and ensuring compliance with the NBFC Regulations, we considered recognition, measurement and presentation of 'Element of Income' as a key audit matter.	- We evaluated the accuracy of system generated reports and manual workings produced by the Fund to ensure that the data is consistent with source documents and the said workings are in compliance with all the statutory provisions relating to element of income or loss. - We assessed the appropriateness of the recognition, measurement and presentation of "element of income / loss" in accordance with the provisions of the NBFC Regulations. We also considered the guidelines issued by MUFAP in respect of the accounting for element of income / loss as per the NBFC Regulations and assessed its implementation by the Fund. - We also evaluated the adequacy of disclosures with respect to element of income / loss along with the adequacy of disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund' in accordance with the NBFC Regulations, the requirements of the relevant financial reporting standards and the guidance issued by MUFAP in relation thereto.

Information other than the financial statements and auditor's report thereon

The Management Company is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management Company and its Board of Directors

The Management Company ("UBL Fund Management Limited") of the Fund is responsible for the preparation and fair presentation of the financial statements in accordance with the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and accounting and reporting standards as applicable in Pakistan and for such internal control as the Management Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management Company is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Management Company is responsible for overseeing the Fund's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Management Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Company.
- Conclude on the appropriateness of the Management Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors of the Management Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors of the Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Based on our audit, we further report that in our opinion the financial statements have been prepared in accordance with the relevant provisions of the Trust Deed, NBFC Rules and NBFC Regulations.

The engagement partner on the audit resulting in this independent auditor's report is Zulfikar Ali Causar.

KARACHI

DATED: 24 SEP 2020




BDO EBRAHIM & CO.
CHARTERD ACCOUNTANTS

UBL FINANCIAL SECTOR FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2020

	Note	2020 ----- (Rupees in '000) -----	2019
ASSETS			
Bank balances	5	7,224	64,596
Investments	6	595,852	798,595
Mark-up / interest receivable	7	1,256	3,141
Deposits and other receivables	8	39,733	2,518
Preliminary expenses and floatation costs	9	662	902
Advance tax	10	39	39
TOTAL ASSETS		644,766	869,791
LIABILITIES			
Payable to UBL Fund Managers Limited - Management Company	11	5,080	3,957
Payable to Central Depository Company of Pakistan Limited - Trustee	12	120	167
Payable to Securities and Exchange Commission of Pakistan	13	157	605
Accrued expenses and other liabilities	14	13,114	3,709
TOTAL LIABILITIES		18,471	8,438
NET ASSETS		626,295	861,353
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		626,295	861,353
CONTINGENCIES AND COMMITMENTS			
	15		
NUMBER OF UNITS IN ISSUE			
	16	9,222,014	10,745,730
NET ASSETS VALUE PER UNIT			
		67.9130	80.1577

The annexed notes from 1 to 33 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)

SD
CHIEF EXECUTIVE OFFICER

SD
CHIEF FINANCIAL OFFICER

SD
DIRECTOR

UBL FINANCIAL SECTOR FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

		2020	2019
	Note	----- (Rupees in '000) -----	
INCOME			
Financial income	17	3,540	4,502
Dividend income		54,893	37,356
Capital gain / (loss) on sale of investments - net		14,725	(11,886)
Unrealised loss on remeasurement of investments classified as at fair value through profit or loss		(156,329)	(111,316)
Other income		4	41
Total loss		(83,167)	(81,303)
EXPENSES			
Remuneration of UBL Fund Managers Limited - Management Company	11.1	15,744	12,736
Sindh Sales Tax on Management Company's remuneration	11.2	2,047	1,656
Remuneration of Central Depository Company of Pakistan Limited - Trustee	12.1	1,777	1,439
Annual fee of Securities and Exchange Commission of Pakistan	13.1	157	605
Bank charges		34	37
Auditors' remuneration	18	325	197
Brokerage and settlement expenses		1,270	3,241
Allocated expenses	19	787	637
Fees and subscription charges		28	27
Legal and professional charges		158	208
Amortization of preliminary expenses and floatation costs		240	239
Selling and marketing expenses	11.3	6,960	2,547
Total operating expenses		29,527	23,569
Net loss from operating activities		(112,694)	(104,872)
Provision for Sindh Workers' Welfare Fund	14.1	-	-
Net loss for the year before taxation		(112,694)	(104,872)
Taxation	20	-	-
Net loss for the year after taxation		(112,694)	(104,872)
Allocation of net loss for the year			
Income already paid on units redeemed		-	-
Net loss for the year		(112,694)	(104,872)
Accounting income available for distribution:			
Relating to capital gains		-	-
Excluding capital gains		-	-
Earnings per unit	21	-	-

The annexed notes from 1 to 33 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)

SD
CHIEF EXECUTIVE OFFICER

SD
CHIEF FINANCIAL OFFICER

SD
DIRECTOR

**UBL FINANCIAL SECTOR FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020**

	2020 ----- (Rupees in '000) -----	2019 ----- (Rupees in '000) -----
Net loss for the year	(112,694)	(104,872)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	<u>(112,694)</u>	<u>(104,872)</u>

The annexed notes from 1 to 33 form an integral part of these financial statements.

**For UBL Fund Managers Limited
(Management Company)**

SD
CHIEF EXECUTIVE OFFICER

SD
CHIEF FINANCIAL OFFICER

SD
DIRECTOR

UBL FINANCIAL SECTOR FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	2020				2019			
	Capital value	Undistributed loss	Unrealised diminution on re- measurement of investments classified as 'fair value through other comprehensive income'	Total	Capital value	Undistributed loss	Unrealised diminution on re- measurement of investments classified as 'fair value through other comprehensive income' (June 30, 2018: 'available for sale' - net	Total
	(Rupees in '000)				(Rupees in '000)			
Net assets at the beginning of the year	981,918	(120,565)	-	861,353	387,846	(119)	(15,574)	372,153
Transfer of unrealised diminution on re-measurement of investments classified as 'available for sale' - net to undistributed loss upon adoption of IFRS-9	-	-	-	-	-	(15,574)	15,574	-
Issuance of 7,866,635 units (2019: 14,410,086 units)								
Capital value of units	630,571	-	-	630,571	1,314,504	-	-	1,314,504
Element of income / (loss)	26,696	-	-	26,696	(63,929)	-	-	(63,929)
Total proceeds on issuance of units	657,267	-	-	657,267	1,250,575	-	-	1,250,575
Redemption of 9,390,351 units (2019: 7,744,035 units)								
Capital value of units	(752,709)	-	-	(752,709)	(706,419)	-	-	(706,419)
Element of (loss) / income	(26,922)	-	-	(26,922)	49,916	-	-	49,916
Total payments on redemption of units	(779,631)	-	-	(779,631)	(656,503)	-	-	(656,503)
Total comprehensive loss for the year	-	(112,694)	-	(112,694)	-	(104,872)	-	(104,872)
Net assets at the end of the year	859,554	(233,259)	-	626,295	981,918	(120,565)	-	861,353
Undistributed loss brought forward comprises of:								
Realised loss		(9,249)	-	(9,249)		(119)	-	(119)
Unrealised loss		(111,316)	-	(111,316)		-	(15,574)	(15,574)
Total undistributed loss brought forward		(120,565)	-	(120,565)		(119)	(15,574)	(15,693)
Transfer of unrealised diminution on re-measurement of investments classified as 'available for sale' - net to undistributed loss upon adoption of IFRS-9		-	-	-		(15,574)	15,574	-
Income available for distribution:								
Relating to capital gains	-	-	-	-	-	-	-	-
Excluding capital gains	-	-	-	-	-	-	-	-
Net loss for the year	(112,694)	-	(112,694)	(112,694)	(104,872)	-	(104,872)	(104,872)
Undistributed loss carried forward	(233,259)	-	(233,259)	(233,259)	(120,565)	-	(120,565)	(120,565)
Undistributed loss carried forward comprises of:								
Realised loss	(76,930)	-	(76,930)	(76,930)	(9,249)	-	(9,249)	(9,249)
Unrealised loss	(156,329)	-	(156,329)	(156,329)	(111,316)	-	(111,316)	(111,316)
Total undistributed loss carried forward	(233,259)	-	(233,259)	(233,259)	(120,565)	-	(120,565)	(120,565)
Net assets value per unit at the beginning of the year	(Rupees)				(Rupees)			
	80.1577				91.2211			
Net assets value per unit at the end of the year	67.9130				80.1577			

The annexed notes from 1 to 33 form an integral part of these financial statements.

SD
CHIEF EXECUTIVE OFFICER

SD
CHIEF FINANCIAL OFFICER

SD
DIRECTOR

**UBL FINANCIAL SECTOR FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020**

	2020 ----- (Rupees in '000) -----	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year before taxation	(112,694)	(104,872)
Adjustments for:		
Financial income	(3,540)	(4,502)
Dividend income	(54,893)	(37,356)
Capital (gain) / loss on sale of investments - net	(14,725)	11,886
Unrealised loss on remeasurement of investments classified as at fair value through profit or loss	156,329	111,316
	83,171	81,344
Cash used in operations before working capital changes	(29,523)	(23,528)
Working capital changes		
Decrease / (increase) in assets		
Investments - net	61,139	(626,381)
Preliminary expenses and flotation costs	240	239
Deposits and prepayments	(37,215)	997
Advance tax	-	(39)
	24,164	(625,184)
Increase / (decrease) in liabilities		
Payable to UBL Fund Managers Limited - Management Company	1,123	(2,352)
Payable to Central Depository Company of Pakistan Limited - Trustee	(47)	128
Annual fee payable to Securities and Exchange Commission of Pakistan	(448)	565
Accrued expenses and other liabilities	9,405	(30,466)
	10,033	(32,125)
Profit received on bank balances	5,425	1,718
Dividend received	54,893	37,356
Net cash generated from / (used in) operating activities	64,992	(641,763)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issuance of units	657,267	1,250,575
Payments against redemption of units	(779,631)	(656,503)
Net cash (used in) / generated from financing activities	(122,364)	594,072
Net (decrease) / increase in cash and cash equivalents	(57,372)	47,691
Cash and cash equivalents at the beginning of the year	64,596	112,287
Cash and cash equivalents at the end of the year	7,224	64,596

The annexed notes from 1 to 33 form an integral part of these financial statements.

**For UBL Fund Managers Limited
(Management Company)**

SD
CHIEF EXECUTIVE OFFICER

SD
CHIEF FINANCIAL OFFICER

SD
DIRECTOR

UBL FINANCIAL SECTOR FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 UBL Financial Sector Fund (the Fund) was established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) as an open-end mutual fund. It was constituted under the Trust Deed, dated February 21, 2018 between UBL Fund Managers Limited (a wholly owned subsidiary company of United Bank Limited) as the Management Company, a company incorporated under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund has been registered as a notified entity on March 12, 2018 by the Securities and Exchange Commission of Pakistan (SECP) in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations). The Trust Deed has also been approved by the Securities and Exchange Commission of Pakistan (SECP). The registered office of the Management Company is situated at 4th floor, STSM Building, Beaumont Road, Civil Lines, Karachi.
- 1.2 The Management Company of the Fund is registered with the SECP as a Non-Banking Finance Company under the NBFC Rules.
- 1.3 The Fund is an equity scheme (sector specific) and units of the Fund are listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units were initially offered to public on IPO dated April 05, 2018 and are transferable and can also be redeemed by surrendering them to the Fund at the option of the unit holder. The Fund is categorised as an open-ended sector (equity) scheme in accordance with Circular 7 of 2009 issued by the SECP.
- 1.4 The principal activity of the Fund is to provide investors long term capital appreciation by investing primarily in a mix of actively managed portfolio of listed equities that offer capital gains and dividends yield potential, preferably in financial sector.
- 1.5 Title to the assets of the Fund are held in the name of the CDC as the Trustee of the Fund.
- 1.6 VIS Credit Rating Company Limited has assigned an asset manager quality rating of 'AM1' (stable outlook) to the Management Company.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017, the provisions of and directives issued under the Companies Act, 2017, along with part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the 'NBFC Regulations') and requirements of the Trust Deed.

Where the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations, and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except investments that are stated at fair values. These financial statements have been prepared by following accrual basis of accounting except for cash flows information.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Fund's functional and presentation currency.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment in the next year are as follows:

Classification and measurement of financial assets and financial liabilities

For details please refer notes 4.2.1.1 and 6 to these financial statements.

Impairment of financial assets

For details please refer notes 4.2.1.2 to these financial statements.

Provision for taxation

For details please refer notes 4.6 and 20 to these financial statements.

Sindh Workers' Welfare Fund

For details please refer note 14.1 to these financial statements.

Other assets

Judgement is involved in assessing the realisability of other assets balances.

3 NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED STANDARDS

3.1 Standards / amendments that are effective in current year and relevant to the Fund

The Fund has adopted the standards / amendments to the following approved accounting and reporting standards as applicable in Pakistan which became effective during the year from the dates mentioned below against the respective standard:

		Effective date (annual periods beginning on or after)
IFRS 9	Financial Instruments - amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019
IFRIC 23	Uncertainty over Income Tax Treatments	January 01, 2019

Other than the amendments to standards mentioned above, there are certain annual improvements made to IFRS that became effective during the year:

		Effective date (annual periods beginning on or after)
Annual improvements to IFRSs (2015 – 2017) Cycle:		
IFRS 3	Business Combinations	January 01, 2019
IFRS 11	Joint Arrangements	January 01, 2019
IAS 12	Income Taxes	January 01, 2019
IAS 23	Borrowing Costs	January 01, 2019

3.2 Amendments that are effective in current year and not relevant to the Fund

The Fund has adopted the amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year from the dates mentioned below against the respective standard:

IFRS 8	Operating Segments - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019
IFRS 16	Leases - Original issue	January 01, 2019
IAS 19	Employee benefits - Amendments regarding plan amendments, curtailments or settlements	January 01, 2019
IAS 28	Investments in Associates and Joint Ventures - Amendments regarding long-term interests in associates and joint ventures	January 01, 2019
IFRS 14	Regulatory Deferral Accounts - Original issue	July 01, 2019

3.3 Amendments not yet effective

The following amendments to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard:

Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update these pronouncements with regard to references to and quotes from the framework or to indicate where they refer to different version of the Conceptual Framework.	January 01, 2020

		Effective date (annual periods beginning on or after)
IFRS 3	Business Combinations - amendments to clarify the definition of a business	January 01, 2020
IFRS 3	Business Combinations - amendments updating a reference to the Conceptual Framework	January 01, 2022
IFRS 4	Insurance Contracts - Amendments regarding the expiry date of the deferral approach	January 01, 2023
IFRS 7	Financial Instruments: Disclosures - Amendments regarding pre-replacement issues in the context of the IBOR reform	January 01, 2020
IFRS 9	Financial Instruments - Amendments regarding the interaction of IFRS 4 and IFRS 9	January 01, 2023
IFRS 17	Insurance Contracts - Amendments to address concerns and implementation challenges that were identified after IFRS 17 was published	January 01, 2023
IAS 1	Presentation of Financial Statements - amendments regarding the definition of materiality	January 01, 2020
IAS 1	Presentation of Financial Statements - Amendments regarding the classification of liabilities	January 01, 2022
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - amendments regarding the definition of materiality	January 01, 2020
IAS 16	Property, Plant and Equipment - Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use	January 01, 2022
IAS 39	Financial Instruments: Recognition and Measurement - Amendments regarding pre-replacement issues in the context of the IBOR reform	January 01, 2020

**Effective date
(annual periods
beginning on or
after)**

The annual improvements to IFRSs that are effective from the dates mentioned below against respective standards:

Annual improvements to IFRSs (2018 – 2020) Cycle:

IFRS 1	First-time Adoption of International Financial Reporting Standards	January 01, 2022
IFRS 9	Financial Instruments	January 01, 2022
IFRS 41	Agriculture	January 01, 2020

3.4 Standards or interpretations not yet effective

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts

The Company's expects that the adoption of the other amendments and interpretations of the standards will not have any material impact and therefore will not affect the Company's financial statements in the period of initial application.

4 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These accounting policies have been consistently applied unless otherwise stated.

4.1 Cash and cash equivalents

Cash and cash equivalents comprise balances with banks and short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried in the statement of assets and liabilities at nominal values.

4.2 Financial instruments

4.2.1 Financial assets

4.2.1.1 Classification and measurement of financial assets and financial liabilities

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit and loss (FVTPL). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in income statement.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see (ii) below). Interest income, foreign exchange gains and losses and impairment are recognised in income statement.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in income statement. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to income statement.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in income statement unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to income statement.

4.2.1 Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

The guiding principle of the expected credit loss (ECL) model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments. The amount of ECLs recognised as a loss allowance or provision depends on the extent of credit deterioration since initial recognition. Under the general approach, there are two measurement bases:

- 12-month ECLs (Stage 1), which applies to all items (from initial recognition) as long as there is no significant deterioration in credit quality.
- Lifetime ECLs (Stages 2 and 3), which applies when a significant increase in credit risk has occurred on an individual or collective basis.

The Fund's financial assets include mainly investment, deposits, loans, advances, other receivables and bank balances.

4.2.3 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

4.2.4 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the assets and settle the liabilities simultaneously.

4.3 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the income statement.

4.4 Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

4.5 Collaterals

Cash collaterals provided by the Fund are identified in the statement of assets and liabilities as margin and are not included as a component of cash and cash equivalents. For collaterals other than cash, if the party to whom the collaterals are provided has a right by contract or custom to sell or re-pledge the collaterals, the Fund classifies that collaterals in the statement of assets and liabilities separately from other assets and identifies the assets as pledged collaterals. Where the party to whom the collaterals are provided does not have the right to sell or re-pledge, a disclosure of the collaterals provided is made in the notes to the financial statements.

4.6 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders.

The Fund is also exempt from the Provisions of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

The Fund does not account for deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing in cash at least 90% of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders.

4.7 Preliminary expenses and floatation cost

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund and include underwriting commission, brokerage paid to the members of the stock exchange and other expenses. These costs are being amortised over a period of five years commencing from the date of plan, in accordance with the Trust Deed of the Fund and NBFC Regulations.

4.8 Proposed distributions

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements in the year in which such distributions are declared.

4.9 Issuance and redemption of units

Units are allocated at the offer price prevalent on the day on which funds for purchase of units are realised. The offer price represents the net asset value per unit at the end of the preceding day. Issue of units is also recorded on realisation of funds.

Units redeemed are recorded at the redemption price, applicable to units for which the Fund receives redemption applications during business hours of that day. The redemption price represents the net asset value per unit at the end of the preceding day. Redemption of units is recorded on acceptance of application for redemption.

4.10 Element of income

Element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

4.11 Net asset value per unit

The Net Asset Value (NAV) per unit, as disclosed in the statement of assets and liabilities, is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

4.12 Revenue recognition

- Gains / (losses) arising on sale of investments is accounted for in the year in which it arises.

- Unrealised (loss) / gain on revaluation of investments classified as financial assets at fair value through profit or loss is included in the income statement in the year in which it arises.
- Profit on bank balances is recorded on accrual basis.

4.13 Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the year end exchange rates are recognised in the income statement.

4.14 Transactions with related parties / connected persons

Transactions with related parties / connected persons are based at arm's length at normal commercial rates on the same terms and conditions as applicable to third party transactions.

Remuneration to the Management Company and the Trustee is determined in accordance with the provision of NBFC Rules, NBFC Regulations and the Trust Deed respectively.

	Note	2020 (Rupees in '000)	2019
5 BANK BALANCES			
Cash at bank			
In savings accounts	5.1	<u>7,224</u>	<u>64,596</u>
5.1 Profit rates on these savings accounts range between 4.75%% to 6.5% per annum (2019: 8% to 10.25% per annum). This includes an amount of Rs. 7.210 million held by a related party (United Bank Limited) on which return in earned at the rates ranging from 4.75% to 6.5% (2019: 8% to 8.25% per annum).			
6 INVESTMENTS			
Financial assets classified as at fair value through profit or loss	6.1	<u>595,852</u>	<u>798,595</u>
		<u>595,852</u>	<u>798,595</u>

6.1 Financial asset classified as fair value through profit or loss

Shares of listed company - fully paid up ordinary shares of Rs. 10 each unless otherwise stated

Name of investee company	Number of shares					Balance as at June 30, 2020			Market value as at June 30, 2019	Market value as a percentage of net assets	Market value as a percentage of total value of investment	Investment as percentage of paid up capital of investee company
	As at July 01, 2019	Purchased during the year	Bonus / right shares received during the year	Sold during the year	As at June 30, 2020	Carrying value	Market value	Unrealised gain / (loss) on revaluation of				
	-----Number of shares-----					----- (Rupees in '000) -----						

COMMERCIAL BANKS

Allied Bank Limited		1,322,800	369,900	-	175,500	1,517,200	155,818	116,187	(39,631)	138,920	19%	19%	1.01%
Bank Al Falah Limited	6.1.1	3,379,400	221,000	-	1,567,500	2,032,900	89,022	68,244	(20,778)	147,308	11%	11%	0.38%
United Bank Limited		543,800	187,100	-	184,000	546,900	75,486	56,528	(18,958)	80,145	9%	9%	0.46%
Habib Bank Limited	6.1.1	1,246,400	206,400	-	608,500	844,300	102,016	81,787	(20,229)	141,168	13%	14%	0.56%
MCB Bank Limited		476,600	68,317	-	246,600	298,317	53,017	48,348	(4,669)	83,143	8%	8%	0.41%
Bank Al Habib Limited		679,000	1,336,000	-	209,500	1,805,500	132,528	94,428	(38,100)	53,220	15%	16%	0.85%
National Bank of Pakistan		543,500	49,000	-	563,000	29,500	981	816	(165)	18,294	0%	0%	0.00%
		8,191,500	2,437,717	-	3,554,600	7,074,617	608,868	466,338	(142,530)	662,198	75%	77%	

INSURANCE

Adamjee Insurance Company Limited		3,891,500	530,500	-	700,500	3,721,500	131,700	123,219	(8,481)	136,397	20%	21%	3.52%

INVESTMENT BANK

Arif Habib Limited		-	193,500	-	-	193,500	11,613	6,295	(5,318)	-	1%	1%	1.16%
		3,891,500	724,000	-	700,500	3,915,000	143,313	129,514	(13,799)	136,397	21%	22%	
Total - June 30, 2020		12,083,000	3,161,717	-	4,255,100	10,989,617	752,181	595,852	(156,329)	798,595	95%	100%	
Total - June 30, 2019		-	13,268,200	120,900	5,095,100	10,989,617	909,911	798,595	(111,316)	295,416	93%	100%	

- 6.1.1 The above securities include 590,000 shares pledged with National Clearing Company of Pakistan Limited having market value (in aggregate) amounting to Rs. 37.295 million for guaranteeing settlement of the Fund's trade in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.

Note	2020 (Rupees in '000)	2019

7 MARK-UP / INTEREST RECEIVABLE

Markup / interest receivable on:

Savings accounts

1,256	3,141

Security deposit with

National Clearing Company of Pakistan Limited

Receivable against sale of investment

Dividend receivable

Receivable against issuance of units

Other receivable

2,500	2,500
24,672	-
12,439	-
100	18
22	-
39,733	2,518

9 PRELIMINARY EXPENSES AND

Preliminary expenses and floatation costs

Amortisation during the year

Balance as at June 30, 2020

902	1,141
(240)	(239)
662	902

- 9.1 Preliminary expenses and flotation costs represent expenditure incurred prior to the commencement of operations of the Fund and are being amortised over a period of five years commencing from April 06, 2018 as per the requirements set out in the Trust Deed.

10 ADVANCE TAX

The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under section 150, 151 and 233 of ITO 2001. The Federal Board of Revenue through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated May 12, 2015, made it mandatory to obtain exemption certificates under section 159(1) of the Income Tax Ordinance, 2001 from Commissioner Inland Revenue (CIR). Prior to receiving tax exemption certificate(s) from CIR various withholding agents have deducted advance tax under section 151 of ITO 2001. The management is confident that the same shall be refunded after filing Income Tax Return for Tax Year 2020.

		2020	2019
	Note	(Rupees in '000)	
Remuneration payable (including Sindh Sales Tax)	11.1 & 11.2	1,183	1,671
Allocated expenses payable	19	105	74
Selling and marketing expenses payable	11.3	2,941	917
Sales load payable		844	1,290
Conversion charges payable		7	5
		<u>5,080</u>	<u>3,957</u>

- 11.1 As per the amendment introduced through SRO 639(I)/2019, dated June 20, 2019, in regulation 61 of the NBFC regulation, the Management Company may charge variable fee or fixed fee or the combination of both which shall not exceed the limit disclosed in the offering document, further subject to the guidelines as may be issued by the Commission from time to time. During the year, the Management Company has charged fees at the rate of 2% of average annual net assets of the Fund.
- 11.2 The Provincial Government of Sindh has levied Sindh Sales Tax at the rate of 13% (2019: 13%) on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.
- 11.3 As per SECP vide its circular No. SCD/PRDD/Circular/361/2016, dated December 30, 2016, selling and marketing expenses was chargeable to open end equity, asset allocation and index funds only, upto maximum 0.4% of the average annual net assets of the Scheme or the actual cost, whichever is lower. However, circular No. SCD/PRDD/Circular/04/2019, dated July 5, 2019, issued by SECP, supersedes all previous circulars issued with respect to selling and marketing expenses, according to which, selling and marketing expenses can be charged to all categories of the open end mutual funds, except fund of funds, with no cap. During the year, the Management Company has charged the aforementioned expenses, at the rate of 0.4% from July 1, 2019 to December 7, 2019, at the rate of 0.9% from December 8, 2019 to April 8, 2020 and at the rate of 0.193% from April 9, 2019 onwards of the annual net assets of the Fund.

12 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

Trustee fee payable (including Sindh Sales Tax)	12.1 & 12.2	<u>120</u>	<u>167</u>

- 12.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provision of the Trust Deed as per the tariff specified therein, based on the average net assets of the Fund. The fee is paid to the Trustee on monthly basis in arrears.

Earlier the tariff structure applicable to the Fund as at June 30, 2019 is as follows:

Upto Rs. 1,000 million	Rs. 0.7 million or 0.20% p.a. of NAV,
On an amount exceeding Rs. 1,000 million	Rs. 2.0 million plus 0.10% p.a. of NAV

CDC vide notification CDC/CEO/L-112/02/2019, dated June 27, 2019, has revised the rates of the Trustee fee, with effect from July 1, 2019, according to which, Trustee fee shall be charged by permanently eliminating the minimum fee component as mentioned in the offering documents. During the year, Management Company has charged the Trustee fee accordingly.

- 12.2 The Provincial Government of Sindh has levied Sindh Sales Tax at the rate of 13% (2019: 13%)

	Note	2020 (Rupees in '000)	2019
13 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN			
Annual fee payable	13.1	<u>157</u>	<u>605</u>

- 13.1 Under the regulation 62 of the NBFC Regulations, a Collective Investment Scheme (CIS) categorized as an equity scheme is required to pay as annual fee to the SECP, an amount equal to 0.095% of the average annual net assets of the Scheme. However, SECP, vide S.R.O. 685 (I)/2019, dated June 28, 2019, has reduced the rate of the fee to 0.02% of the daily annual net assets for all categories of CIS(s), with effect from July 1, 2019. During the year, Management Company has charged the fee accordingly. The fee is payable annually in arrears.

14 ACCRUED EXPENSES AND OTHER LIABILITIES

Payable against purchase of investments		11,759	2,138
Auditors' remuneration payable		333	127
Brokerage expense payable		883	1,314
Capital gains tax payable		29	4
Payable against legal fees and professional charges		110	105
Provision for Sindh Workers' Welfare Fund	14.1	-	-
Other payable		-	21
		<u>13,114</u>	<u>3,709</u>

14.1 Provision for Sindh Workers' Welfare Fund

As a consequence of the 18th amendment to the Constitution, levy for Sindh Workers' Welfare Fund (SWWF) was introduced by the Government of Sindh through the Sindh Workers Welfare Fund Act, 2014 (SWWF Act, 2014). SWWF Act 2014, enacted on May 21, 2015, requires every Industrial Establishment located in the province of Sindh and having total income of Rs.500,000 or more in any year of account commencing on or after the date of closing of account on or after December 31, 2013, to pay two percent of so much of its total income declared to SWWF. The said Act includes any concern engaged in the Banking or Financial Institution in the definition of "Industrial Undertaking" but does not define Financial Institution.

The Management Company, based on an opinion obtained by the Mutual Funds Association of Pakistan (MUFAP), believes that Mutual Funds are not liable to pay SWWF under the said law, for the reason that the Mutual Funds are not financial institutions and rather an investment vehicle. However, the Sindh Revenue Board has not accepted the said position of MUFAP and as

In view of the above developments regarding the applicability of SWWF on Mutual Funds, the MUFAP obtained a legal opinion and based on such legal advice, has recommended to all its members on January 12, 2017 that provision against SWWF, on prudent basis, should be made from the date of enactment of the SWWF Act, 2014 (i.e. May 21, 2015) with effect from January

The above decision was communicated to SECP and the Pakistan Stock Exchange Limited on January 12, 2017. In response to the aforementioned letter SECP vide its letter dated February 1, 2017 advised MUFAP that the adjustments relating to the above should be made prospectively and adequate disclosure shall be made.

Since the Fund has incurred net loss during the year, therefore no provision against SWWF has been made.

15 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2020 (2019: Nil).

16 NUMBER OF UNITS IN ISSUE

	2020	2019
	-----	-----
	(Number of units)	(Number of units)
Total units in issue at the beginning of the year	10,745,730	4,079,679
Add: Units issued	7,866,635	14,410,086
Less: Units redeemed	(9,390,351)	(7,744,035)
Total units in issue at the end of the year	<u>9,222,014</u>	<u>10,745,730</u>

2020 2019
----- (Number of units) -----

17 FINANCIAL INCOME

Mark-up income on:

Bank balances

3,540 4,502

Annual audit fee

166

80

Fee for half yearly review

69

32

Fee for the review of compliance with the
requirements of the Code of Corporate Governance

35

15

Fee for other certifications / services

33

16

Out of pocket expenses and sales tax

23

54

325 197

19 ALLOCATED EXPENSES

As per Regulation 60(3)(s) of the NBFC Regulations, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS, maximum upto 0.1% of the average annual net assets or the actual cost whichever is lower. Previously, such expenses were chargeable maximum upto 0.1% of the average annual net assets on daily basis of the Scheme or the actual cost, whichever is lower. However, SECP, vide S.R.O. 639(I)/2019, dated June 20, 2019, has removed the maximum limit of 0.1%. However during the year, the Management Company has continued to charge 0.1% of the average annual net assets.

20 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed to the unit holders in cash. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. During the year, the Fund has incurred net loss, therefore no provision for taxation has been made.

21 EARNINGS PER UNIT

Loss per unit has not been disclosed as in the opinion of the Management Company, determination of the cumulative weighted average number of outstanding units is not practicable.

22 TOTAL EXPENSE RATIO

As per Directive 23 of 2016 dated July 20, 2016 issued by SECP, the Total Expense Ratio of the Fund is 3.76% as on June 30, 2020 and this includes 0.32% representing Government levy, Sindh Workers' Welfare Fund and SECP fee.

23 FINANCIAL INSTRUMENTS BY CATEGORY

As at June 30, 2020, the financial assets carried on the statement of assets and liabilities are categorised either as 'Amortized cost' or 'at fair value through profit or loss'. The financial liabilities carried on the statement of assets and liabilities are categorised as at amortised cost i.e. liabilities other than 'at fair value through profit or loss'.

Particulars	As at June 30, 2020		
	Amortised cost	Financial assets 'at fair value through profit or loss'	Total
Rupees in '000			
Financial assets			
Bank balances	7,224	-	7,224
Investments	-	595,852	595,852
Mark-up / interest receivable	1,256	-	1,256
Deposits and other receivables	39,733	-	39,733
	<u>48,213</u>	<u>595,852</u>	<u>644,065</u>

Particulars	As at June 30, 2020		
	Amortised Cost	Financial liabilities 'at fair value through profit or loss'	Total
Rupees in '000			
Financial liabilities			
Payable to UBL Fund Managers Limited - Management Company	5,080	-	5,080
Payable to the Central Depository Company of Pakistan Limited - Trustee	120	-	120
Accrued expenses and other liabilities	13,085	-	13,085
	<u>18,285</u>	<u>-</u>	<u>18,285</u>

Particulars	As at June 30, 2019		
	Amortised cost	Financial assets 'at fair value through profit or loss'	Total
Rupees in '000			
Financial assets			
Bank balances	64,596	-	64,596
Investments	-	798,595	798,595
Mark-up / interest receivable	3,141	-	3,141
Deposits and other receivables	2,518	-	2,518
	<u>70,255</u>	<u>798,595</u>	<u>868,850</u>

Particulars	As at June 30, 2019		
	Amortised cost	Financial liabilities 'at fair value through profit or loss'	Total
Rupees in '000			
Financial liabilities			
Payable to UBL Fund Managers Limited - Management Company	3,765	-	3,765
Payable to the Central Depository Company of Pakistan Limited - Trustee	148	-	148
Accrued expenses and other liabilities	3,705	-	3,705
	<u>7,618</u>	<u>-</u>	<u>7,618</u>

24 TOP TEN BROKERS / DEALERS BY PERCENTAGE OF THE COMMISSION CHARGE

June 30, 2020

(Percentage)

1	Taurus Securities Limited	9.70%
2	Habib Metropolitan Financial Services Limited	8.22%
3	ABA Ali Habib Securities (Private) Limited	8.04%
4	Intermarket Securities Limited	7.36%
5	Al Falah CLSA Securities (Private) Limited	7.49%
6	IGI Finex Securities Limited	6.99%
7	Efg Hermes Pakistan Limited	5.77%
8	Optimus Capital Management (Private) Limited	5.62%
9	DJM Securities (Private) Limited	5.09%
10	Insight Securities (Private) Limited	3.16%
		67.44%

June 30, 2019

(Percentage)

1	Next Capital Limited	9.78%
2	DJM Securities (Private) Limited	9.34%
3	Insight Securities (Private) Limited	7.85%
4	Taurus Securities Limited	7.68%
5	Al Falah Securities (Private) Limited	7.38%
6	Habib Metropolitan Financial Services Limited	7.42%
7	BMA Capital Management Limited	6.48%
8	JS Global Capital Limited	5.92%
9	Elixir Securities Pakistan (Private) Limited	4.09%
10	Efg Hermes Pakistan Limited	3.82%
		69.760%

25 BRIEF PARTICULARS OF THE INVESTMENT COMMITTEE AND THE FUND MANAGER

Details of the members of the Investment Committee of the Fund are as follows:

S. No.	Name	Designation	Experience in years	Qualification
1	Yasir Qadri	Chief Executive Officer	24	MBA
2	Syed Suleman Akhtar	Chief Investment Officer	19	CFA, MBA
3	Muhammad Imran	Head of Investment advisory	20	MBA
4	Irfan Nepal	Chief Dealer & Fund Manager	25	EMBA
5	Hadi Hassan Muki	Head of Compliance	20	BCOM
6	Syed Shabbir Sardar Zaidi	Fund Manager & Senior Analyst	11	MAS, CFA
7	Syed Sheeraz Ali	Fund Manager & Senior Analyst	10	MBA
8	Mubashir Anis	Fund Manager Equity	8	BS, CFA
9	Muhammad Waseem	Head Research	6	BBA, CFA

Mubashir Anis is the Fund Manager of the Fund. He is also the Fund Manager of UBL Stock Advantage Fund and UBL Dedicated Equity Fund.

26 PATTERN OF UNIT HOLDING

Category	-----June 30, 2020-----		
	Number of unit holders	Number of units held	Percentage of units held
Individuals	120	924,738	10.03%
Associated Companies and Key Executive	10	5,111,199	55.42%
Insurance companies	1	263,622	2.86%
Public limited companies	1	4,841	0.05%
Retirement funds	18	1,096,117	11.89%
Others	6	1,821,497	19.75%
	156	9,222,014	100%

Category	-----June 30, 2019-----		
	Number of unit holders	Number of units held	Percentage of units held
Individuals	127	1,907,598	20.69%
Associated Companies and Key Executive	11	5,163,170	55.99%
Insurance companies	1	1,496,402	16.23%
Public limited companies	1	13,215	0.14%
Retirement funds	23	1,924,886	20.87%
Others	4	240,459	2.61%
	167	10,745,730	117%

27 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Connected persons / related parties comprise of United Bank Limited (Holding Company of Management Company), UBL Fund Managers Limited (Management Company), Al-Ameen Islamic Financial Services (Private) Limited (Subsidiary of the Management Company), entities under common management or directorships, Central Depository Company of Pakistan Limited (Trustee), Directors and Officers of Management Company and persons having 10% or more beneficial ownership of the units of the Fund.

Remuneration to the Management Company and the Trustee is determined in accordance with the provision of NBFC Rules, NBFC Regulations and the Trust Deed respectively.

Other transactions with the related parties / connected persons have been carried out at agreed / commercial terms.

Details of transaction with the related parties and balances with them at the year end are as

	Management Company	Associated Companies	Trustee	Funds under Common Management	Directors and Key Executives	Other Connected persons / related parties
	----- (Rupees in '000) -----					
Transactions during the year ended June 30, 2020						
Profit on savings accounts	-	3,539	-	-	-	-
Bank charges	-	33	-	-	-	-
Units issued	3,484	54	-	-	-	-
Units redeemed	3,570	48	-	-	18	-
Purchase of equity securities	-	22,401	-	-	-	-
Sale of equity securities	-	30,452	-	-	-	-
Sales load paid	1,290	-	-	-	-	-
Dividend income	-	5,592	-	-	-	-
Remuneration (including Sindh Sales Tax)	17,791	-	1,777	-	-	-
Allocated expenses	787	-	-	-	-	-
Selling and marketing expenses	6,960	-	-	-	-	-
Listing fee	-	28	-	-	-	-

Transactions during the year ended June 30, 2019

Profit on savings accounts	-	4,500	-	-	-	-
Bank charges	-	37	-	-	-	-
Units issued	222,209	447,050	-	-	8,000	-
Units redeemed	222,814	-	-	-	3,710	-
Purchase of equity securities	-	102,141	-	-	-	-
Sale of equity securities	-	52,439	-	-	-	-
Sales load paid	1,290	-	-	-	-	-
Dividend received	-	4,867	-	-	-	-
Remuneration (including Sindh Sales Tax)	14,392	-	1,439	-	-	-
Allocated expenses	637	-	-	-	-	-
Selling and marketing expenses	2,547	-	-	-	-	-
Listing fee	-	25	-	-	-	-

Balances held as at June 30, 2020

Units held (in Units '000)	1,409	5,101	-	-	49	-
Units held (in Rupees '000)	95,713.21	346,450	-	-	3,333	-
Bank balances	-	7,210	-	-	-	-
Profit receivable	-	1,249	-	-	-	-
Investments	-	56,528	-	-	-	-
Remuneration payable	1,183	-	120	-	-	-
Allocated expenses payable	105	-	-	-	-	-
Selling and marketing expense payable	2,941	-	-	-	-	-
Sales load payable	844	-	-	-	-	-
Conversion charges payable	7	-	-	-	-	-

Balances held as at June 30, 2019

Units held (in Units '000)	1,496	5,096	-	-	67	-
Units held (in Rupees '000)	119,948	-	-	-	5,375	-
Bank balances	-	64,583	-	-	-	-
Profit receivable	-	3,141	-	-	-	-
Investments	-	80,145	-	-	-	-
Remuneration payable	1,671	-	167	-	-	-
Allocated expenses payable	74	-	-	-	-	-
Selling and marketing expense payable	917	-	-	-	-	-
Sales load payable	1,311	-	-	-	-	-
Conversion charges payable	5	-	-	-	-	-

28 ATTENDANCE AT THE MEETINGS OF THE BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

During the year, seven meetings of the Board of Directors of the Management Company were held. The details of the attendance are as under:

Particulars	August 30, 2019	September 17, 2019	October 29, 2019	December 09, 2019	February 25, 2020	April 30, 2020	Total meetings attended
Name of Directors:							
Mr. Arif Akmal Saifie *	N/A	N/A	N/A	N/A	N/A	✓	1
Mr. Azhar Hamid	✓	✓	✓	✓	✓	✓	6
Mr. Imran Sarwar	✓	✓	✓	✓	x	✓	5
Mr. Yasir Qadri	✓	✓	✓	✓	✓	✓	6
Ms. Naz Khan **	✓	✓	✓	✓	✓	✓	6
Ms. Sadia Saeed	x	✓	✓	✓	✓	✓	5
Syed Furrukh Zaeem	✓	✓	✓	✓	x	✓	5
Mr. Tauqeer Mazhar ***	✓	✓	✓	✓	N/A	N/A	4
Name of Key Executives							
S.M. Aly Osman	N/A	N/A	N/A	✓	✓	✓	3
Umair Ahmed	✓	✓	✓	✓	✓	✓	6

* Mr. Arif Akmal appointed as Director with effect from March 20, 2020

** Ms. Naz Khan resigned as Director with effect from July 20, 2020

*** Mr. Tauqeer Mazhar resigned as Director with effect from January 30, 2020

29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund's objective in managing risks is the creation and protection of Unit Holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the Fund's constitutive documents and the regulations and the directives issued by the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept.

The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

29.1 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices.

The Management Company manages the market risk through diversification of the investment portfolio by following the internal guidelines established by the Investment Committee and the regulations laid down by the SECP.

Market risk comprises of three types of risk: currency risk, interest rate risk and price risk.

29.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

29.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2020, the Fund is exposed to such risk on its balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

The Fund is exposed to cash flow interest rate risk for balances in certain savings accounts, the interest rates on which range between 4.75% to 6.5% per annum.

In case of 100 basis points increase / decrease in interest rates on June 30, 2020, with all other variables held constant, the net income for the year and the net assets would have been higher / lower by Rs. 0.072 million (2019: Rs 0.646 million).

b) Sensitivity analysis for fixed rate instruments

Presently, the Fund does not hold any fixed rate instrument and is not exposed to fair value interest rate risk.

Yield / interest rate sensitivity position for on balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

Particulars	June 30 , 2020					Not exposed to interest rate risk
	Effective yield / interest rate	Total	Exposed to interest rate risk			
			Upto three months	More than three months and upto one year	More than one year	
	%					
------(Rupees in '000)-----						
On-balance sheet financial instruments						
Financial assets						
Bank balances	4.75 - 6.5	7,224	7,224	-	-	-
Investments		595,852	-	-	-	595,852
Mark-up / interest receivable		1,256	-	-	-	1,256
Deposits and other receivables		39,733	-	-	-	39,733
Sub total		644,065	7,224	-	-	636,841
Financial liabilities						
Payable to UBL Fund Managers Limited - Management Company		5,080	-	-	-	5,080
Payable to the Central Depository Company of Pakistan Limited - Trustee		120	-	-	-	120
Accrued expenses and other liabilities		13,085	-	-	-	13,085
Sub total		18,285	-	-	-	18,285
On-balance sheet gap (a)		625,780	7,224	-	-	618,556
Off-balance sheet financial instrument		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a) + (b)			7,224	-	-	
Cumulative interest rate sensitivity gap			7,224	-	-	

Particulars	June 30, 2019					
	Effective yield / interest rate	Total	Exposed to interest rate risk			Not exposed to interest rate risk
			Upto three months	More than three months and upto one year	More than one year	
	%					
------(Rupees in '000)-----						
On-balance sheet financial instruments						
Financial assets						
Bank balances	8 - 10.25	64,596	64,596	-	-	-
Investments		798,595	-	-	-	798,595
Mark-up / interest receivable		3,141	-	-	-	3,141
Deposits and other receivables		2,518	-	-	-	2,518
Sub total		868,850	64,596	-	-	804,254
Financial liabilities						
Payable to UBL Fund Managers Limited - Management Company		3,765	-	-	-	-
Payable to the Central Depository Company of Pakistan Limited - Trustee		148	-	-	-	-
Accrued expenses and other liabilities		3,705	-	-	-	-
Sub total		7,618	-	-	-	-
On-balance sheet gap (a)		861,232	64,596	-	-	-
Off-balance sheet financial instrument		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a) + (b)		-	64,596	-	-	-
Cumulative interest rate sensitivity gap		-	64,596	-	-	-

29.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund is exposed to equity price risk because of investments held by the Fund in listed equity securities classified as Financial Asset at 'fair value through profit or loss'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within eligible stocks. The Fund's constitutive document and NBFC Regulations, 2008 also limit investment in individual equity securities of not more than 10% of net assets of the Fund or issued capital of the investee company.

In case of 5% increase / decrease in the fair value of the Fund's equity securities on June 30, 2020, net income for the year would increase / decrease by Rs. 29.79 million (2019: Rs 39.93 million) and net assets of the Fund would increase / decrease by the same amount as a result of

29.2 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Fund.

The Fund is exposed to non-payment of redemptions request on a regular basis. Units are redeemable at the holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive document and guidelines laid down by the SECP.

Management of liquidity risk

The Fund's policy is to manage this risk by investing majority of its assets in investments that are traded in an active market and can be readily disposed off.

The Fund can borrow, with the prior approval of the trustee, for meeting redemption requests. The maximum amount available to the Fund from borrowings is limited to the extent of 15% of total assets at the time of borrowing with repayment within 90 days of such borrowings. No such borrowings were made during the year.

In order to manage the Fund's overall liquidity, the Fund also has the option to withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. Further the Fund also has the ability to suspend redemptions of units with the approval of Board of Directors of the Management Company in extraordinary circumstances.

An interval of six working days between the receipt of a redemption request and issuance of units against it provides a cushion in the repayment of on-demand redemption of units. However, during the year, no such option was exercised or considered necessary.

The following table analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining year / period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

Particulars	June 30, 2020		
	Upto three months	More than three months and upto one	Over one year
Rupees in '000			
Financial liabilities			
Payable to UBL Fund Managers Limited - Management Company	5,080	-	-
Payable to the Central Depository Company of Pakistan Limited - Trustee	106	-	-
Accrued expenses and other liabilities	-	-	-
Total liabilities	5,186	-	-

Particulars	June 30, 2019		
	Upto three months	More than three months and upto one	Over one year
Rupees in '000			
Financial liabilities			
Payable to UBL Fund Managers Limited - Management Company	3,765	-	-
Payable to the Central Depository Company of Pakistan Limited - Trustee	148	-	-
Accrued expenses and other liabilities	3,705	-	-
Total liabilities	7,618	-	-

29.3 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation. The Fund's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines, offering document and regulatory requirements.

Management of credit risk

The Fund keeps deposits with reputed financial institutions with reasonably high credit ratings. Credit risk on account of dividend receivable is minimal due to statutory protection. All transactions in listed securities are settled / paid for upon delivery using the system of National Clearing Company of Pakistan Limited. The risk of default in these transactions is considered minimal due to inherent systematic measures taken therein. The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed and the requirements of the NBFC rules, the NBFC regulations and guidelines given by the SECP from time to time.

The maximum exposure to credit risk before any credit enhancement as at June 30, 2020 is the carrying amount of the financial assets. None of these assets are 'impaired' nor 'past due but not impaired'.

29.3.1 The analysis below summarises the credit rating quality of the Fund's financial assets as at June 30, 2020:

Balances with banks by rating category

Name of the bank	Rating agency	Balances held by the Fund as at June 30, 2020	Latest available published rating as at June 30, 2020
Rupees in '000			
Allied Bank Limited		5	AAA
United Bank Limited		7,210	AAA
Soneri Bank Limited		9	AA-
		<u>7,224</u>	

Balances with banks by rating category

Name of the bank	Rating agency	Balances held by the Fund as at June 30, 2019	Latest available published rating as at June 30, 2019
Rupees in '000			
Allied Bank Limited		5	AAA
United Bank Limited		64,583	AAA
Soneri Bank Limited		8	AA-
		<u>64,596</u>	

29.3.2 The analysis below summarizes the credit quality of the Fund's credit exposure:

Rating by rating category	2020	2019
	----- (Percentage) -----	
AAA	100	67
AA-	-	33
	<u>100</u>	<u>100</u>

Concentration on credit risk

Concentration of risk arises when a number of financial instruments or contracts are entered into the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

The Fund's major asset balances are held with a single bank. The management believes that these banks are reputed institution.

30 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by the net assets attributable to unit holders / redeemable units. The amount of net assets attributable to unit holders can change significantly on a daily basis as the Fund is subject to daily issuance and redemptions at the discretion of unit holders. The Fund's objective when managing the unit holders' fund is to safeguard the Fund's ability to continue as a going concern in order to provide returns for the benefits of the unit holders to maintain a strong base of assets to support the development of the investment activities of the Fund and to meet unexpected losses or opportunities. As required under the NBFC Regulations, every open end scheme shall maintain minimum fund size (i.e. net assets of the Fund) of Rs. 100 million at all times during the life of scheme. In order to comply with the requirement and to maintain or adjust the Unit Holders' Fund, the Fund's policy is to perform the following:

- Monitor the level of daily issuance and redemptions relative to the liquid assets and adjusts the amount of distributions the Fund pays to unit holders;
- Redeem and issue units in accordance with the constitutive documents of the Fund, which include the ability to restrict redemptions and require certain minimum holdings and issuance; and
- The Fund Manager / Investment Committee members and the Chief Executive Officer critically track the movement of 'Assets under Management'. The Board of Directors is updated regarding key performance indicators e.g. yield and movement of NAV and total Fund size at the end of each quarter.

The Fund has maintained and complied with the requirements of minimum fund size during the current year.

31 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged or liability can be settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from the carrying value as the items are short-term in nature or periodically repriced.

As per the requirements of the IFRS 7 (Financial Instruments: Disclosures) and IFRS 13 (Fair value measurements), the Fund shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs)

As at June 30, 2020, the following financial instruments of the Fund are carried at fair value:

		June 30, 2020		
		Level 1	Level 2	Level 3
		-----Rs in '000-----		
At fair value through profit or loss				
Investment in equity shares		595,852	-	-
		June 30, 2019		
		Level 1	Level 2	Level 3
		-----Rs in '000-----		
At fair value through profit or loss				
Investment in equity shares		798,595	-	-

31.1 Valuation techniques

For level 1 investments at fair value through profit or loss' - 'Investment in respect of equity securities, the Fund uses daily quotation rates which are taken from Pakistan Stock Exchange Limited at the reporting date.

The Fund has not disclosed the fair values of these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

31.2 Transfers during the year

During the year ended June 30, 2020, there were no transfers between level 1 and level 2 fair value measurements and no transfers into and out of level 3 fair value measurements.

32 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by Board of Directors of the Management Company on September 24, 2020.

33 GENERAL

33.1 Figures has been rounded off to the nearest thousand rupees unless otherwise stated.

33.2 On March 11, 2020, the World Health Organisation made an assessment that the outbreak of a coronavirus (COVID-19) can be characterised as a pandemic. As a result, businesses have subsequently been affected amongst others with temporary suspension of travel, and closure of recreation and public facilities.

To alleviate the negative impact of the COVID-19 pandemic, the Government, Central Banks including financial institutions affiliated to those banks, and regulators have taken measures and issued directives to support businesses, including extensions of deadlines, facilitating continued business through social-distancing and easing pressure on credit and liquidity in the market.

The Management Company has made an assessment in order to evaluate the impact of COVID-19 pandemic over the financial performance of the Fund as well as the going concern assessment. As a result of such assessment, the management has not identified any material adverse impact on its financial performance due to COVID-19 pandemic situation.

**For UBL Fund Managers Limited
(Management Company)**

SD
CHIEF EXECUTIVE OFFICER

SD
CHIEF FINANCIAL OFFICER

SD
DIRECTOR

UGIF

UBL Growth and Income Fund

INVESTMENT OBJECTIVE

UGIF is an open-end Aggressive Fixed Income Fund, investing in medium to long-term fixed income instruments as well as short-tenor money market instruments and seeks to generate superior, long-term, risk-adjusted returns while preserving capital over the long-term.

Management Company	UBL Fund Managers Limited
Trustee	Central Depository Company of Pakistan Limited 99-B, Block-B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi. Tel: (9221) 111-111-500
Distribution Company	United Bank Limited (for detail of others, please visit our website: www.ublfunds.com.pk)
Auditors	Ernst & Young Ford Rhodes, Chartered Accountants
Bankers	Allied Bank Limited Bank Alfalah Limited Faysal Bank Limited Habib Bank Limited JS Bank Limited Khushhali Bank Ltd. MCB Bank Limited National Bank of Pakistan Samba Bank Limited Silk Bank Limited Sindh Bank Limited Summit Bank Limited Telenor Microfinance Bank Limited The Bank of Punjab United Bank Limited Zarai Taraqiati Bank Limited Soneri Bank Limited
Management Co.Rating	AM1 (VIS)
Fund Rating	A(f) (VIS)

Fund Manager's Report – UBL Growth and Income Fund (UGIF)

i) Description of the Collective Investment Scheme category and type

Aggressive Fixed Income / Open-end

ii) Statement of Collective Investment Scheme's investment objective

UGIF is an open-end Aggressive Fixed Income Fund, investing in medium to long-term fixed income instruments as well as short-tenor money market instruments and seeks to generate superior, long-term, risk-adjusted returns while preserving capital over the long-term.

iii) Explanation as to whether the Collective Investment Scheme achieved its stated objective

The Collective Investment Scheme has a long-term investment objective. Significant efforts were made during the year for the achievement of the long-term objective.

iv) Statement of benchmark(s) relevant to the Collective Investment Scheme

Average of 1 year KIBOR rates.

v) Comparison of the Collective Investment Scheme's performance during the period compared with the said benchmarks

Monthly Yield*	Jul'19	Aug'19	Sep'19	Oct'19	Nov'19	Dec'19	Jan'20	Feb'20	Mar'20	Apr'20	May'20	Jun'20	FYTD
UGIF	11.03%	12.02%	16.46%	-1.49%	11.36%	14.41%	11.92%	11.81%	34.61%	42.32%	6.38%	-0.23%	13.59%
Benchmark	13.71%	14.19%	13.87%	13.34%	13.16%	13.18%	13.24%	13.36%	11.97%	8.91%	7.63%	7.53%	12.01%

vi) Description of the strategies and policies employed during the period under review in relation to the Collective Investment Scheme's performance

UGIF is an open-end Aggressive Fixed Income Fund, investing in medium to long-term fixed income instruments as well as short tenor money market instruments and seeks to generate superior, long term, risk adjusted returns while preserving capital over the long-term. The fund has posted return of 13.59% p.a. during FY20 vs benchmark return of 12.01%. Its fund size stood at PKR 878mn at end of Jun20. The weighted average time to maturity of the fund was 0.87 years at the end of FY20. The fund manager decided to take major exposure in Cash, TFCs and T-Bills at the end of FY20.

vii) Disclosure of the Collective Investment Scheme's asset allocation as at the date of the report and particulars of significant changes in asset allocation since the last report (if applicable)

Asset Allocation (% of NAV)	Jun-19	Jun-20
Term Finance Certificates/ Sukuks	17%	21%
Commercial Paper	0%	0%
Placements with DFIs	3%	0%
Cash	62%	35%

T-Bills	0%	15%
PIBs	7%	22%
GOP Ijarah Sukuk	0%	0%
Others	3%	6%
Placements with Banks	8%	0%
Spread Transaction	0%	0%
MTS Exposure	0%	0%
Leverage	Nil	Nil

viii) Analysis of the Collective Investment Scheme's performance

FY'20 Return:	13.59%
Standard Deviation (12m trailing):	1.69%
Sharpe Ratio (12m trailing):	0.87

ix) Changes in total NAV and NAV per unit since the last review period or since commencement (in case of newly established Collective Investment Schemes)

Net Asset Value			NAV per unit		
30-Jun-20	30-Jun-19	Change	30-Jun-20	30-Jun-19	Change
Rupees (000)		%	Rupees		%
877,591	1,734,789	(49.41)	84.9655	85.0490	(0.09)

**x) Disclosure on the markets that the Collective investment Scheme has invested in including
- review of the market(s) invested in and performance during the period**

Debt Market Review for FY20

During FY20, market appetite for the government securities remained strong. In twelve PIB auctions in FY20, heavy participation amounting to PKR ~5 trillion was observed, out of this Government preemptively accepted PKR ~1.9 trillion. Strong participation was mainly on the back of interest rate's peaked-out expectation in the beginning of the financial year along with the overall improvement in the fiscal position and estimates of higher external financing. Due to momentous demand, government leveraged its position by slashing the cut off rates by 628, 536 and 456 bps for 3Y, 5Y and 10Y PIBs respectively during the Fiscal year 2020.

In case of floating rate PIBs, government introduced 3Y floater PIB and 5Y floater PIB in addition to the existing 10Y floater PIB from June'20. Total participation of PKR ~1578 billion was observed in the floating rate PIB against the target of PKR ~900 billion. While government accepted PKR ~818 billion during FY'20.

Government has started issuance of 5-Years floating rate Ijara Sukuk since April'20 and successfully conducted 3 auctions and accepted PKR 197 billion against the target of PKR 225 billion.

Till August 2019, market bid mostly for the 3 months T-Bills. However, in the anticipation of declining interest rate scenario, heavy participation in the 12M T-Bills was observed in the subsequent auctions.

Yield curve comparison is given below:

Tenor	PKRV as on 30-06-2019 (%)	PKRV as on 30-06-2020 (%)	Change (%)
3-Months	12.75	7.15	-5.6
6-Months	12.85	7.09	-5.76
12-Months	13.13	7.05	-6.08
3-Years	13.85	7.55	-6.3
5-Years	13.88	8.14	-5.74
10-Years	13.72	8.71	-5.01

- i) **Disclosure on distribution (if any), comprising:-**
- particulars of income distribution or other forms of distribution made and proposed during the period; and
 - statement of effects on the NAV before and after distribution is made

Distribution				Per unit	
Declared on	Bonus	Cash	Per Unit	Cum NAV	Ex NAV
	Rupees (000)			----- Rupees -----	
June 26, 2020	-	107,150	11.6753	96.7243	85.0490

- ii) **Description and explanation of any significant changes in the state of affairs of the Collective Investment Scheme during the period and up till the date of the manager's report, not otherwise disclosed in the financial statements**

The sale of units of UGIF are temporarily suspended w.e.f. 12-10-2011 until further notice. However there will be no restriction on any redemptions / and / or conversion-out requests from UGIF.

iii) Breakdown of unit holdings by size

Range of Units	Number of Investors
	UGIF
0.0001 - 9,999.9999	1338
10,000.0000 - 49,999.9999	57
50,000.0000 - 99,999.9999	7
100,000.0000 - 499,999.9999	11
500,000.0000 & Above	3
Total	1416

iv) Disclosure on unit split (if any), comprising:-

There were no unit splits during the period.

v) Disclosure of circumstances that materially affect any interests of unit holders

Investment are subject to credit and market risk.

vi) Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker(s) or dealer(s) by virtue of transactions conducted by the Collective Investment Scheme.

No soft commissions are received by the AMC from its brokers or dealers by virtue of transactions conducted by the Collective Investment Scheme.

PERFORMANCE TABLE

UBL Growth and Income Fund

	2020	2019	2018
NET ASSETS AS AT 30 JUNE - Rupees in '000	877,591	1,734,789	1,301,602
NET ASSETS VALUE PER UNIT AT 30 JUNE - Rupees			
Income units - Offer *	86.4099	86.4948	90.8334
- Redemption	84.9655	85.0490	89.3150
Growth units - Offer	86.4099	86.4948	90.8334
- Redemption **	84.9655	85.0490	89.3150
RETURN OF THE FUND - %			
Total Return of the Fund	13.59	7.95	5.21
Capital Growth (per unit)	(0.14)	0.59	5.21
Date of Income Distribution	-	2-Jul-18	-
Income Distribution	-	4.4223	-
Date of Income Distribution	26-Jun-20	24-Jun-19	-
Income Distribution	11.6753	6.5752	-
AVERAGE ANNUAL RETURN - %			
One Year	13.59	7.95	5.21
Second Year	10.77	6.58	5.99
Third Year	8.92	6.64	8.02
Fourth Year	8.38	8.01	9.00
Fifth Year	9.12	8.79	10.87
Sixth Year	9.59	10.38	10.84
Seventh Year	10.84	10.43	7.54

OFFER / REPURCHASE DURING THE YEAR- Rupees

Highest price per unit - Income units - Offer *	98.4239	92.9877	90.8334
Highest price per unit - Income units - Redemption *	96.7787	91.4333	89.3150
Highest price per unit - Growth units - Offer *	98.4239	92.9877	90.8334
Highest price per unit - Growth units - Redemption *	96.7787	91.4333	89.3150
Lowest price per unit - Income units - Offer *	86.4099	86.2084	86.3042
Lowest price per unit - Income units - Redemption *	84.9655	84.7674	84.8616
Lowest price per unit - Growth units - Offer *	86.4099	86.2084	86.3042
Lowest price per unit - Growth units - Redemption *	84.9655	84.7674	84.8616

* Front-end load @1.5% is applicable

** Back-end load as per applicable step-down structure

PORTFOLIO COMPOSITION - %

Percentage of Net Assets as at 30 June

PORTFOLIO COMPOSITION BY CATEGORY - %

Bank Balances	35.00	62.00	60.00
Placements & Term Deposit Receipts	0.00	11.00	0.00
TFCs, Sukuks, Government securities, Commercial papers	58.00	24.00	38.00
Others	7.00	3.00	2.00

PORTFOLIO COMPOSITION BY MARKET - %

Debt market	100	100	100

Note:

- The Launch date of Fund is 02 March 2006.

DISCLAIMER

Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up.

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TRUSTEE REPORT TO THE UNIT HOLDERS

UBL GROWTH & INCOME FUND

Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of UBL Growth & Income Fund (the Fund) are of the opinion that UBL Fund Managers Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2020 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 28, 2020



STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 BY UBL FUND MANAGERS LIMITED

NAME OF FUND: UBL GROWTH AND INCOME FUND

YEAR ENDED: JUNE 30, 2020

The Securities and Exchange Commission of Pakistan (SECP) has exempted open-end collective investment schemes from the requirements of the Listed Companies (Code of Corporate Governance) Regulations (the Regulations). However, the Board of Directors (the Board) of UBL Fund Managers Limited [the Management Company of UBL Growth and Income Fund (the Fund)], for the purpose of establishing a framework of good governance has voluntarily opted to comply with the relevant provisions of the Regulations.

The Management Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven as per the following:
 - a. Male: Five Directors; and
 - b. Female: Two Directors.
2. The composition of the Board is as follows:

Category	Name
Independent Directors	Mr. Azhar Hamid Ms. Naz Khan*
Executive Directors	Mr. Yasir Qadri
Non-Executive Directors	Mr. Imran Sarwar Ms. Sadia Saeed Mr. Arif Akmal Saifie** Syed Furrukh Zaeem
Female Director	Ms. Naz Khan* Ms. Sadia Saeed

* Ms. Naz Khan has resigned dated July 20, 2020

** Mr. Arif Akmal Saifie was appointed as a director from March 20, 2020

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including the Management Company.
4. The Management Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures.
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Management Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Management Company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.

8. The Board has a formal policy and transparent procedures for remuneration of its directors in accordance with the Act and these Regulations.
9. The following directors and executives have acquired the prescribed Directors' Training Program (DTP) certification:

Directors

- a. Mr. Imran Sarwar
- b. Mr. Yasir Qadri
- c. Ms. Naz Khan
- d. Ms. Sadia Saeed
- e. Syed Furrukh Zaeem

Executives

- a. Mr. Amin Gulamani (Head of Human Resources)
 - b. Mr. Hadi Hassan Mukhi (Head of Compliance and Risk)
 - c. Mr. Umair Ahmed (Chief Financial Officer)
 - d. Mr. Zeeshan Quddus (Chief Business Development Officer)
10. The Board has approved appointment of the Chief Financial Officer (CFO), the Company Secretary and the Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with the relevant requirements of the Regulations.
 11. The Chief Executive Officer (CEO) and CFO duly endorsed the financial statements of the Fund before approval of the Board.
 12. The Board has formed committees comprising of members given below.

Board Audit Committee

Name	Designation	Type of Directorship
Ms. Naz Khan*	Chairman	Independent Director
Mr. Arif Akmal Saifie**	Member	Non-Executive Director
Mr. Imran Sarwar	Member	Non-Executive Director
Ms. Sadia Saeed	Member	Non-Executive Director
Mr. Tauqeer Mazhar***	Member	Non-Executive Director

Board Human Resource and Compensation Committee

Name	Designation	Type of Directorship
Mr. Azhar Hamid	Chairman	Independent Director
Mr. Yasir Qadri	Member	Executive Director
Ms. Naz Khan*	Member	Independent Director
Ms. Sadia Saeed	Member	Non-Executive Director
Syed Furrukh Zaeem	Member	Non-Executive Director

Board Risk and Compliance Committee

Name	Designation	Type of Directorship
Mr. Imran Sarwar	Chairman	Non-Executive Director
Mr. Azhar Hamid	Member	Independent Director
Mr. Arif Akmal Saifie**	Member	Non-Executive Director
Mr. Tauqeer Mazhar***	Member	Non-Executive Director
Mr. Yasir Qadri	Member	Executive Director
Syed Furrugh Zaeem	Member	Non-Executive Director

* Ms. Naz Khan has resigned dated July 20, 2020

** Mr. Arif Akmal Saifie was appointed as a director from March 20, 2020

*** Mr. Tauqeer Mazhar resigned as a director from January 30, 2020

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
14. The frequency of meetings of the committees was as follows:
 - a. The Board Audit Committee: quarterly - six meetings held
 - b. The Board Human Resource and Compensation Committee: quarterly - five meetings held
 - c. The Board Risk and Compliance Committee: quarterly - four meetings held
15. The Board has set up an effective internal audit function. The Function has suitably qualified and experienced staff for the purpose and they are conversant with the policies and procedures of the Management Company.
16. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and are registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the Partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of CEO, CFO, the Head of Internal Audit, the Company Secretary or directors of the Management Company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of Regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with.
19. We confirm that any other significant requirements of the Regulations have been complied with.

AZHAR HAMID
Chairman

Karachi.
Dated: **September 25, 2020**

To the unitholders of UBL Growth and Income Fund

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of UBL Fund Managers Limited, the Management Company of **UBL Growth and Income Fund** (the Fund) for the year ended **30 June 2020** in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Management Company of the Fund. Our responsibility is to review whether the Statement of Compliance reflects the status of the Management Company's compliance with the provisions of the Regulations in respect of the Fund and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

The Regulations require the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for their review and approval, the Fund's related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Management Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Fund for the year ended 30 June 2020.



Chartered Accountants

Place: Karachi

Date: 30 September 2020

INDEPENDENT AUDITORS' REPORT

To the Unit holders of UBL Growth and Income Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **UBL Growth and Income Fund (the Fund)**, which comprise the statement of assets and liabilities as at 30 June 2020, and the income statement, comprehensive income, cash flow statement and statement of movement in unit holders' fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, (or give a true and fair view of) the financial position of the Fund as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

Key audit matter	How our audit addressed the key audit matter
Existence and valuation of bank balances and investments	
As disclosed in notes 6 and 7 to the accompanying financial statements of the Fund for the year ended 30 June 2020, the bank balances and investments (comprised of debt securities) held by the Fund represent 94% of the total assets of the Fund as at the year end.	We performed a combination of audit procedures focusing on the existence and valuation of bank balances and investments. Our key procedures included the following: - We obtained independent confirmations for verifying the existence of the bank balances as at 30 June 2020 and reconciled it with the books and records of the Fund. - We tested controls over acquisition, disposals and periodic valuation of investments portfolio.

Key audit matter	How our audit addressed the key audit matter
In view of the significance of bank balances and investment in relation to the total assets and the Net Assets Value (NAV) of the Fund, we have considered the existence and valuation of such bank balances and investments as a key audit matter.	- We performed substantive audit procedures on year-end balance of portfolio including review of custodian's statement and related reconciliations and related reconciliations and valuations on such investments in accordance with the accounting policy of the Fund as mentioned in note 4. - We evaluated the appropriateness of the classification of the investments in accordance with the requirements of IFRS 9 and the valuations in accordance with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations). - We assessed the Fund's compliance with the requirements of the Regulations in relation to the concentration of investments and exposure limits prescribed in such Regulations and the applicability of disclosures in this regard. - We also evaluated the adequacy of the overall disclosures in the financial statements in respect of the investment portfolio in accordance with the requirements of the Regulations and applicable financial reporting standards.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Fund's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulation, 2008.

The engagement partner on the audit resulting in this independent auditor's report is Shaikh Ahmed Salman.



Chartered Accountants

Date: 29 September 2020

Karachi

UBL GROWTH AND INCOME FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2020

	Note	June 30, 2020 ----- (Rupees in '000) -----	June 30, 2019
ASSETS			
Bank balances	6	329,777	1,100,418
Investments	7	543,053	633,787
Advance tax	8	3,832	3,408
Mark-up receivable	9	19,724	27,775
Deposits prepayments and other receivables	10	36,910	17,805
Receivable against settlement of spread transactions		-	6,106
Total assets		933,296	1,789,299
LIABILITIES			
Payable to the Management Company	11	2,290	4,396
Payable to the Trustee	12	65	243
Annual fee payable to the Securities and Exchange Commission of Pakistan (SECP)	13	294	980
Accrued expenses and other liabilities	14	53,056	48,891
Total liabilities		55,705	54,510
NET ASSETS		877,591	1,734,789
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		877,591	1,734,789
CONTINGENCIES AND COMMITMENTS	16		
----- (Number of units) -----			
NUMBER OF UNITS IN ISSUE		10,328,784	20,397,520
----- (Rupees) -----			
NET ASSETS VALUE PER UNIT		84.9655	85.0490

The annexed notes from 1 to 24 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)

SD

Chief Executive Officer

SD

Director

SD

Chief Financial Officer

UBL GROWTH AND INCOME FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

	Note	June 30, 2020 ----- (Rupees in '000) -----	June 30, 2019
INCOME			
Financial income on:			
- Bank balances		95,720	83,505
- Term deposit receipts		5,195	6,645
- Letter of placement		-	79
- Government Securities		57,994	9,586
- Term finance certificates		30,283	38,485
Dividend income		4,643	128
Unrealised loss on revaluation of investments classified as			
'At fair value through profit or loss' - net		(1,447)	(8,855)
Gain / (loss) on redemption / sale of investments classified as			
'At fair value through profit or loss' - net		42,713	(8,701)
Gain / (loss) from spread transactions - net		37	(27)
Other income		3,442	431
Total income		238,580	121,276
Reversal of provision against debt securities - net	7.6	3,889	13,889
EXPENSES			
Remuneration of the Management Company	11.1	15,197	14,995
Sales tax on management fee	11.2	1,976	1,949
Allocated expenses by the Management Company	11.3	1,471	1,307
Selling and marketing expenses	11.4	5,883	5,227
Remuneration of the Trustee	12.1	1,104	1,873
Sales tax on remuneration of the Trustee	12.2	143	244
Annual fee to SECP	13	294	980
Brokerage and settlement charges		2,393	924
Auditors' remuneration	17	232	363
Legal and professional charges		198	151
Bank charges and other expenses		397	450
Total expenses		29,287	28,463
Net income for the year from operating activities		213,181	106,702
Provision for Sindh Workers' Welfare Fund (SWWF)	14.2	(4,180)	(2,094)
Net income for the year before taxation		209,001	104,608
Taxation	18	-	-
Net income for the year after taxation		209,001	104,608
<i>Allocation of net income for the year:</i>			
Net income for the year after taxation		209,001	104,608
Income already paid on units redeemed		(130,210)	(28,309)
		78,791	76,299
<i>Accounting income available for distribution:</i>			
- Relating to capital gains		15,794	-
- Excluding capital gains		62,997	76,299
		78,791	76,299

The annexed notes from 1 to 24 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)

SD
Chief Executive Officer

SD
Director

SD
Chief Financial Officer

UBL GROWTH AND INCOME FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	June 30, 2020	June 30, 2019
	----- (Rupees in '000) -----	
Net income for the year after taxation	209,001	104,608
Other comprehensive income for the year:	-	-
Total comprehensive income for the year	<u>209,001</u>	<u>104,608</u>

The annexed notes from 1 to 24 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)

SD
Chief Executive Officer

SD
Director

SD
Chief Financial Officer

UBL GROWTH AND INCOME FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	June 30, 2020	June 30, 2019
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before taxation	209,001	104,608
Adjustments for:		
Financial income	(189,192)	(138,300)
Unrealised loss on revaluation of investments classified as 'designated at fair value through profit or loss' - net	1,447	8,855
(Gain) / loss on maturity / sale of investments classified as 'designated at fair value through profit or loss' - net	(42,713)	8,701
(Gain) / loss from spread transactions - net	(37)	27
Reversal of provision against debt securities - net	(3,889)	(13,889)
Provision for Sindh Workers' Welfare Fund (SWWF)	4,180	2,094
	(230,204)	(132,512)
(Increase) / decrease in assets		
Investments	(14,074)	19,042
Advance tax	(424)	(9)
Receivable against settlement of spread transactions	6,106	(6,106)
Advance, deposits and other receivables	(19,105)	(7,833)
	(27,497)	5,094
(Decrease) / increase in liabilities		
Payable to the Management Company	(2,106)	1,535
Payable to the Trustee	(178)	47
Annual fee payable to the SECP	(686)	(1,438)
Accrued and other liabilities	(15)	7,182
	(2,985)	7,326
Finance income received	197,243	125,351
Net cash generated from operating activities	145,558	109,867
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipt from issuance of units	5,732,626	2,962,321
Cash dividend paid to unit holders	(107,150)	(219,802)
Net payment against redemption of units	(6,691,675)	(2,413,940)
Net cash (used) / generated from financing activities	(1,066,199)	328,579
Net (decrease) / increase in cash and cash equivalents	(920,641)	438,446
Cash and cash equivalents at beginning of the year	1,250,418	811,972
Cash and cash equivalents at end of the year	329,777	1,250,418
Cash and cash equivalents		
Bank balances	329,777	1,100,418
Term deposit receipts - 3 months	-	150,000
	329,777	1,250,418

The annexed notes from 1 to 24 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)

SD
Chief Executive Officer

SD
Director

SD
Chief Financial Officer

UBL GROWTH AND INCOME FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	June 30, 2020			June 30, 2019		
	Capital value	Undistributed loss	Total	Capital value	Undistributed loss	Unrealised (diminution) / appreciation on re-measurement of investments classified as 'fair value through other comprehensive income - net
	(Rupees in '000)			(Rupees in '000)		
						Total
Net assets at beginning of the year	2,215,081	(480,292)	1,734,789	1,742,361	(440,998)	239
Reclassification under IFRS 9					239	(239)
Amount received on issuance of 64,178,743 (2019: 33,542,779) units						
Capital value	5,458,338	-	5,458,338	2,847,537	-	-
Element of income during the year:						
- Relating to net Income for the year after taxation	274,288	-	274,288	114,784	-	-
	5,732,626	-	5,732,626	2,962,321	-	-
Amount paid on redemption of 74,247,479 (2019: 27,718,424) units						
Capital value	(6,314,674)	-	(6,314,674)	(2,353,092)	-	-
Element of income during the year;						
- Relating to net income for the year after taxation	(246,791)	(130,210)	(377,001)	(32,539)	(28,309)	-
	(6,561,465)	(130,210)	(6,691,675)	(2,385,631)	(28,309)	-
Total comprehensive income for the year	-	209,001	209,001	-	104,608	-
-Distribution during the period Rs.11.6753 per unit declared on June 26, 2020 as cash dividend	(26,121)	(81,029)	(107,150)	(103,970)	(115,832)	-
Net income / (loss) for the year less distribution	(26,121)	127,972	101,851	(103,970)	(11,224)	-
Net assets at end of the year	1,360,121	(482,530)	877,591	2,215,081	(480,292)	-
Undistributed income brought forward:						
- Realised	-	(471,437)	(471,437)	-	(440,855)	-
- Unrealised	-	(8,855)	(8,855)	-	(143)	-
- Reclassification under IFRS 9	-	-	-	-	239	-
	-	(480,292)	(480,292)	-	(440,759)	-
Accounting income available for distribution:						
- Relating to capital gains	-	15,794	15,794	-	-	-
- Excluding capital gains	-	62,997	62,997	-	76,299	-
	-	78,791	78,791	-	76,299	-
Distribution during the year	-	(81,029)	(81,029)	-	(115,832)	-
Undistributed loss carried forward	-	(482,530)	(482,530)	-	(480,292)	-
Undistributed loss carried forward						
- Realised	-	(481,083)	(481,083)	-	(471,437)	-
- Unrealised	-	(1,447)	(1,447)	-	(8,855)	-
	-	(482,530)	(482,530)	-	(480,292)	-
	--- (Rupees) ---			--- (Rupees) ---		
Net assets value per unit at beginning of the year	85.0490			89.3150		
Net assets value per unit at end of the year	84.9655			85.0490		

The annexed notes from 1 to 24 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)

SD
Chief Executive Officer

SD
Director

SD
Chief Financial Officer

UBL GROWTH AND INCOME FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** UBL Growth and Income Fund (the Fund) was established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations) and was approved as an open-end mutual fund by the Securities and Exchange Commission of Pakistan (SECP). It was constituted under the Trust Deed, dated 21 December 2004 between UBL Fund Managers Limited (a wholly owned subsidiary company of United Bank Limited) as the Management Company, a company incorporated under the Companies Ordinance, 1984 and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The registered office of the Management Company is situated at 4th Floor, STSM Building, Beaumont road, Civil lines, Karachi.
- 1.2** The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through certificate of registration issued by SECP.
- 1.3** The Fund is an aggressive fixed income scheme and units of the Fund are listed on the Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. The units of the fund can be transferred to / from other funds managed by the Management Company and can also be redeemed by surrendering to the fund.
- 1.4** As per the offering document, the Fund shall invest in a diversified portfolio of Government securities, investment grade term finance certificates (TFCs), rated corporate debts, certificates of investments (COIs), marginal trading system (MTS), spread transactions (including spread on equity transactions) and other money market instruments.
- 1.5** VIS Credit Rating Company has re-affirmed an asset manager quality rating of 'AM1' (stable outlook) to the Management Company and a stability rating of "A(f)" to the Fund as on December 31, 2019.
- 1.6** Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

2. STATEMENT OF COMPLIANCE

- 2.1** These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. Such standards comprise of:
- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);
 - Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984;
 - The NBFC rules, the Non-Banking Finance Companies, Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

3. BASIS OF PREPARATION

3.1 Accounting convention

These financial statements have been prepared under the historical cost convention except for investments which are measured at fair value.

3.2 Critical accounting estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

3.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial years.

4.1 New / Revised Standards, Interpretations and Amendments

The Fund has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

IFRS 16 – Leases

IFRIC 23 – Uncertainty over Income Tax Treatments

IFRS 3 – Business Combinations – Previously held interests in a joint operation

IFRS 9 – Financial instruments – Prepayment Features with Negative Compensation (Amendments)

IAS 28 – Long-term Interests in Associates and Joint Ventures (Amendments)

IFRS 11 – Joint Arrangements – Previously held interests in a joint operation

IAS 12 – Income Taxes – Income tax consequences of payments on financial instruments classified as equity

IAS 23 – Borrowing Costs - Borrowing costs eligible for capitalisation

IAS 19 – Employee Benefits – Plan Amendment, Curtailment or Settlement (Amendments)

IFRS 14 – Regulatory Deferral Accounts

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017 which became effective in the current period.

The adoption of the above amendments to accounting standards and interpretations did not have any material effect on the financial statements.

4.2 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances and short term highly liquid investments with original maturity of three months or less, are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

4.3 Financial assets

4.3.1 Classification

Business model assessment

The Fund determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Fund's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- The objectives for the portfolio, in particular, whether management's strategy focuses on earning contractual revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Fund's original expectations, the Fund does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Assessments whether contractual cash flows are solely payments of principal and interest (SPPI)

As a second step of its classification process the Fund assesses the contractual terms of financial to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Fund applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

4.3.2 Initial Measurement

Investments are initially measured at their fair value except in the case of financial assets recorded at FVTPL, transaction costs are added to, or subtracted from, this amount.

Subsequent Measurement

Debt instruments at Amortized Cost

After initial measurement, such debt instruments are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the Effective interest rate.

Debt instruments at FVOCI

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

Financial assets at fair value through profit or loss

Financial assets at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss. Dividend income from equity instruments measured at FVTPL is recorded in profit or loss when the right to the payment has been established.

4.3.3 Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

However, SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 have deferred the applicability of above impairment requirements in relation to debt securities for mutual funds and accordingly, basis defined in Circular No. 33 of 2012 dated, October 24, 2012 will be followed.

4.4 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

4.5 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

4.6 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

4.7 Provisions

Provisions are recognised when the Fund has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions, if any, are regularly reviewed and adjusted to reflect the current best estimate.

4.8 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

4.9 Dividend distribution and appropriations

Dividend distributions and appropriations are recorded in the period in which these are approved by the Board of Directors of the Management Company. Based on Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Regulation 63 of the NBFC Regulations requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared and approved by the Board of Directors of the Management Company.

4.10 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that date. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load and any provision for duties and charges, if applicable. The sales load is payable to investment facilitators, distributors and the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load, any duties, taxes, and charges on redemption, if applicable.

4.11 Net asset value per unit

The Net Asset Value (NAV) per unit, as disclosed in the statement of assets and liabilities, is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

4.12 Revenue recognition

- Gain or loss on sale of investments is accounted for in the income statement in the period in which it arises.
- Unrealised gain / loss arising on revaluation of investments classified as 'at fair value through profit or loss' is included in the income statement in the period in which it arises.
- Dividend income is recognised when the right to receive the dividend is established.
- Profit / mark-up on bank balances and government securities is recognised on an effective interest

4.13 Expenses

All expenses chargeable to the Fund including remuneration of the Management Company, Trustee fee and annual fee of the SECP are recognised in the Income Statement on an accrual basis.

4.14 Unitholders' fund

Unitholders' fund representing the units issued by the Fund, is carried at the redemption amount representing the investors' right to a residual interest in the Fund's assets.

4.15 Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the year end exchange rates are recognised in the income statement.

4.16 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

Element of income represents the difference between NAV per unit on the issuance or redemption date, as the case may be, of units and the NAV per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend NAV of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

5. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 3 Definition of a Business (Amendments)	January 01, 2020
Interest rate benchmark reform - Amendment to IFRS 9, IAS 39 and IFRS 7	January 01, 2020
IAS – 1: Definition of Material – Amendments to IAS 1 and IAS 8	January 01, 2020
Covid-19-Related Rent Concessions – Amendment to IFRS 16	January 01, 2020
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	January 01, 2020
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	January 01, 2020
Classification of liabilities as current or non-current - Amendment to IAS 1	January 01, 2022
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalized

The above standards and amendments are not expected to have any material impact on the Fund's financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 01, 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards	IASB Effective date (annual periods beginning on or after)
IFRS 1 - First-time Adoption of International Financial Reporting Standards	July 01, 2009
IFRS 17 – Insurance Contracts	January 01, 2023

		June 30, 2020	June 30, 2019
	Note	----- (Rupees in '000) -----	
6 BANK BALANCES			
In current accounts		59	50
In deposit accounts	6.1	329,718	1,100,368
		329,777	1,100,418

6.1 These carry mark-up at the rates ranging between 6.50% to 13.60% per annum (2019: 4.00% to 13.15%) per annum and include a balances of Rs 4.57 (2019: Rs.3.31) million and Rs 0.02 (2019: Rs.0.02) million held with United Bank Limited and Khushhali Bank Limited (related parties) respectively.

7 INVESTMENTS

Investments by Category

Fair value through profit or loss

Government securities - Treasury Bills	7.1	142,508	-
Government securities - Pakistan Investment Bonds	7.2	201,700	133,252
Quoted Equity securities (Spread Transaction)	7.3	-	-
Debt securities - quoted	7.4	96,314	20,774
Debt securities - unquoted	7.4	102,532	275,953
		543,053	429,979

At Amortised cost

Letter of placement	-	50,079
Term Deposit Receipt	-	153,729
	-	203,808
	543,053	633,787

7.1 Government Securities - Treasury Bills - 'At Fair Value Through Profit or Loss'

						June 30, 2020				
Particulars	Note	As at July 01, 2019	Purchased during the year	Sold / matured during the year	As at June 30, 2020	Carrying value	Market value	Unrealised Gain / (loss)	Market value as a % of net assets	Market value as a % of total investments
----- (Number of holding) -----						----- (Rupees in '000) -----			----- % -----	
Market treasury bills - 12 months	7.1.1	-	20,510,000	(19,000,000)	1,510,000	142,060	142,508	448	16.24%	26.24%
Market treasury bills - 6 months		-	14,250,000	(14,250,000)	-	-	-	-	-	-
Market treasury bills - 3 months		-	60,500,000	(60,500,000)	-	-	-	-	-	-
June 30, 2020						142,060	142,508	448	16.24%	26.24%
June 30, 2019						-	-	-	-	-

7.1.1 These treasury bills carry effective yield of 7.29% to 10.00% per annum and will mature by October 2020 and June 2021.

7.2 Government Securities - Pakistan Investment Bonds - 'At Fair Value Through Profit or Loss'

Particulars	Note	As at July 01, 2019	Purchased during the year	Sold / matured during the year	As at June 30, 2020	Carrying value	Market value	Unrealised Gain / (loss)	Market value as a % of net assets	Market value as a % of total investments
----- (Number of holding) -----					----- (Rupees in '000) -----			----- % -----		
Pakistan Investment Bonds - 3 years		1,500,000	17,250,000	(18,750,000)	-	-	-	-	-	-
Pakistan Investment Bonds - 5 years		-	6,000,000	(6,000,000)	-	-	-	-	-	-
Pakistan Investment Bonds - FRB - 10 years	7.2.1	-	3,500,000	(1,500,000)	2,000,000	203,453	201,700	(1,753)	22.98%	37.14%
June 30, 2020						203,453	201,700	(1,753)	22.98%	37.14%
June 30, 2019						-	-	-	-	-

7.2.1 This Pakistan Investment Bonds carry interest at the rate of 14.05% per annum. These will mature latest by August 22, 2029.

7.3 Quoted equity securities - Spread transactions

Name of Investee Company	Number of shares				Balance as at June 30, 2020			Market value as percentage of total investments	Market value as percentage of net assets	Market value as a percentage of paid-up capital of the investee
	As at July 01, 2019	Purchased during the period	Sold during the period	As at June 30, 2020	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Unrealised gain			
----- (Rupees in '000) ----- % -----										
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise:										
Oil and gas exploration companies										
Oil and Gas Development Company Limited	-	222,000	222,000	-	-	-	-	-	-	-
Pakistan Oilfields Limited	-	3,000	3,000	-	-	-	-	-	-	-
Pakistan Petroleum Limited	-	85,000	85,000	-	-	-	-	-	-	-
					-	-	-	-	-	-
Oil and gas marketing companies										
Pakistan State Oil Company Limited	-	122,000	122,000	-	-	-	-	-	-	-
Hascol Petroleum Limited	-	2,000	2,000	-	-	-	-	-	-	-
Sui Southern Gas Company Limited	-	275,000	275,000	-	-	-	-	-	-	-
					-	-	-	-	-	-
Pharmaceuticals										
The Searle Company Limited	-	238,000	238,000	-	-	-	-	-	-	-
					-	-	-	-	-	-
Engineering										
Amreli Steels Limited	-	426,000	426,000	-	-	-	-	-	-	-
International Steels Limited	-	778,000	778,000	-	-	-	-	-	-	-
Mughal Iron & Steel Industries Limited	-	34,000	34,000	-	-	-	-	-	-	-
					-	-	-	-	-	-
Refinery										
Atock Refinery Limited	-	176,000	176,000	-	-	-	-	-	-	-
National Refinery Limited	-	130,000	130,000	-	-	-	-	-	-	-
					-	-	-	-	-	-
Commercial banks										
The Bank of Punjab	-	1,924,000	1,924,000	-	-	-	-	-	-	-
Habib Bank Limited	-	9,000	9,000	-	-	-	-	-	-	-
Bank Al Habib Limited	-	1,500	1,500	-	-	-	-	-	-	-
National Bank of Pakistan	-	501,000	501,000	-	-	-	-	-	-	-
					-	-	-	-	-	-
Chemical										
Descon Oxychem Limited	-	65,000	65,000	-	-	-	-	-	-	-
Engro Polymer & Chemicals Limited	-	10,000	10,000	-	-	-	-	-	-	-
Lotte Chemical Pakistan Limited	-	2,477,000	2,477,000	-	-	-	-	-	-	-
					-	-	-	-	-	-
Food and personal care products										
Frieslandcampins Engro Foods Limited	-	2,000	2,000	-	-	-	-	-	-	-
Fauji Foods Limited	-	1,052,500	1,052,500	-	-	-	-	-	-	-
					-	-	-	-	-	-

Name of Investee Company	Number of shares				Balance as at June 30, 2020			Market value as percentage of total investments	Market value as percentage of net assets	Market value as a percentage of paid-up capital of the investee
	As at July 01, 2019	Purchased during the period	Sold during the period	As at June 30, 2020	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Unrealised gain			
----- (Rupees in '000) ----- % -----										
Textile composite										
Gul Ahmed Textile Mills Limited	-	28,000	28,000	-	-	-	-	-	-	-
Nishat Mills Limited	-	2,000	2,000	-	-	-	-	-	-	-
					-	-	-	-	-	-
Automobile assembler										
Gandhara Industries Limited	-	3,000	3,000	-	-	-	-	-	-	-
					-	-	-	-	-	-
Automobile parts and accessories										
The General Tyre & Rubber Company of Pakistan Limited	-	46,000	46,000	-	-	-	-	-	-	-
					-	-	-	-	-	-
Power generation and distribution										
The Hub Power Company Limited	-	40,000	40,000	-	-	-	-	-	-	-
Kot Addu Power Company Limited	-	36,000	36,000	-	-	-	-	-	-	-
K-Electric Limited (Par value at Rs. 3.5)	-	2,000	2,000	-	-	-	-	-	-	-
					-	-	-	-	-	-
Technology and communication										
NetSol Technologies Limited	-	1,000	1,000	-	-	-	-	-	-	-
					-	-	-	-	-	-
Transport										
Pakistan International Bulk Terminal	-	387,000	387,000	-	-	-	-	-	-	-
					-	-	-	-	-	-
Vanaspati and allied industries										
Unity Foods Limited	-	3,522,000	3,522,000	-	-	-	-	-	-	-
					-	-	-	-	-	-
Fertilizer										
Fauji Fertilizer Company Limited	-	155,000	155,000	-	-	-	-	-	-	-
Engro Fertilizers Limited	-	233,000	233,000	-	-	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	-	327,000	327,000	-	-	-	-	-	-	-
					-	-	-	-	-	-
Cement										
D.G. Khan Cement Company Limited	-	274,000	274,000	-	-	-	-	-	-	-
Fauji Cement Company Limited	-	64,000	64,000	-	-	-	-	-	-	-
Cherat Cement Company Limited	-	75,000	75,000	-	-	-	-	-	-	-
Kohat Cement Company Limited	-	7,000	7,000	-	-	-	-	-	-	-
Pioneer Cement Limited	-	180,000	180,000	-	-	-	-	-	-	-
					-	-	-	-	-	-
Total as at June 30, 2020					-	-	-	-	-	-
Total as at June 30, 2019					-	-	-			

7.4 Debt securities - Term Finance Certificates (TFCs) and Sukuks - 'At fair value through profit or loss'
(face value of Rs.5,000 each unless otherwise stated)

Particulars	Note	Number of certificates					Balance as at June 30, 2020			Market value as a % of net assets	Market value as a % of total investments
		As at July 01, 2019	Purchased during the year	Matured during the year	Sold during the year	As at June 30, 2020	Carrying value	Market value	Unrealised (loss) / gain		
							----- (Rupees in '000) -----			----- % -----	
Quoted											
Personal goods											
Azgard Nine Limited - TFC (September 20, 2005)		1,000	-	-	-	1,000	1,366				
Less: Provision for impairment	7.4.1						(1,366)				
							-	-	-	-	-
Commercial banks											
Bank Al Habib Limited - TFC (March 17, 2016)		-	1,200	-	-	1,200	5,880	5,497	(383)	0.63%	1.02%
Dawood Hercules Corporation Limited - Sukuk (March 01, 2018)		-	950	-	-	950	76,228	77,385	1,157	8.82%	14.29%
Soneri Bank Limited - TFC (July 08, 2015)		770	-	-	770	-	-	-	-	0.00%	0.00%
Dawood Hercules Corporation Limited - Sukuk (November 16, 2017)*		190	-	-	-	190	13,256	13,432	176	1.53%	2.48%
							95,364	96,314	950	10.97%	17.79%
Total debt securities - quoted as at June 30, 2020							95,364	96,314	950		
Total debt securities - quoted as at June 30, 2019							21,050	20,774	(276)		
Unquoted											
Personal goods											
Azgard Nine Limited - TFC (December 04, 2007) PP		7,000	-	-	-	7,000	10,579				
Less: Provision for impairment	7.4.1						(10,579)				
							-	-	-	-	-
Household goods											
New Allied Electronics Industries Limited - TFC (May 15, 2007)		18,000	-	-	-	18,000	18,094				
Less: Provision for impairment (see note 9.3.1)	7.4.1						(18,094)				
							-	-	-	-	-
New Allied Electronics Industries Limited - Sukuk (December 03, 2007)		10,000	-	-	-	10,000	35,000				
Less: Provision for impairment (see note 9.3.1)	7.4.1						(35,000)				
							-	-	-	-	-
Commercial banks											
JS Bank Limited - TFC (December 14, 2016)		9,000	-	-	9,000	-	-	-	-	-	-
JS Bank Limited - TFC (December 29, 2017)*		1,000	-	-	1,000	-	-	-	-	-	-
Habib Bank Limited - TFC (February 19, 2016)*		424	-	-	-	424	41,664	41,435	(229)	4.72%	7.65%
							41,664	41,435	(229)	4.72%	7.65%

Particulars	Note	Number of certificates					Balance as at June 30, 2020			Market value as a % of net assets	Market value as a % of total investments
		As at July 01, 2019	Purchased during the year	Matured during the year	Sold during the year	As at June 30, 2020	Carrying value	Market value	Unrealised (loss) / gain		
----- (Rupees in '000) ----- % -----											
Investment bank											
Jahangir Siddiqui & Company Limited - TFC (July 18, 2017)		20,000	-	-	-	20,000	62,313	61,096	(1,216)	6.96%	11.29%
Chemical											
Ghani Gases Limited - Sukuk (February 02, 2017)*		93	-	-	93	-	-	-	-	-	-
Financial services											
Security Leasing Corporation Limited - Sukuk II (September 19, 2007)		5,000	-	-	-	5,000	5,577				
Less: Provision for impairment	7.4.1						(5,577)				
							-	-	-	-	-
Total debt securities - unquoted as at June 30, 2020							103,977	102,532	(1,445)		
Total debt securities - unquoted as at June 30, 2019							281,461	275,953	(5,508)		
Total as at June 30, 2020							199,341	198,845	(496)		
Total as at June 30, 2019							302,511	296,727	(5,784)		

* The nominal value of these TFCs and Sukuks is Rs.100,000 each.

7.4.1 Due to continuous default on repayment of coupon by the issuer, the Fund has classified said investment as non-performing debt securities. The Fund has suspended further accrual of mark-up there against.

7.4.2 Significant terms and conditions of term finance certificates outstanding at the year end are as follows:

Name of security	Interest rate per annum	Maturity
Dawood Hercules Corporation Limited (November 1	3M KIBOR + 1.00%	November 16, 2022
Bank AL Habib Limited (March 17, 2016)	6M KIBOR + 0.75%	March 17, 2026
Dawood Hercules Corporation Limited (March 01, 2	3M KIBOR + 1.00%	March 1, 2023
Habib Bank Limited (February 19, 2016)	6M KIBOR + 0.50%	February 19, 2026
Jahangir Siddiqui & Co. Ltd. (July 18, 2017)	6M KIBOR + 1.40%	July 18, 2022

7.5 Debt securities - Term Finance Certificates (TFCs) and Sukuks - 'Fair value through other comprehensive income'
(face value of Rs.5,000 each unless otherwise stated)

		Number of certificates				Balance as at June 30, 2020				
Particulars	Note	As at July 01, 2019	Purchased during the year	Sold / matured during the year	As at June 30, 2020	Carrying value	Market value	Unrealised (loss) / gain	Market value as a % of net assets	Market value as a % of total investments
						----- (Rupees in '000) -----			----- % -----	
Quoted										
Personal goods										
Azgard Nine Limited - TFC (September 20, 2005)		21,150	-	-	21,150	21,702				
Less: Provision for impairment	7.5.1					(21,702)				
						-	-	-	-	-
Azgard Nine Limited - TFC (May 17, 2010)		10,000	-	-	10,000	27,863				
Less: Provision for impairment	7.5.1					(27,863)				
						-	-	-	-	-
Financial services										
Trust Investment Bank Limited - TFC (July 04, 2008)		23,877	-	-	23,877	44,499				
Less: Provision for impairment	7.5.1					(44,499)				
						-	-	-	-	-
Total debt securities - quoted as at June 30, 2020						-	-	-	-	-
Total debt securities - quoted as at June 30, 2019						-	-	-		
Unquoted										
Household goods										
New Allied Electronics Industries (Private) Limited - TFC (May 15, 2007)		13,000	-	-	13,000	13,068				
Less: Provision for impairment	7.5.1					(13,068)				
						-	-	-	-	-
Chemical										
Agritech Limited - PPTFC (January 14, 2008)		147,000	-	-	147,000	558,988				
Less: Provision for impairment	7.5.1					(558,988)				
						-	-	-	-	-
Agritech Limited - PPTFC (November 30, 2007)		58,000	-	-	58,000	254,223				
Less: Provision for impairment	7.5.1					(254,223)				
						-	-	-	-	-
Agritech Limited - Sukuk (August 06, 2008)		3,800	-	-	3,800	14,453				
Less: Provision for impairment	7.5.1					(14,453)				
						-	-	-	-	-

		Number of certificates				Balance as at June 30, 2020				
Particulars	Note	As at July 01, 2019	Purchased during the year	Sold / matured / sold during the year	As at June 30, 2020	Carrying value	Market value	Unrealised (loss) / gain	Market value as a % of net assets	Market value as a % of total investments
						----- (Rupees in '000) -----			----- % -----	
Personal goods										
Azgard Nine Limited - PPTFC (December 04, 2007)		33,000	-	-	33,000	49,870				
Less: Provision for impairment	7.5.1					(49,870)				
						-	-	-	-	-
Financial services										
Security Leasing Corporation Limited - Sukuk II (September 19, 2007)		15,000	-	-	15,000	16,451				
Less: Provision for impairment	7.5.1					(16,451)				
						-	-	-	-	-
Total debt securities - unquoted as at June 30, 2020						-	-	-	-	-
Total debt securities - unquoted as at June 30, 2019						-	-	-		

7.5.1 Due to non-recoverability of these investments, the Fund has classified these as non-performing securities and recognized full provision there against.

7.6 REVERSAL OF PROVISION AGAINST DEBT SECURITIES - NET

Pre-IPO placement
Less: Provision for impairment

Note	30 June 2020 --- (Rupees in '000) ---	30 June 2019
7.6.1	60,000 (60,000)	63,889 (63,889)
	-	-

7.6.1 This represents Pre-IPO disbursement to Cement Company (the Company) made on January 14, 2008. As per the requirement of the Trust Deed, the IPO was to take place within 270 days of the initial disbursement, however, the Company has not yet arranged the IPO. Accordingly, the Management Company decided to suspend mark-up on this placement from October 29, 2008 and has recorded full provision against the said placement (including principal and interest) in accordance with circular no. 33 of 2012 issued by the SECP.

During the year, the Company has paid Rs.5.555 million against the said disbursement out of which Rs.1.666 million and Rs.3.889 million relates to interest and principal. Accordingly, the Management Company has reversed the provision for impairment with the amount received.

7.7 Details of non-compliant investments

Name of non-compliant investment	Type of investment	Note	As at July 01, 2019	Purchased during the year	Sold during the year	As at June 30, 2020	Carrying amount as at June 30, 2020	Percentage of total investment	percentage of net assets
						----- (Number of shares) -----		(Rupees in '000)	
Azgard Nine Limited	Preference shares	7.7.1	200,000	-	-	200,000	-	-	-

7.7.1 These represents cumulative, non-voting, convertible and redeemable preference shares having a face value of Rs.10 each and carrying a profit rate of 8.95% per annum. These were due for redemption on September 30, 2009 but due to default by the company, management has made full provision of Rs.0.85 million against the outstanding amount.

Name of non-compliant investment	Exposure type	% of issue	Limit	Excess
Trust Investment Bank Limited - TFC (July 04, 2008)	Per issue	20.00%	10.00%	10.00%
AgriTech Limited - TFC (November 30, 2007)	Per issue	19.00%	10.00%	9.00%
New Allied Electronics Industries (Private) Limited (May 15, 2007)	Per issue	17.00%	10.00%	7.00%
Security Leasing Corporation Limited - Sukuk (September 19, 2007)	Per issue	13.00%	10.00%	3.00%
AgriTech Limited - TFC (January 14, 2008)	Per issue	11.00%	10.00%	1.00%
Dawood Hercules Corporation Limited - Sukuk	Single Entity	10.35%	10.00%	0.35%

8. ADVANCE TAX

The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under section 150, 150A and 151 of ITO 2001. The Federal Board of Revenue through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated May 12, 2015, made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). Prior to receiving tax exemption certificate(s) from CIR various withholding agents have deducted advance tax under section 150, 150A and 151 of ITO 2001. The management is confident that the same shall be refunded in future years.

		June 30, 2020	June 30, 2019
	Note	----- (Rupees in '000) -----	
9. MARK-UP RECEIVABLE			
Mark-up receivable on:			
- Pakistan Investment Bonds		10,041	5,094
- Term finance certificates and sukuks		7,345	7,478
- Deposit accounts	9.1	2,338	15,203
		<u>19,724</u>	<u>27,775</u>

9.1 This includes receivable of Rs.0.21 (2019: Rs.0.12) million on balances maintained with United Bank Limited and Rs.0.0009 (2019: Rs.0.0001) million on balances maintained with Khushhali Bank Limited (related parties).

10. DEPOSITS PREPAYMENTS AND OTHER RECEIVABLES

Advance against NCCPL exposure margin		6,615	6,615
Exposure deposit with National Clearing Company			
Pakistan Limited (NCCPL) - Spread Transactions		26,696	6,414
Security deposit with NCCPL		3,000	3,000
CDC deposit		100	100
Prepaid expenses		249	124
Other receivables		250	1,552
		<u>36,910</u>	<u>17,805</u>

11. PAYABLE TO THE MANAGEMENT COMPANY

Remuneration payable	11.1	493	1,688
Sales tax on management fee	11.2	64	219
Allocated expenses payable	11.3	156	171
Selling and marketing expenses payable	11.4	1,115	2,094
Sales load payable		374	141
Other payables		88	83
		<u>2,290</u>	<u>4,396</u>

11.1 The Management Company is entitled to remuneration for services rendered to the Fund at the rate of 8% of the daily gross earnings with minimum cap of 0.25% and maximum cap of 1.5% of average daily net assets. The remuneration is paid to the Management Company on monthly basis in arrears.

11.2 Sales tax at the rate of 13% (June 30, 2019: 13%) on gross value of management fee is applied under the provisions of Sindh Sales Tax on Services Act, 2011.

11.3 Uptil June 19, 2019 in accordance with Regulation 60 of the NBFC Regulations, the Management Company was entitled to charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS) at the rate of upto 0.1% of the average annual net assets of the scheme or actual whichever is less. However, SECP vide SRO 639 dated June 20, 2019 removed the maximum cap of 0.1%.

Therefore, with effect from June 20, 2019, the Management Company can charge expenses related to registrar services, accounting, operations and valuation services to the CIS based on its discretion provided the Total Expense Ratio (TER) prescribed by the SECP vide SRO 639 dated June 20, 2019 is complied with.

11.4 The SECP had allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) initially for a period of three years (i.e. from January 01, 2017 till December 31, 2019). The maximum cap of selling and marketing expense was 0.4% per annum of the net assets of the Fund or actual expenses whichever is lower.

During the current year, the SECP through its circular 11 dated July 05, 2019 has revised the conditions for charging of selling and marketing expenses to a Fund. As per the revised guidelines, the maximum cap of 0.4% per annum has been lifted and now the asset management company is required to set a maximum limit for charging of such expense to the Fund and the same should be approved by the Board as part of annual plan. Furthermore, the time limit of three years has also been removed in the revised conditions.

Accordingly, the Board of Directors of Management Company have resolved that the selling and marketing expenses will be charged based on the discretion of the Management Company provided the Total Expense Ratio (TER) prescribed by the SECP vide SRO 639 dated June 20, 2019 is complied with.

	Note	June 30, 2020 ----- (Rupees in '000) -----	June 30, 2019 -----
12. PAYABLE TO THE TRUSTEE			
Remuneration payable	12.1	58	214
Sales tax on remuneration payable	12.2	7	29
		<u>65</u>	<u>243</u>

12.1 The Trustee is entitled to a remuneration for services rendered to the Fund under the provisions of the Trust Deed and Offering Document as per the tariff specified therein, based on the daily net asset value of the Fund. The remuneration is paid to the Trustee monthly in arrears.

The tariff structure applicable to the fund in respect of trustee fee has been revised from July 01, 2019 where by the revised tariff is 0.075% of net assets.

12.2 Sales tax at the rate of 13% (2019: 13%) on the remuneration of the Trustee is applied under the provisions of Sindh Sales Tax on Services Act, 2011.

13. ANNUAL FEE PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

This represents annual fee payable to SECP in accordance with Regulation 62 of the NBFC Regulations, whereby the Fund is required to pay SECP an amount at the rate of 0.02% (2019: 0.095%) of the average daily net assets of the Fund.

	Note	June 30, 2020 ----- (Rupees in '000) -----	June 30, 2019 -----
14. ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for indirect duties and taxes	14.1	24,359	24,359
Auditors' remuneration		233	258
Brokerage payable		1,595	568
Withholding tax deducted at source payable		4,437	9,246
Capital gains tax payable		1,291	706
Provision for Sindh Workers' Welfare Fund (SWWF)	14.2	16,318	12,137
Legal and professional charges payable		98	76
Custodian fee payable		83	45
Transaction charges payable to NCCPL		101	90
Other payables		4,541	1,406
		<u>53,056</u>	<u>48,891</u>

14.1 Provision for indirect duties and taxes

The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from June 13, 2013. As the asset management services rendered by the Management Company of the Fund were already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the Management Company was of the view that further levy of FED was not justified.

On September 4, 2013, a Constitutional Petition was filed in the Honourable Sindh High Court (SHC) jointly by various Asset Management Companies, together with their representatives of Collective Investment Schemes through their trustees, challenging the levy of FED.

The SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

With effect from July 01, 2016, FED on services provided or rendered by Non-Banking Financial Institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 01, 2016. However, as a matter of abundant caution, the provision for FED made prior to this period has been maintained by the Fund which at June 30, 2020 aggregates to Rs.24.23 (2019: Rs.24.23) million. Had the provision for FED not been recorded in the financial statements of the Fund, the net assets value of the Fund as at June 30, 2020 would have been higher by Rs.2.35 (2019: Rs.1.19) per unit.

14.2 Provision for Sindh Workers' Welfare Fund (SWWF)

As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act (SWWF Act), 2014 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.0.5 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 (including the Management Company of the Fund) 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. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF which is currently pending. However, as a matter of abundant caution, MUFAP has recommended to all its members to record a provision for SWWF from the date of enactment of SWWF Act, 2014 (i.e. starting from May 21, 2015). Had the SWWF not been provided, the NAV per unit of the Fund would have been higher by Rs.1.58 (June 30, 2019: Rs.0.60) per unit.

15. TOTAL EXPENSE RATIO

Total Expense Ratio of the Fund is 2.28% as on June 30, 2020 (2019: 2.34%) and this includes 0.47% (2019: 0.41%) representing Government Levy, Sindh Worker's Welfare Fund and SECP Fee. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulation 60 (5) for a collective investment scheme categorised as an aggressive fixed income scheme.

16. CONTINGENCIES AND COMMITMENTS

16.1 Subsequent to the year-end, the Federal Board of Revenue (FBR) has issued an order u/s. 122 (5A) of the Income Tax Ordinance (ITO) 2001 for the year 2018 thereby raising a net tax demand of Rs.43.65 million. The Management Company on behalf of the Fund has filed appeal before Commissioner Inland Revenue (Appeals) which is pending adjudication. The Management Company, in consultation with its tax advisor, is confident that the decision in respect of the above matter would be in Fund's favour and accordingly no provision has been made in these financial statements with respect thereto.

16.2 There were no other contingencies as at June 30, 2020 and June 30, 2019.

17. AUDITORS' REMUNERATION

Annual audit fee
Half yearly review fee
Other certifications and services

	June 30 2020	June 30 2019
	----- (Rupees in '000) -----	
	91	118
	52	69
	59	103
	202	290
Sales tax	16	23
Out of pocket expenses	14	50
	232	363

18. TAXATION

The income of the Fund is exempt from tax under clause (99) of Part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per regulation 63 of the NBFC Regulations, the Fund is required to distribute not less than 90 percent of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2020 to the unit holders as explained above, no provision for taxation has been made in these financial statements during the year.

19. TRANSACTIONS AND BALANCES OUTSTANDING WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties comprise of United Bank Limited (Holding Company of the Management Company), UBL Fund Managers Limited (Management Company), Al-Ameen Financial Services (Private) Limited, being entity under the common management or directorship, Central Depository Company of Pakistan Limited as trustee of the Fund, the directors key management personnel and other associated undertakings and connected persons. Connected persons also include any person beneficially owing directly or indirectly 10% or more of the units in the issue / net assets of the Fund.

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, other charges, sale and purchase of investments and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provision of the NBFC Rules, NBFC Regulations and constitutive documents of the Fund respectively.

Details of transactions and balances at year end with related parties / connected persons, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	Management company	Associated companies	Trustee	Funds under common management	Directors and key executives	Other connected persons / related parties
	(Rupees in '000)					
	June 30, 2020					
Transactions during the year						
Mark-up on bank accounts	-	531	-	-	-	-
Units issued	4,186,225	-	-	-	4,573	403,294
Units redeemed	4,922,673	-	-	-	3,009	453,007
Bank charges	-	17	-	-	-	-
Purchase of securities	-	232,931	-	486,656	-	-
Sale of securities	-	332,254	-	2,492,435	-	-
Remuneration*	17,173	-	1,247	-	-	-
Expenses allocated by the Management Company	1,471	-	-	-	-	-
Selling and marketing expenses	5,883	-	-	-	-	-
Central Depository Service charges	-	-	45	-	-	-
Dividend paid	-	-	-	-	649	53,972

	June 30, 2019					
Transactions during the year						
Mark-up on bank accounts	-	1,665	-	-	-	-
Units issued	1,146,543	-	-	-	14,830	520,004
Units redeemed	438,600	-	-	-	10,208	10,607
Bank charges	-	28	-	-	-	-
Purchase of securities	-	45,334	-	488,502	-	-
Sale of securities	-	-	-	880,709	-	-
Remuneration (Inclusive of SST)	16,944	-	2,117	-	-	-
Expenses allocated by the Management Company	1,307	-	-	-	-	-
Selling and marketing expenses	5,227	-	-	-	-	-
Central Depository Service charges	-	-	63	-	-	-
Dividend paid	76,542	-	-	-	109	34,876
Listing fee	-	-	-	-	-	25

	Management company	Associated companies	Trustee	Funds under common management	Directors and key executives	Other connected persons / related parties
	(Rupees in '000)					
	June 30, 2020					
Balances held						
Units held (units in '000)	-	-	-	-	74	5,257
Units held (Rupees in '000)	-	-	-	-	6,272	446,692
Bank balances	-	4,590	-	-	-	-
Deposits	-	-	100	-	-	-
Mark-up receivable - bank balances	-	208	-	-	-	-
Remuneration payable	557	-	65	-	-	-
Expenses allocated by the Management Company	156	-	-	-	-	-
Sales load and other payable	374	95	-	-	-	-
Selling and marketing	1,115	-	-	-	-	-
CDC fee payable	-	-	45	-	-	-
Other payable	88	-	-	-	-	-

	June 30, 2019					
Balances held						
Units held (units in '000)	7,850	-	-	-	55	5,715
Units held (Rupees in '000)	667,635	-	-	-	4,678	486,055
Bank balances	-	3,328	-	-	-	-
Deposits	-	-	100	-	-	-
Mark-up receivable - bank balances	-	118	-	-	-	-
Remuneration payable	1,907	-	243	-	-	-
Expenses allocated by the Management Company	171	-	-	-	-	-
Sales load and other payable	141	42	-	-	-	-
Selling and marketing	2,094	-	-	-	-	-
CDC fee payable	-	-	45	-	-	-
Other payable	83	-	-	-	-	-

* Remuneration for the year is inclusive of sales tax.

20. FINANCIAL RISK MANAGEMENT

The Fund's objective in managing risks is the creation and protection of Unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, Fund's constitutive documents and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, credit risk and liquidity risk arising from the financial instruments it holds.

The Fund's primary financial assets comprise of balances with banks and at fair value through profit and loss investments, comprising of equity securities of listed companies. The Fund also has dividend receivable, profit receivable, deposits and other receivables. The Fund's principal financial liabilities include remuneration payable to Management company, Trustee and SECP and accrued and other liabilities.

20.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and other prices.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in market interest rates.

a) Sensitivity analysis of variable rate instruments

As at June 30, 2020, the Fund holds variable rate term finance certificates and sukuks which are classified as 'designated at fair value through profit or loss' and bank balances, exposing the Fund to interest rate risk. In case of 100 basis points increase / decrease in interest rates at year end, the net assets attributable to unit holders of the Fund and net income for the year would be higher / lower by Rs.5.29 (2019: Rs.13.97) million.

June 30, 2020						
On-balance sheet financial instruments	Exposed to interest rate risk				Not exposed to interest rate risk	Total
	Interest rate (%)	Up to three months	More than three months and up to one year			
			(Rupees in '000)			
Financial assets						
Bank balances	6.5% - 13.6%	329,718	-	-	59	329,777
Investments classified as						
'Designated at fair value through profit or loss'		-	-	198,845	-	198,845
Mark-up receivable		-	-	-	19,724	19,724
Deposits and other receivables		-	-	-	36,910	36,910
		<u>329,718</u>	<u>-</u>	<u>198,845</u>	<u>56,693</u>	<u>585,256</u>
Financial liabilities						
Payable to the Management Company		-	-	-	2,290	2,290
Payable to the Trustee		-	-	-	65	65
Accrued and other liabilities		-	-	-	6,635	6,635
		<u>-</u>	<u>-</u>	<u>-</u>	<u>8,990</u>	<u>8,990</u>
On-balance sheet gap		<u>329,718</u>	<u>-</u>	<u>198,845</u>	<u>47,703</u>	<u>576,266</u>
June 30, 2019						
On-balance sheet financial instruments	Exposed to interest rate risk				Not exposed to interest rate risk	Total
	Interest rate (%)	Up to three months	More than three months and up to one year			
			(Rupees in '000)			
Financial assets						
Bank balances	4 - 13.10	1,100,368	-	-	50	1,100,418
Investments classified as						
'Designated at fair value through profit or loss'		-	-	296,727	-	296,727
Term Deposit Receipt		153,729	-	-	-	-
Letter of placement		-	50,079	-	-	-
Mark-up receivable		-	-	-	27,775	27,775
Deposits and other receivables		-	-	-	17,805	17,805
Receivable against settlement of spread transactions		-	-	-	6,106	6,106
		<u>1,254,097</u>	<u>50,079</u>	<u>296,727</u>	<u>51,736</u>	<u>1,448,831</u>
Financial liabilities						
Payable to the Management Company		-	-	-	4,396	4,396
Payable to the Trustee		-	-	-	243	243
Accrued and other liabilities		-	-	-	2,420	2,420
		<u>-</u>	<u>-</u>	<u>-</u>	<u>7,059</u>	<u>7,059</u>
On-balance sheet gap		<u>1,254,097</u>	<u>50,079</u>	<u>296,727</u>	<u>44,677</u>	<u>1,441,772</u>

There is no off-balance sheet financial instrument that exists as at year ended June 30, 2020 and June 30, 2019.

20.2 Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities earlier than expected. The Fund is exposed to cash redemptions of its redeemable units on a regular basis. Units are redeemable at the unit holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive documents.

In order to manage the Fund's overall liquidity, the Fund has the ability to withhold daily redemption requests in excess of ten percent of the units in issue and such request would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any significant redemption during the period. Further, the Fund also has the ability to suspend redemption of units with approval of Board of Directors of the Management Company in extraordinary circumstances.

The table below summaries the maturity profile of the Fund's financial liabilities. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity date.

	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
June 30, 2020	----- (Rupees in '000) -----				
Financial liabilities					
Payable to the Management Company	2,226	-	-	-	2,226
Payable to the Trustee	58	-	-	-	58
Accrued and other liabilities	6,418	217	-	-	6,635
Total liabilities	8,702	217	-	-	8,919

	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
June 30, 2019	----- (Rupees in '000) -----				
Financial liabilities					
Payable to the Management Company	4,396	-	-	-	4,396
Payable to the Trustee	243	-	-	-	243
Accrued and other liabilities	2,185	235	-	-	2,420
Total liabilities	6,824	235	-	-	7,059

20.3 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation. The Fund's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines, offering document and regulatory requirements. The table below analyses the Fund's maximum exposure to credit risk:

	June 30, 2020	June 30, 2019
	--- (Rupees in '000) ---	
Bank balances	329,777	1,100,368
Term finance certificates and sukuks	543,053	429,979

All deposits with Banks, CDC and NCCPL are highly rated and risk of default is considered minimal.

The analysis below summarizes the credit quality of the Fund's portfolio in total as on June 30, 2020 and June 30, 2019:

Bank balances by rating category

AAA	3.074%	0.452%
AA- to AA+	96.905%	99.542%
A- to A+	0.018%	0.005%
Others	0.003%	0.001%
Total	100%	100%

Term finance certificates by rating category

AAA	20.838%	-
AA- to AA+	79.162%	49.191%
A- to A+	0.000%	50.809%
Others	0.000%	-
Total	100%	100%

Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk.

20.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Fund's operations either internally within the Fund or externally at the Fund's service providers, and from external factors other than credit, market and liquidity risk such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risk arise from all of the Fund's activities.

The Fund's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risk faced, and the adequacy of controls and procedures to address the risk identified;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

20.5 Impact of COVID 19

The COVID-19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

The Securities and Exchange Commission of Pakistan (SECP) has provided the following relaxations to the asset management companies operating in Pakistan for a specific period:

- The time period to regularise the exposure limits breach under Regulation 55(13) of the NBFC Regulations has been extended from four months to six months;
- Maximum limit for application of discretionary discount as per the Annexure-I, Chapter 3 of Circular 33 of 2012 has been enhanced;
- The time period for classification of a debt security to non-performing category has been extended from 15 days to 180 days as per the requirements of Annexure-II of Circular 33 of 2012;
- Time period to ensure compliance with minimum fund size for Open End Schemes under Regulation 54(3b) of the NBFC regulations has been increased to 180 days for Open End Schemes;

20.6 Unit holders' fund risk management

The Fund's capital is represented by redeemable units. The Fund is required by the NBFC Regulations, to maintain a minimum fund size of Rs.100 million, to be maintained all the time during the life of the scheme. The units issued by the Fund provides an investor with the right to require redemption for cash at a value proportionate to the unit holder's share in the Fund's net assets at the redemption date.

The Fund's objective in managing the unit holders' fund is to ensure a stable base to maximise returns to all investors and to manage liquidity risk arising from redemption. In accordance with the risk management policies, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption, such liquidity being augmented by disposal of investments.

21. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value.

The following table shows financial

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2020 and June 30, 2019, the Fund held the following instruments measured at fair values:

	Fair value			Total
	Level 1	Level 2	Level 3	
June 30, 2020	----- (Rupees) -----			
Financial assets measured at fair value through profit or loss				
Debt securities	96,314	446,739	-	543,053

	Fair value			Total
	Level 1	Level 2	Level 3	
June 30, 2019	----- (Rupees) -----			
Financial assets measured at fair value through profit or loss				
Debt securities	20,774	409,205	-	429,979

21.1 Valuation techniques used in determination of fair values within level 2

21.1.1 Fair values of Pakistan Investment Bonds and Market Treasury Bills are derived using PKRV rates (Reuters page).

21.1.2 Investments in term finance and sukuk certificates issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital, are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.

22. SUPPLEMENTARY NON-FINANCIAL INFORMATION

The information regarding unit holding pattern, top ten brokers, members of the Investment Committee, fund manager, meetings of the Board of Directors of the Management Company and rating of the Fund and the Management Company has been disclosed in Annexure I to the financial statements.

23. GENERAL

23.1 Figures have been rounded off to the nearest thousand rupee.

23.2 Earnings per unit has not been disclosed as in the opinion of the Management Company, determination of the cumulative weighted average number of outstanding units is not practicable.

24. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on September 24, 2020 by the Board of Directors of the Management Company.

**For UBL Fund Managers Limited
(Management Company)**

SD
Chief Executive Officer

SD
Director

SD
Chief Financial Officer

SUPPLEMENTARY NON-FINANCIAL INFORMATION
AS REQUIRED UNDER RULES 6(D), (F), (G), (H), (I) AND (J)
OF THE 5TH SCHEDULE TO THE NON BANKING FINANCE COMPANIES
AND NOTIFIED ENTITIES REGULATIONS, 2008

(i) PATTERN OF UNIT HOLDING

Category	Number of unit holders	Number of units held	% of total
Associated Company and Key Executives	3	73,818.00	0.71
Individuals	1372	3,141,429	30.41
Insurance companies	3	179,663	1.74
Others	18	5,553,156	53.76
Public limited companies	7	722,963	7.00
Retirement funds	13	657,755	6.37
	1,416	10,328,784	100

(ii) TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

Name	%
Adam Securities (Pvt) Ltd.	30.98%
Invest One Markets Limited	13.99%
Vector Securities (Pvt.) Limited	11.68%
Bright Capital (Pvt) Limited	8.68%
Continental Exchange (Pvt) Limited	6.88%
Next Capital Limited	6.73%
Paramount Capital (Pvt) Ltd	6.05%
Topline Securities (Private) Limited	5.24%
Magenta Capital (Pvt) Limited	3.74%
Pearl Securities Limited	2.92%

(iii) THE MEMBERS OF THE INVESTMENT COMMITTEE

S.no	Name	Designation	Experience in years	Qualification
1	Yasir Qadri	Chief Executive Officer	24	MBA
2	Syed Suleman Akhtar	Chief Investment Officer	19	CFA, MBA
3	Muhammad Imran	Head of Investment advisory	20	MBA
4	Irfan Nepal	Chief Dealer & Fund Manager	26	EMBA
5	Hadi Hassan Muki	Head of Compliance	20	BCOM
6	Syed Shabbir Sardar Zaidi	Fund Manager & Senior Analyst	11	MAS, CFA
7	Syed Sheeraz Ali	Fund Manager & Senior Analyst	10	MBA
8	Mubashir Anis	Fund Manager Equity	8	BS, CFA
9	Muhammad Waseem	Head Research	6	BBA, CFA

OTHER FUNDS MANAGED BY THE FUND MANAGER

AI - Ameen Islamic Aggressive Income Fund
AI - Ameen Islamic Special Savings Fund
UBL Money Market Fund
UBL Financial Planning Fund
UBL Liquidity Plus Fund
UBL Cash Fund
UBL Government Securities Fund
UBL Income Opportunity Fund
UBL Asset Allocation Fund
UBL Special Savings Fund
UBL Special Savings Fund - II
UBL Retirement Savings Fund

(iv) ATTENDANCE AT THE MEETINGS OF THE BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

During the year, six meetings of the Board of Directors of the Management Company were held. The details of the attendance are as under:

	August 30, 2019	September 17, 2019	October 29, 2019	December 9, 2019	February 25, 2020	April 30, 2020	Total meetings attended
Directors:							
Mr. Arif Akmal Saifie *	N/A	N/A	N/A	N/A	N/A	✓	1
Mr. Azhar Hamid	✓	✓	✓	✓	✓	✓	6
Mr. Imran Sarwar	✓	✓	✓	✓	x	✓	5
Mr. Yasir Qadri	✓	✓	✓	✓	✓	✓	6
Ms. Naz Khan **	✓	✓	✓	✓	✓	✓	6
Ms. Sadia Saeed	x	✓	✓	✓	✓	✓	5
Syed Furrukh Zaeem	✓	✓	✓	✓	x	✓	5
Mr. Tauqeer Mazhar ***	✓	✓	✓	✓	N/A	N/A	4
Name of Key Executives							
Mr. Bilal Javaid ***	N/A	N/A	N/A	✓	✓	✓	3
Mr. Umair Ahmed	✓	✓	✓	✓	✓	✓	6
S.M. Aly Osman ****	✓	✓	✓	N/A	N/A	N/A	3

* Mr. Arif Akmal appointed as Director with effect from March 20, 2020

** Ms. Naz Khan resigned as Director with effect from July 20, 2020

*** Mr. Tauqeer Mazhar resigned as Director with effect from January 30, 2020

**** Mr. Bilal Javaid appointed as Company Secretary with effect from February 25, 2020

***** S.M. Aly Osman resigned as Company Secretary with effect from November 30, 2019

✓	Present
x	Absent
N/A	Not Applicable

(v) RATING OF THE FUND AND THE MANAGEMENT COMPANY

VIS Credit Rating Company has re-affirmed an asset manager quality rating of 'AM1' (stable outlook) to the Management Company and a stability rating of 'A(f)' to the Fund as on December 31, 2019.

UGSF

UBL Government Securities Fund

INVESTMENT OBJECTIVE

The objective of the fund is to generate a competitive return with minimum risk, by investing primarily in Government Securities.

Management Company	UBL Fund Managers Limited
Trustee	Central Depository Company of Pakistan Limited 99-B, Block-B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi. Tel: (9221) 111-111-500
Distribution Company	United Bank Limited (for detail of others, please visit our website: www.ublfunds.com.pk)
Auditor	BDO Ebrahim & Co., Chartered Accountants
Bankers	United Bank Limited Bank Alfalah Limited MCB Bank Limited Faysal Bank Limited Allied Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited JS Bank Limited Meezan Bank Limited Samba Bank Limited Sindh Bank Limited Askari Bank Limited National Bank of Pakistan Limited Zarai Taraqiati Bank Limited Soneri Bank Limited
Management Co.Rating	AM1 (JCR-VIS)
Fund Rating	A+(f) (JCR-VIS)

Fund Manager's Report – UBL Government Securities Fund (UGSF)

- i) **Description of the Collective Investment Scheme category and type**
Income / Open-end
- ii) **Statement of Collective Investment Scheme's investment objective.**
The objective of the fund is to generate a competitive return with minimum risk, by investing primarily in Government Securities.
- iii) **Explanation as to whether the Collective Investment Scheme achieved its stated objective**
The Fund achieved its stated objective.
- iv) **Statement of benchmark(s) relevant to the Collective Investment Scheme**
Average of 6M PKRV rates.
- v) **Comparison of the Collective Investment Scheme's performance during the period compared with the said benchmarks**

Monthly Yield*	Jul'19	Aug'19	Sep'19	Oct'19	Nov'19	Dec'19	Jan'20	Feb'20	Mar'20	Apr'20	May'20	Jun'20	FYTD
UGSF	11.24%	13.94%	13.96%	14.20%	9.54%	12.47%	10.88%	12.03%	37.00%	46.86%	-2.51%	6.21%	14.82%
Benchmark	13.37%	13.93%	13.79%	13.40%	13.37%	13.35%	13.33%	13.39%	12.21%	9.18%	7.82%	7.64%	12.07%

- vi) **Description of the strategies and policies employed during the period under review in relation to the Collective Investment Scheme's performance**

The objective of the Fund is to generate a competitive return with minimum risk, by investing primarily in Government Securities. UBL Government Securities Fund posted return of 12.12%p.a as compared to benchmark return of 12.07% thus outperformed the benchmark by 275bps. Its net assets were PKR 5,050 mn and weighted average maturity of the Fund was decreased to 1.00 years by the end of FY20. The Fund's exposure was invested in Cash at the end of FY20.

- vii) **Disclosure of the Collective Investment Scheme's asset allocation as at the date of the report and particulars of significant changes in asset allocation since the last report (if applicable)**

Asset Allocation (% of Total Assets)	Jun-19	Jun-20
Placements with banks	0%	0%
PIBs	31%	37%
GOP Ijarah Sukuk	0%	0%
Reverse Repo	0%	0%
T-Bills	0%	3%
Cash	67%	15%
Others	2%	44%
Leverage	Nil	Nil

viii) **Analysis of the Collective Investment Scheme's performance**

FY'20 Return:	14.82%
Standard Deviation (12m trailing):	1.55%
Sharpe Ratio (12m trailing):	1.74

ix) **Changes in total NAV and NAV per unit since the last review period or since commencement (in case of newly established Collective Investment Schemes)**

Net Asset Value			NAV per unit		
30-Jun-20	30-Jun-19	Change	30-Jun-20	30-Jun-19	Change
Rupees (000)		%	Rupees		%
3,156,763	1,533,514	106	105.6231	105.7851	-0.15

x) **Disclosure on the markets that the Collective investment Scheme has invested in including - review of the market(s) invested in and performance during the period**

Debt Market Review for FY20

During FY20, market appetite for the government securities remained strong. In twelve PIB auctions in FY20, heavy participation amounting to PKR ~5 trillion was observed, out of this Government preemptively accepted PKR ~1.9 trillion. Strong participation was mainly on the back of interest rate's peaked-out expectation in the beginning of the financial year along with the overall improvement in the fiscal position and estimates of higher external financing. Due to momentous demand, government leveraged its position by slashing the cut off rates by 628, 536 and 456 bps for 3Y, 5Y and 10Y PIBs respectively during the Fiscal year 2020.

In case of floating rate PIBs, government introduced 3Y floater PIB and 5Y floater PIB in addition to the existing 10Y floater PIB from June'20. Total participation of PKR ~1578 billion was observed in the floating rate PIB against the target of PKR ~900 billion. While government accepted PKR ~818 billion during FY'20.

Government has started issuance of 5-Years floating rate Ijara Sukuk since April'20 and successfully conducted 3 auctions and accepted PKR 197 billion against the target of PKR 225 billion.

Till August 2019, market bid mostly for the 3 months T-Bills. However, in the anticipation of declining interest rate scenario, heavy participation in the 12M T-Bills was observed in the subsequent auctions.

Yield curve comparison is given below:

Tenor	PKRV as on 30-06-2019 (%)	PKRV as on 30-06-2020 (%)	Change (%)
3-Months	12.75	7.15	-5.6
6-Months	12.85	7.09	-5.76
12-Months	13.13	7.05	-6.08
3-Years	13.85	7.55	-6.3
5-Years	13.88	8.14	-5.74
10-Years	13.72	8.71	-5.01

- xi) **Disclosure on distribution (if any), comprising:-**
- particulars of income distribution or other forms of distribution made and proposed during the period; and
 - statement of effects on the NAV before and after distribution is made

Distribution		Per unit		
Declared on	Cash	Per Unit	Cum NAV	Ex NAV
	<i>Rs. in 000</i>		<i>----- Rupees -----</i>	
June 26, 2020	419,106	15.8363	121.6214	105.7851

- xii) **Description and explanation of any significant changes in the state of affairs of the Collective Investment Scheme during the period and up till the date of the manager's report, not otherwise disclosed in the financial statements.**

There were no significant changes in the state of affairs during the year under review.

- xiii) **Breakdown of unit holdings by size**

Range of Units	Number of Investors
	UGSF
0.0001 - 9,999.9999	2733
10,000.0000 - 49,999.9999	198
50,000.0000 - 99,999.9999	31
100,000.0000 - 499,999.9999	26
500,000.0000 & Above	6
Total	2994

- xiv) **Disclosure on unit split (if any), comprising:-**
There were no unit splits during the period.
- xv) **Disclosures of circumstances that materially affect any interests of unit holders**
Investment are subject to market risk.
- xvi) **Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker(s) or dealer(s) by virtue of transactions conducted by the Collective Investment Scheme.**
No soft commissions are received by the AMC from its brokers or dealers by virtue of transactions conducted by the Collective Investment Scheme.

PERFORMANCE TABLE

UBL Government Securities Fund

	2020	2019	2018
NET ASSETS AS AT 30 JUNE - Rupees in '000	3,156,763	1,533,514	1,877,040
NET ASSETS VALUE PER UNIT AT 30 JUNE - Rupees *			
Class C units - Offer *	106.8166	106.9805	111.8128
- Redemption	105.6231	105.7851	110.5634
RETURN OF THE FUND - %			
Total Return of the Fund	14.82	7.55	4.71
Capital Growth (per unit)	(0.15)	0.52	4.46
Date of Income Distribution	-	2-Jul-18	-
Income Distribution	-	4.97	-
Date of Income Distribution	26-Jun-20	24-Jun-19	-
Income Distribution	15.84	7.77	-
AVERAGE ANNUAL RETURN - %			
One Year	14.82	7.55	4.71
Second Year	11.19	6.13	4.76
Third Year	9.03	5.69	6.16
Fourth Year	7.97	6.51	4.66
Since inception	7.92	7.06	6.99
OFFER / REPURCHASE DURING THE YEAR- Rupees *			
Highest price per unit - Class C units - Offer	122.6172	114.6096	111.8128
Highest price per unit - Class C units - Redemption	121.2471	113.3290	110.5634
Lowest price per unit - Class C units - Offer	106.8166	106.7877	106.7397
Lowest price per unit - Class C units - Redemption	105.6231	105.5945	105.5470
* Front-end load @1% is applicable			
PORTFOLIO COMPOSITION - %			
Percentage of Net Assets as at 30 June			
PORTFOLIO COMPOSITION BY CATEGORY - %			
Bank Balances	15	67	40
Placements and Term Deposit Receipts	-	-	5
Government securities	40	31	55
Others	45	2	-
PORTFOLIO COMPOSITION BY MARKET - %			
Debt market	100.00	100.00	100.00

Note:

- The Launch date of Fund is 27 July 2011

DISCLAIMER

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

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TRUSTEE REPORT TO THE UNIT HOLDERS

UBL GOVERNMENT SECURITIES FUND

Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of UBL Government Securities Fund (the Fund) are of the opinion that UBL Fund Managers Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2020 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 28, 2020



STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 BY UBL FUND MANAGERS LIMITED

NAME OF FUND: UBL GOVERNMENT SECURITIES FUND

YEAR ENDED: JUNE 30, 2020

The Securities and Exchange Commission of Pakistan (SECP) has exempted open-end collective investment schemes from the requirements of the Listed Companies (Code of Corporate Governance) Regulations (the Regulations). However, the Board of Directors (the Board) of UBL Fund Managers Limited [the Management Company of UBL Government Securities Fund (the Fund)], for the purpose of establishing a framework of good governance has voluntarily opted to comply with the relevant provisions of the Regulations.

The Management Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven as per the following:
 - a. Male: Five Directors; and
 - b. Female: Two Directors.
2. The composition of the Board is as follows:

Category	Name
Independent Directors	Mr. Azhar Hamid Ms. Naz Khan*
Executive Directors	Mr. Yasir Qadri
Non-Executive Directors	Mr. Imran Sarwar Ms. Sadia Saeed Mr. Arif Akmal Saifie** Syed Furrukh Zaeem
Female Director	Ms. Naz Khan* Ms. Sadia Saeed

* Ms. Naz Khan has resigned dated July 20, 2020

** Mr. Arif Akmal Saifie was appointed as a director from March 20, 2020

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including the Management Company.
4. The Management Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures.
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Management Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Management Company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.



8. The Board has a formal policy and transparent procedures for remuneration of its directors in accordance with the Act and these Regulations.
9. The following directors and executives have acquired the prescribed Directors' Training Program (DTP) certification:

Directors

- a. Mr. Imran Sarwar
- b. Mr. Yasir Qadri
- c. Ms. Naz Khan
- d. Ms. Sadia Saeed
- e. Syed Furrukh Zaeem

Executives

- a. Mr. Amin Gulamani (Head of Human Resources)
 - b. Mr. Hadi Hassan Mukhi (Head of Compliance and Risk)
 - c. Mr. Umair Ahmed (Chief Financial Officer)
 - d. Mr. Zeeshan Quddus (Chief Business Development Officer)
10. The Board has approved appointment of the Chief Financial Officer (CFO), the Company Secretary and the Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with the relevant requirements of the Regulations.
 11. The Chief Executive Officer (CEO) and CFO duly endorsed the financial statements of the Fund before approval of the Board.
 12. The Board has formed committees comprising of members given below.

Board Audit Committee

Name	Designation	Type of Directorship
Ms. Naz Khan*	Chairman	Independent Director
Mr. Arif Akmal Saifie**	Member	Non-Executive Director
Mr. Imran Sarwar	Member	Non-Executive Director
Ms. Sadia Saeed	Member	Non-Executive Director
Mr. Tauqeer Mazhar***	Member	Non-Executive Director

Board Human Resource and Compensation Committee

Name	Designation	Type of Directorship
Mr. Azhar Hamid	Chairman	Independent Director
Mr. Yasir Qadri	Member	Executive Director
Ms. Naz Khan*	Member	Independent Director
Ms. Sadia Saeed	Member	Non-Executive Director
Syed Furrukh Zaeem	Member	Non-Executive Director

Board Risk and Compliance Committee

Name	Designation	Type of Directorship
Mr. Imran Sarwar	Chairman	Non-Executive Director
Mr. Azhar Hamid	Member	Independent Director
Mr. Arif Akmal Saifie**	Member	Non-Executive Director
Mr. Tauqeer Mazhar***	Member	Non-Executive Director
Mr. Yasir Qadri	Member	Executive Director
Syed Furrugh Zaeem	Member	Non-Executive Director

* Ms. Naz Khan has resigned dated July 20, 2020

** Mr. Arif Akmal Saifie was appointed as a director from March 20, 2020

*** Mr. Tauqeer Mazhar resigned as a director from January 30, 2020

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
14. The frequency of meetings of the committees was as follows:
 - a. The Board Audit Committee: quarterly - six meetings held
 - b. The Board Human Resource and Compensation Committee: quarterly - five meetings held
 - c. The Board Risk and Compliance Committee: quarterly - four meetings held
15. The Board has set up an effective internal audit function. The Function has suitably qualified and experienced staff for the purpose and they are conversant with the policies and procedures of the Management Company.
16. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and are registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the Partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of CEO, CFO, the Head of Internal Audit, the Company Secretary or directors of the Management Company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of Regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with.
19. We confirm that any other significant requirements of the Regulations have been complied with.

SD

AZHAR HAMID
Chairman

Karachi.
Dated: **September 25, 2020**



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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE UNITHOLDERS OF UBL GOVERNMENT SECURITIES FUND ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 AS ADOPTED BY THE BOARD OF DIRECTORS OF UBL FUND MANAGERS LIMITED

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) as adopted by the Board of Directors (the Board) of UBL Fund Managers Limited, the Management Company of UBL Government Securities Fund (the Fund) for the year ended June 30, 2020 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Management Company of the Fund. Our responsibility is to review whether the Statement of Compliance reflects the status of the Fund's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

The Regulations require the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Fund's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Fund for the year ended June 30, 2020.

We draw attention to the following paragraph as detailed in the Statement of Compliance:

"The Securities and Exchange Commission of Pakistan (SECP) through its letter dated April 18, 2018 to Mutual Funds Association of Pakistan (MUFAP) has exempted the open-end collective investment schemes from the requirements of the Code of Corporate Governance. However, the Board of Directors of UBL Fund Managers Limited, the Management Company of the Fund, for the purpose of establishing a framework of good governance whereby a Fund is managed by best practice of corporate governance, has voluntarily opted to comply with the relevant provisions of the Listed Companies (Code of Corporate Governance) Regulations 2019 (The Code)."

Accordingly, our opinion is in relation to Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019 as adopted by the Board of Directors of the Management Company.

KARACHI

DATED: SEPTEMBER 25, 2020

CHARTERED ACCOUNTANTS
Engagement Partner: Zulfikar Ali Causer

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of UBL Government Securities Fund ("the Fund"), which comprise the statement of assets and liabilities as at June 30, 2020, and the income statement, statement of comprehensive income, statement of cash flows and statement of movement in unit holders' fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at June 30, 2020, and its financial performance and its cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S.NO	Key audit matter(s)	How the matter was addressed in our audit
1.	Existence and valuation of investments As disclosed in note 6 to the financial statements of the Fund for the year ended June 30, 2020, the investments held by the Fund comprised of debt instruments amounting to Rs. 1.443 billion which represent 41% of the total assets of the Fund as at the year end.	Our audit procedures included the following: We tested controls over acquisition, disposals and periodic valuation of debt instruments portfolio and performed substantive audit procedures on year-end balance of portfolio including review of custodian's statement, and related reconciliations and re-performance of debt instruments valuations on the basis of prices at the Mutual Fund Association of Pakistan (MUFAP).

S.NO	Key audit matter(s)	How the matter was addressed in our audit
	As these investments represent a significant element of the statement of assets and liabilities, a discrepancy in the valuation or existence of investments could cause the NAV to be materially misstated which would also impact the Fund's reported performance as the valuation of investments is the main driver of movements in the performance of the Fund. In view of the significance of these investments in relation to the total assets and the NAV of the Fund, we have considered the existence and valuation of such investments as a key audit matter.	- We assessed the Fund's compliance with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) in relation to the concentration of investments and exposure limits prescribed in such Regulations and documented and reviewed the adequacy of disclosures as may be applicable in situations of non-compliance. - We also evaluated the adequacy of the overall disclosures in the financial statements in respect of the investment portfolio in accordance with the requirements of the NBFC Regulations and whether the Fund's disclosures in relation to the valuation of investments are compliant with the relevant accounting requirements.
2.	Recognition, measurement and presentation of 'Element of Income' Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) stipulates the requirements for recognition, measurement and presentation of element of income. As per the NBFC Regulations, element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unitholders' fund. Furthermore, the NBFC Regulations also prescribes certain disclosure requirements with respect to presentation of element of income in the 'Statement of Movement in Unit Holders' Fund'. The NBFC Regulations explains that the accounting income as appearing in the 'Income Statement' excludes the amount of element of income and accounting income available for distribution as appearing in the 'Income Statement' excludes income already paid on units redeemed.	Our audit procedures included the following: - We reviewed the processes and controls implemented by the Fund relating to the production and review of system generated reports and manual workings for the purpose of calculations of element of income or loss and bifurcation of amount paid on redemption of units into "capital value" and "income already paid on units redeemed". - We evaluated the accuracy of system generated reports and manual workings produced by the Fund to ensure that the data is consistent with source documents and the said workings are in compliance with all the statutory provisions relating to element of income or loss. - We assessed the appropriateness of the recognition, measurement and presentation of "element of income / loss" in accordance with the provisions of the NBFC Regulations. We also considered the guidelines issued by MUFAP in respect of the accounting for element of income / loss as per the NBFC Regulations and assessed its implementation by the Fund.

S.NO	Key audit matter(s)	How the matter was addressed in our audit
	The Fund has to distribute not less than 90 percent of its accounting income for the year (excluding capital gains whether realised or unrealized). However, at the time of distribution, in order to maintain the same ex-dividend net asset value of all units outstanding on the date of distribution, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution. Due to the complex calculations involved in determining the element of income, the related impact on financial statements and ensuring compliance with the NBFC Regulations, we considered recognition, measurement and presentation of 'Element of Income' as a key audit matter.	We also evaluated the adequacy of disclosures with respect to element of income / loss along with the adequacy of disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund' in accordance with the NBFC Regulations, the requirements of the relevant financial reporting standards and the guidance issued by MUFAP in relation thereto.

Information other than the financial statements and auditor's report thereon

The Management Company is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management Company and its Board of Directors

The Management Company ("UBL Fund Management Limited") of the Fund is responsible for the preparation and fair presentation of the financial statements in accordance with the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and accounting and reporting standards as applicable in Pakistan and for such internal control as the Management Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management Company is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Management Company is responsible for overseeing the Fund's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Management Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Company.
- Conclude on the appropriateness of the Management Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors of the Management Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors of the Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Based on our audit, we further report that in our opinion the financial statements have been prepared in accordance with the relevant provisions of the Trust Deed, NBFC Rules and NBFC Regulations.

The engagement partner on the audit resulting in this independent auditor's report is Zulfikar Ali Causer.

KARACHI

DATED: 24 SEP 2020


BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

UBL GOVERNMENT SECURITIES FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2020

	Note	2020 ----- (Rupees in '000) -----	2019 ----- (Rupees in '000) -----
ASSETS			
Bank balances	5	549,489	1,109,748
Investments	6	1,442,862	525,571
Term deposit receipts	7	-	-
Mark up / interest receivable	8	97,399	25,236
Prepayments and other receivables	9	1,458,044	1,325
Advance tax	10	5,176	5,175
TOTAL ASSETS		<u>3,552,970</u>	<u>1,667,055</u>
LIABILITIES			
Payable to UBL Fund Managers Limited - Management Company	11	4,808	2,265
Payable to Central Depository Company of Pakistan Limited - Trustee	12	203	190
Payable to Securities and Exchange Commission of Pakistan	13	504	1,270
Accrued expenses and other liabilities	14	390,692	129,816
TOTAL LIABILITIES		<u>396,207</u>	<u>133,541</u>
NET ASSETS		<u>3,156,763</u>	<u>1,533,514</u>
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		<u>3,156,763</u>	<u>1,533,514</u>
CONTINGENCIES AND COMMITMENTS			
	15	----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE	16	<u>29,887,045</u>	<u>14,496,497</u>
		----- (Rupees) -----	
NET ASSETS VALUE PER UNIT		<u>105.6231</u>	<u>105.7851</u>

The annexed notes from 1 to 33 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)

SD
Chief Executive Officer

SD
Chief Financial Officer

SD
Director

**UBL GOVERNMENT SECURITIES FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020**

		2020	2019
	Note	----- (Rupees in '000) -----	
INCOME			
Financial income	17	308,910	168,791
Capital gain / (loss) on sale of investments - net		95,023	(13,675)
Unrealised loss on revaluation of investments classified as 'at fair value through profit or loss' - net	6.7	(229)	(3,173)
Other income		347	117
Total income		404,051	152,060
EXPENSES			
Remuneration of UBL Fund Managers Limited - Management Company	11.1	29,138	17,966
Sindh Sales tax on Management Company's remuneration	11.2	3,788	2,336
Remuneration of Central Depository Company of Pakistan Limited - Trustee	12.1	1,852	2,283
Annual fee of Securities and Exchange Commission of Pakistan	13.1	504	1,270
Allocated expenses	19	2,521	1,694
Bank charges		126	162
Auditors' remuneration	18	283	468
Brokerage and settlement expenses		2,818	917
Legal and professional charges		212	208
Fee and subscription charges		310	310
Other expenses		-	16
Total operating expenses		41,552	27,630
Net income from operating activities		362,499	124,430
Provision for Sindh Workers' Welfare Fund	14.2	(7,110)	(2,441)
Net income for the year before taxation		355,389	121,989
Taxation	20	-	-
Net income for the year after taxation		355,389	121,989
Allocation of net income for the year			
Income already paid on units redeemed		(196,515)	(23,935)
Net income for the year available for distribution		158,874	98,054
Relating to capital gains		45,264	-
Excluding capital gains		113,610	98,054
Earnings per unit	21	158,874	98,054

The annexed notes from 1 to 33 form an integral part of these financial statements.

Chief Executive Officer

**Chief Financial Officer
For UBL Fund Managers Limited
(Management Company)**

Director

SD

Chief Executive Officer

SD

Chief Financial Officer

SD

Director

**UBL GOVERNMENT SECURITIES FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020**

	2020 ----- (Rupees in '000) -----	2019 ----- (Rupees in '000) -----
Net income for the year	355,389	121,989
Other comprehensive income	-	-
Total comprehensive income for the year	<u>355,389</u>	<u>121,989</u>

The annexed notes from 1 to 33 form an integral part of these financial statements.

**For UBL Fund Managers Limited
(Management Company)**

SD
Chief Executive Officer

SD
Chief Financial Officer

SD
Director

**UBL GOVERNMENT SECURITIES FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020**

	2020	2019
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before taxation	355,389	121,989
Adjustments for:		
Financial income	(308,910)	(168,791)
Unrealised loss on revaluation of investments classified as 'at fair value through profit or loss' - net	229	3,173
Capital (loss) / gain on sale of investments - net	(95,023)	13,675
Provision for Sindh Workers' Welfare Fund	7,110	2,441
	(396,594)	(149,502)
Cash used in operations before working capital changes	(41,205)	(27,513)
Working capital changes		
(Increase) / decrease in assets		
Investments - net	(822,497)	(536,039)
Prepayments and other receivables	(1,456,719)	3,011
Advance tax	(1)	(53)
	(2,279,217)	(533,081)
Increase / (decrease) in liabilities		
Payable to UBL Fund Managers Limited - Management Company	2,543	(212)
Payable to Central Depository Company of Pakistan Limited - Trustee	13	(16)
Annual fee payable to Securities and Exchange Commission of Pakistan	(766)	(775)
Accrued expenses and other liabilities	253,766	(2,113,246)
	255,556	(2,114,249)
Profit received on bank balances and investments	236,747	148,697
Net cash used in operating activities	(1,828,119)	(2,526,146)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issuance of units	5,503,223	1,164,288
Payments against redemption of units	(3,816,257)	(1,436,683)
Dividend paid	(419,106)	(193,120)
Net cash generated from / (used in) financing activities	1,267,860	(465,515)
Net decrease in cash and cash equivalents	(560,259)	(2,991,661)
Cash and cash equivalents at the beginning of the year	1,109,748	4,101,409
Cash and cash equivalents at the end of the year	549,489	1,109,748

The annexed notes from 1 to 33 form an integral part of these financial statements.

**For UBL Fund Managers Limited
(Management Company)**

SD
Chief Executive Officer

SD
Chief Financial Officer

SD
Director

UBL GOVERNMENT SECURITIES FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	2020			2019		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees in '000)			(Rupees in '000)		
Net assets at the beginning of the year	1,324,250	209,264	1,533,514	1,609,216	267,824	1,877,040
Issuance of 47,803,588 units (2019: 10,620,807 units)						
Capital value (at net asset value per unit at the beginning of the year)	5,056,907	-	5,056,907	1,121,500	-	1,121,500
Element of income	446,316	-	446,316	42,788	-	42,788
Total proceeds on issuance of units	5,503,223		5,503,223	1,164,288		1,164,288
Redemption of 32,413,040 units (2019: 13,101,360 units)						
Capital value (at net asset value per unit at the beginning of the year)	(3,428,817)	-	(3,428,817)	(1,383,433)	-	(1,383,433)
Element of loss	(190,925)	(196,515)	(387,440)	(29,315)	(23,935)	(53,250)
Total payments on redemption of units	(3,619,742)	(196,515)	(3,816,257)	(1,412,748)	(23,935)	(1,436,683)
Total comprehensive income for the year	-	355,389	355,389	-	121,989	121,989
Distributions during the year:						
Annual distribution for the year ended June 30, 2018 at Rs. 4.9688 per unit declared on July 2, 2018 as cash dividend	-	-	-	(23,040)	(61,316)	(84,356)
Interim distribution at Rs. 15.8363 per unit declared on June 26, 2020 as cash dividend (2019: Rs. 7.7695 per unit)	(254,765)	(164,341)	(419,106)	(13,466)	(95,298)	(108,764)
Net for the year less distribution	(254,765)	191,048	(63,717)	(36,506)	(34,625)	(71,131)
Net assets at the end of the year	2,952,966	203,797	3,156,763	1,324,250	209,264	1,533,514
Undistributed income brought forward comprises of:						
Realised gain		212,437	212,437		268,218	268,218
Unrealised loss		(3,173)	(3,173)		(394)	(394)
Total undistributed income brought forward		209,264	209,264		267,824	267,824
Income available for distribution:						
Relating to capital gains		45,264	45,264		-	-
Excluding capital gains		113,610	113,610		98,054	98,054
		158,874	158,874		98,054	98,054
Distributions during the year:						
Annual distribution for the year ended June 30, 2018 at Rs. 4.9688 per unit declared on July 2, 2018 as cash dividend		-	-		(61,316)	(61,316)
Interim distribution at Rs. 15.8363 per unit declared on June 26, 2020 as cash dividend (2019: Rs. 7.7695 per unit)		(164,341)	(164,341)		(95,298)	(95,298)
Undistributed (loss)/income carried forward		203,797	203,797		209,264	209,264
Undistributed (loss)/income carried forward comprises of:						
Chief Executive Officer		204,026	204,026		212,437	212,437
Chief Financial Officer		(229)	(229)		(3,173)	(3,173)
Total undistributed (loss)/income carried forward		203,797	203,797		209,264	209,264
			(Rupees)			(Rupees)
Net assets value per unit at the beginning of the year			105.7851			110.5634
Net assets value per unit at the end of the year			105.6231			105.7851

The annexed notes from 1 to 33 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)

SD
Chief Executive Officer

SD
Chief Financial Officer

SD
Director

UBL GOVERNMENT SECURITIES FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 UBL Government Securities Fund (the Fund) was established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) as an open-ended mutual fund. It was constituted under the Trust Deed, dated May 19, 2011 between UBL Fund Managers Limited (a wholly owned subsidiary company of United Bank Limited) as the Management Company, a company incorporated under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed has also been approved by the Securities and Exchange Commission of Pakistan (SECP). The Fund commenced its operations from July 7, 2011. The registered office of the Management Company is situated at the 4th Floor, STSM Building, Beaumont Road, Civil Lines, Karachi, Pakistan.
- 1.2 The Management Company of the Fund is registered with the SECP as a Non-Banking Finance Company under the NBFC Rules.
- 1.3 The Fund is an income scheme and units of the Fund are listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering them to the Fund at the option of the unit holder. The Fund is categorised as an open-ended income scheme in accordance with Circular No. 7 of 2009 issued by the SECP.
- 1.4 The objective of the Fund is to generate a competitive return with minimum risk, by investing primarily in Government Securities. The weighted average time to maturity of the Fund's investment shall not exceed 4 years and this shall also apply to Government Securities. This is intended to reduce risk while providing competitive returns and maintaining liquidity.
- 1.5 Title to the assets of the Fund are held in the name of the CDC as the Trustee of the Fund.
- 1.6 VIS Credit Rating Company Limited has assigned an asset manager quality rating of 'AM1' (stable outlook) to the Management Company as at December 27, 2019 and a stability rating of "A+(f)" to the Fund as at June 30, 2020.

2 BASIS OF PREPARATION

2.1 Statement of compliance

- 2.1.1 These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017, the provisions of and directives issued under the Companies Act, 2017, along with part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the 'NBFC Regulations') and requirements of the Trust Deed.

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Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except investments that are stated at fair values. These financial statements have been prepared by following accrual basis of accounting except for cash flows information.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Fund's functional and presentation currency.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment in the next year are as follows:

Classification and valuation of financial assets and financial liabilities

For details please refer notes 4.2.1.1 and 23 to these financial statements.

Impairment of financial assets

For details please refer notes 4.2.1.2 to these financial statements.

Provision for taxation

For details please refer notes 4.7 and 20 to these financial statements.

Workers' Welfare Fund

For details please refer note 14.2 to these financial statements.

Other assets

Judgement is involved in assessing the realisability of other assets balances.

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3 NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED STANDARDS

3.1 Standards / amendments that are effective in current year and relevant to the Fund

The Fund has adopted the standards / amendments to the following approved accounting and reporting standards as applicable in Pakistan which became effective during the year from the dates mentioned below against the respective standard:

Effective date

		(annual periods beginning on or after)
IFRS 9	Financial Instruments - amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019

IFRIC 23	Uncertainty over Income Tax Treatments	January 01, 2019

Other than the amendments to standards mentioned above, there are certain annual improvements made to IFRS that became effective during the year:

Annual improvements to IFRSs (2015 – 2017) Cycle:

IFRS 3	Business Combinations	January 01, 2019
IFRS 11	Joint Arrangements	January 01, 2019
IAS 12	Income Taxes	January 01, 2019
IAS 23	Borrowing Costs	January 01, 2019

3.2 Amendments that are effective in current year and not relevant to the Fund

The Fund has adopted the amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year from the dates mentioned below against the respective standard:

IFRS 8	Operating Segments - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019
IFRS 16	Leases - Original issue	January 01, 2019
IAS 19	Employee benefits - Amendments regarding plan amendments, curtailments or settlements	January 01, 2019
IAS 28	Investments in Associates and Joint Ventures - Amendments regarding long-term interests in associates and joint ventures	January 01, 2019

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**Effective date
(annual periods
beginning on or
after)**

The following amendments to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard:

Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update these pronouncements with regard to references to and quotes from the framework or to indicate where they refer to different version of the Conceptual Framework.		January 01, 2020
IFRS 3	Business Combinations - Amendments to clarify the definition of a business	January 01, 2020

IFRS 3	Business Combinations - Amendments updating a reference to the Conceptual Framework	January 01, 2022
IFRS 4	Insurance Contracts - Amendments regarding the expiry date of the deferral Financial Instruments - Amendments regarding pre-replacement issues in the	
IFRS 9	Financial Instruments - Amendments regarding the interaction of IFRS 4 and IFRS 9	January 01, 2023
IFRS 16	Leases - Amendment to provide lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification	January 01, 2020
	Insurance Contracts - Amendments to address concerns and implementation challenges that were identified after IFRS 17 was published Accounting Policies, Changes in Accounting Estimates and Errors - amendments regarding the definition of materiality	January 01, 2023
IAS 16	Property, Plant and Equipment - Amendments prohibiting a fund from deducting from the cost of property, plant and equipment amounts received from selling items produced while the fund is preparing the asset for its intended use	January 01, 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous	January 01, 2022
IAS 39	Financial Instruments: Recognition and Measurement - Amendments regarding pre-replacement issues in the context of the IBOR reform	

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**Effective date
(annual periods
beginning on or
after)**

The annual improvements to IFRSs that are effective from the dates mentioned below against respective standards:

Annual improvements to IFRSs (2018 – 2020) Cycle:

IFRS 1	First-time Adoption of International Financial Reporting Standards	January 01, 2022
IFRS 41	Agriculture	January 01, 2020

3.3 Standards or interpretations not yet effective

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

The Fund expects that the adoption of the other amendments and interpretations of the standards will not have any material impact and therefore will not affect the fund's financial statements in the period of initial application.

4 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These accounting policies have been consistently applied unless otherwise stated.

4.1 Cash and cash equivalents

Cash and cash equivalents comprise balances with banks and short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried in the statement of assets and liabilities at nominal values.

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4.2 Financial instruments

4.2.1 Financial assets

4.2.1.1 Classification and measurement of financial assets and financial liabilities

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit and loss (FVTPL). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured

at FVTPL. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in income statement.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see (ii) below). Interest income, foreign exchange gains and losses and impairment are recognised in income statement.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in income statement. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to income statement.

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Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in income statement unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to income statement.

4.2.1.2 Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

The guiding principle of the expected credit loss (ECL) model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments. The amount of ECLs recognised as a loss allowance or provision depends on the extent of credit deterioration since initial recognition. Under the general approach, there are two measurement bases:

- 12-month ECLs (Stage 1), which applies to all items (from initial recognition) as long as there is no significant deterioration in credit quality.
- Lifetime ECLs (Stages 2 and 3), which applies when a significant increase in credit risk has occurred on an individual or collective basis.

The Fund's financial assets include mainly investment, deposits, loans, other receivables and bank balances.

4.2.1.3 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund

commits to purchase or sell the asset.

4.2.1.4 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

4.2.2 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

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All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

4.2.3 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the assets and settle the liabilities simultaneously.

4.3 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the income statement.

4.4 Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

4.5 Collaterals

Cash collaterals provided by the Fund are identified in the statement of assets and liabilities as margin and are not included as a component of cash and cash equivalents. For collaterals other than cash, if the party to whom the collaterals are provided has a right by contract or custom to sell or re-pledge the collaterals, the Fund classifies that collaterals in the statement of assets and liabilities separately from other assets and identifies the assets as pledged collaterals. Where the party to whom the collaterals are provided does not have the right to sell or re-pledge, a disclosure of the collaterals provided is made in the notes to the financial

statements.

4.6 Securities under repurchase / resale agreements

Transactions of purchase under resale (reverse-repo) of marketable and Government securities, are entered into at contracted rates for specified periods of time. Securities purchased with a corresponding commitment to resell at a specified future date (reverse-repos) are not recognised in the statement of assets and liabilities. Amounts paid under these agreements are included in receivable in respect of reverse repurchase transactions. The difference between purchase and resale price is treated as income from reverse repurchase transactions and accrued over the life of the reverse-repo agreement on a time proportionate basis.

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Transactions of sale under repurchase (repo) of marketable and Government securities are entered into at contracted rates for specified periods of time. Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised in the statement of assets and liabilities and are measured in accordance with accounting policies for investment securities. The counterparty liabilities for amounts received under these transactions are recorded as liabilities. The difference between sale and repurchase price is treated as borrowing charges and accrued over the life of the repo agreement on a time proportionate basis.

4.7 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders.

The Fund is also exempt from the Provisions of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

The Fund does not account for deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing in cash at least 90% of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders.

4.8 Proposed distributions

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements in the year in which such distributions are declared.

4.9 Issuance and redemption of units

Units are allocated at the offer price prevalent on the day on which funds for purchase of units are realised. The offer price represents the net asset value per unit at the end of the preceding day. Issue of units is also recorded on realisation of funds.

Units redeemed are recorded at the redemption price, applicable to units for which the Fund receives redemption applications during business hours of that day. The redemption price represents the net asset value per unit at the end of the preceding day. Redemption of units is recorded on acceptance of application for redemption.

4.10 Element of income

Element of income represents the difference between net assets value per unit on the issuance or redemption

date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

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4.11 Net assets value per unit

The Net Assets Value (NAV) per unit, as disclosed in the statement of assets and liabilities, is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

4.12 Revenue recognition

- Capital gains / (losses) arising on sale of investments is accounted for in the year in which it arises.
- Unrealised (loss) / gain on revaluation of investments classified as financial assets at fair value through profit or loss is included in the income statement in the year in which it arises.
- Income on reverse repurchase lending arrangements, certificates of investment, placements, Government securities and investments in debt securities is recognised at rate of return implicit in the instrument / arrangement on a time proportionate basis.
- Profit on bank balances and term deposits is recorded on accrual basis.

4.13 Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the year end exchange rates are recognised in the income statement.

4.14 Transactions with related parties / connected persons

Transactions with related parties / connected persons are based at arm's length at normal commercial rates on the same terms and conditions as applicable to third party transactions.

Remuneration to the Management Company and the Trustee is determined in accordance with the provisions of NBFC Regulations and the Trust Deed respectively.

	Note	2020 ----- (Rupees in '000) -----	2019
5 BANK BALANCES			
Cash at bank			
In current accounts		10	-
In savings accounts	5.1	549,479	1,109,748
		<u>549,489</u>	<u>1,109,748</u>

5.1 Profit rates on these savings accounts range from 6.40% to 13.65% per annum (June 30, 2019: 3.75% to

13.4% per annum). This includes an amount held by a related party (United Bank Limited) amounting to Rs. 24.101 million (June 30, 2019: Rs. 1.992 million) on which return is earned at 7.5% (June 30, 2019: 8.25%) per annum.

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	Note	2020 ----- (Rupees in '000) -----	2019 -----
6 INVESTMENTS			
6.1 Government securities classified as financial asset at fair value through profit or loss			
Pakistan Investment Bonds	6.2, 6.3 & 6.4	1,325,798	519,324
Market Treasury Bills	6.2 & 6.5	117,064	-
GOP Ijarah Sukuk	6.2 & 6.6	-	6,247
		<u>1,442,862</u>	<u>525,571</u>

6.2 Details of Government securities are as follows:

Name of security	Note	At the beginning of the year	Acquired during the year	Sold / matured during year	At the end of the year	Market value as at June 30, 2020	Market value as at June 30, 2019	Percentage of investment
			No. of holdings			(Rupees in '000)		
Pakistan Investment Bonds								
PIB-3 Years	6.3 & 6.4	3,600	51,055	52,180	2,475	255,164	319,804	17.68%
PIB-5 Years	6.3 & 6.4	-	15,500	15,500	-	-	-	0.00%
PIB- 10 Years	6.3 & 6.4	2,000	11,010	2,500	10,510	1,070,634	199,520	74.20%
Market Treasury Bills								
T-bill 3 months	6.5	-	84,510	84,510	-	-	-	0.00%
T-bill 6 months	6.5	-	37,560	37,560	-	-	-	0.00%
T-bill 1 year	6.5	-	72,993	71,743	1,250	117,064	-	8.11%
GOP Ijarah Sukuk	6.6							
3 Year		65	1,875	1,940	-	-	6,247	0.00%
		<u>5,665</u>	<u>274,503</u>	<u>265,933</u>	<u>14,235</u>	<u>1,442,862</u>	<u>525,571</u>	<u>100.00%</u>

6.3 These comprise of fixed and floating rate Pakistan Investment Bonds (PIBs) having face value amounting to Rs. 805.000 million and Rs. 493.500 million respectively (June 30, 2019: Rs. 360.000 million and Rs. 200.000 million respectively) and carry interest rates ranging from 8.75% to 10.00% and 13.94% to 14.05% respectively (June 30, 2019: 12.50% to 13.88% and 8.55% respectively).

6.4 These PIBs have nominal value of Rs.100,000 each.

6.5 As at June 30, 2020, face value of Market Treasury Bills (T-bills) was Rs. 125 million (June 30, 2019: Nil) carrying purchase 7.29% (June 30, 2019: Nil).

6.6 As at June 30, 2020, GOP Ijarah Sukuk had a face value Nil (June 30, 2019: Rs. 6.500 million) and carry purchase yield Nil (June 30, 2019: 5.24% per annum).

6.7 Unrealised loss on revaluation of investment classified as 'at fair value through profit or loss' - net

Market value of investments	1,442,862	525,571
Less: Cost / amortized cost of investments	<u>(1,443,091)</u>	<u>(528,744)</u>
Unrealised loss	<u>(229)</u>	<u>(3,173)</u>

		2020	2019
	Note	----- (Rupees in '000) -----	
7	TERM DEPOSIT RECEIPTS		
	Opening balance	-	185,000
	Acquired during the year	130,000	-
	Matured during the year	(130,000)	(185,000)
	Closing balance	<u>-</u>	<u>-</u>
7.1	This term deposit receipt carried interest at the rate of 13.75% per annum and matured on September 30, 2019.(June 30, 2019: 7.35% per annum)		
8	MARK UP / INTEREST RECEIVABLE		
	Markup / interest receivable on:		
	Savings accounts	2,577	6,011
	Pakistan Investment Bonds	94,822	19,224
	GOP Ijarah Sukuk	-	1
		<u>97,399</u>	<u>25,236</u>
9	PREPAYMENTS AND OTHER RECEIVABLES		
	Prepaid credit rating fees	64	64
	Receivable against issuance of units	4,331	1,261
	Other receivable	250,763	-
	Receivable against sale of investment- gov sec	1,202,886	-
		<u>1,458,044</u>	<u>1,325</u>
10	ADVANCE TAX		
	The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under section 150, 150A, 151 and 233 of ITO 2001. The Federal Board of Revenue through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated May 12, 2015, made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). During the year, prior to receiving tax exemption certificate(s) from CIR various withholding agents have deducted advance tax under section 151 of ITO 2001. The management is confident that the same shall be refunded after filing of refund application .		
11	PAYABLE TO UBL FUND MANAGERS LIMITED- MANAGEMENT COMPANY		
	Remuneration payable		
	(including Sindh Sales tax)	11.1 & 11.2	3,270
	Conversion charges payable		163
	Allocated expenses payable	19	594
	Sales load payable		764
	Other payable		17
		<u>4,808</u>	<u>2,265</u>

- 11.1 As per the amendment introduced through SRO 639(I)/2019, dated June 20, 2019, in regulation 61 of the NBFC regulation, the Management Company may charge variable fee or fixed fee or the combination of both which shall not exceed the limit disclosed in the offering document, further subject to the guidelines as may be issued by the Commission from time to time. During the year, the Management Company has charged remuneration at the rate of 10% of the gross earnings of the Fund calculated on a daily basis with a

floor and cap of 1% and 1.25% on average daily net assets, respectively.

- 11.2 Sindh Sales Tax has been levied at 13% on the management fee charged during the year.

		2020	2019
	Note	----- (Rupees in '000) -----	
12	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE		
	Trustee fee payable	12.1	203
			190

- 12.1 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 annual net assets of the Fund. The fee is paid to the Trustee monthly in arrears.

Earlier, the tariff structure applicable to the Fund was as follows:

Up to Rs. 1,000 million	0.15% p.a. of net assets
Rs. 1,000 million to Rs. 10,000 million	Rs. 1.5 million plus 0.075% p.a. of net assets exceeding Rs. 1 billion
Over Rs. 10,000 million	Rs. 8.25 million plus 0.06% p.a. of net assets exceeding Rs. 10 billion

CDC vide notification CDC/CEO/L-112/02/2019, dated June 27, 2019, has revised the rates of the Trustee fee, with effect from July 1, 2019, according to which, Trustee fee shall be charged at the rate of 0.065% of the average annual net assets of the Fund. During the year, Management Company has charged the Trustee fee ranging from 0.06% to 0.065% of the average annual net assets of the Fund. The fee is being charged at the rate of 0.065% from August 08, 2019 onwards.

- 12.2 The Provincial Government of Sindh has levied Sindh Sales Tax at the rate of 13% on the Trustee fee through the Sindh Sales Tax on Services Act, 2011.

**13 PAYABLE TO THE SECURITIES AND
EXCHANGE COMMISSION OF PAKISTAN**

	Annual fee payable	13.1	504	1,270
13.1	Under the regulation 62 of the NBFC Regulations, a Collective Investment Scheme (CIS) categorised as an income scheme is required to pay as annual fee to the SECP, an amount equal to 0.075% of the average annual net assets of the Scheme. However, SECP, vide S.R.O. 685 (I)/2019, dated June 28, 2019, has reduced the rate of the fee to 0.02% of the average annual net assets for all categories of CIS(s), with effect from July 1, 2019. During the year, Management Company has charged the fee accordingly. The fee is payable annually in arrears.			

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		2020	2019
	Note	----- (Rupees in '000) -----	
14	ACCRUED EXPENSES AND OTHER LIABILITIES		
	Payable against purchase of investments	-	44,307
	Provision for indirect duties and taxes	14.1	52,558
	Provision for Sindh Workers' Welfare Fund	14.2	26,565
	Payable against redemption of units	-	-
	Dividend Payable As Capital Repayment - Non Taxable	254,765	-

Zakat deducted at source payable	139	454
Capital gains tax payable	28,539	101
Auditors' remuneration payable	307	308
Brokerage expense payable	2,197	343
Sales load payable	14.3	202
Payable against legal expenses and professional fees	97	61
Withholding tax payable	21,271	11,887
Other payables	4,052	8
	<u>390,692</u>	<u>129,816</u>

- 14.1 As per the requirements of the Finance Act 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company was levied with effect from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED results in double taxation, which does not appear to be the spirit of the law. The matter was collectively taken up by the Management Company jointly with other Asset Management Companies and Trustees of respective Collective Investment Schemes (CISs), through a Constitutional Petition filed in the Honorable Sindh High Court (SHC) during September 2013. In this respect, the SHC had issued a stay order against the recovery of FED due to which the Fund has not made any payments for FED upto June 30, 2016.

On June 30, 2016, the Honorable Sindh High Court of Pakistan had passed a Judgment that after 18th amendment in the Constitution of Pakistan, the Provinces alone have the legislative power to levy a tax on rendering or providing services, therefore, chargeability and collection of FED after July 01, 2011 is ultra vires to the Constitution of Pakistan. On September 23, 2016, the Federal Board of Revenue (FBR) filed an appeal in the Supreme Court of Pakistan (SCP) against above judgement, which is pending adjudication. Management Company, as a matter of abundant caution, has maintained full provision for FED aggregating to Rs.52.558 million until the matter is resolved. Had the provision not been retained, the net asset value per unit of the Fund as at June 30, 2020 would have been higher by Rs. 1.758 per unit (June 30, 2019: Rs. 3.333 per unit).

Through Finance Act, 2016, FED on services rendered by Non-Banking Financial Institutions (NBFIs) including Asset Management Companies, which are already subject to provincial sales tax, has been withdrawn. Therefore, provision for FED has not been recorded in these financial statements from July 01, 2016 onwards.

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14.2 Provision For Workers' Welfare Fund

The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) as a result of which it was construed that all Collective Investment Schemes / Mutual Funds (CISs) whose income exceeded Rs. 500,000 in a tax year were brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever was higher.

The amendments introduced in the WWF Ordinance were challenged in various High Courts of Pakistan. The Honorable Lahore High Court (LHC) and the Honorable Sindh High Court (SHC) arrived at different conclusions in respect of the validity of the amendments made through the Finance Act in relation to the WWF. Both the decisions of the LHC and the SHC were challenged in the Honorable Supreme Court of Pakistan (SCP).

The Honorable SCP passed a judgment on November 10, 2016, declaring the insertion of amendments

introduced through Finance Act, 2008 pertaining to WWF as unlawful for the reason that the WWF is not in the nature of tax and therefore, could not be introduced through money bill under the Constitution. Subsequently, the Federal Board of Revenue (FBR) has filed a review petition in the Honorable SCP against the said judgment, which is pending adjudication.

Further, as a consequence of the 18th amendment to the Constitution, levy for the WWF was also introduced by the Government of Sindh through the Sindh Workers Welfare Fund (SWWF) Act 2014. SWWF Act 2014, enacted on May 21, 2015, requires every Industrial Establishment located in the province of Sindh and having total income of Rs. 500,000 or more in any year of account commencing on or after the date of closing of account on or after December 31, 2013, to pay two percent of so much of its total income declared to SWWF. The said Act includes any concern engaged in the Banking or Financial Institution in the definition of "Industrial Undertaking" but does not define Financial Institution. The Management Company, based on an opinion obtained by the Mutual Funds Association of Pakistan (MUFAP), believes that Mutual Funds are not liable to pay SWWF under the said law, for the reason that the Mutual Funds are not financial institutions and rather an investment vehicle. However, the Sindh Revenue Board has not accepted the said position of MUFAP and as a result, MUFAP has taken up this matter with the Sindh Finance Ministry for resolution.

In view of the above developments regarding the applicability of WWF and SWWF on Mutual Funds, the MUFAP obtained a legal opinion on these matters and based on such legal advice, has recommended to all its members on January 12, 2017 the following:

- i) The provision against the WWF held by the Mutual Funds till June 30, 2015 should be reversed on January 12, 2017; and
- ii) Provision against SWWF, on prudent basis, should be made from the date of enactment of the SWWF Act, 2014 (i.e. May 21, 2015) with effect from January 12, 2017.

The above decisions were communicated to SECP and the Pakistan Stock Exchange Limited on January 12, 2017. In response to the aforementioned letter SECP vide its letter dated February 1, 2017 advised MUFAP that the adjustments relating to the above should be made prospectively and adequate disclosure shall be made in the financial statements of Mutual Funds. Accordingly, the Fund has recorded these adjustments in its books of account on January 12, 2017.

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Had the provision against SWWF not been made, the net assets value per unit would have been higher by Re. 0.888 per unit (June 2019: Re 1.342 per unit).

- 14.3 This includes sales load payable to United Bank Limited and Al-Ameen Islamic Financial Services (Private) Limited amounting to Rs. 0.049 million (June 30, 2019: Rs. 0.279 million) and Rs. 0.153 million (June 30, 2019: Rs. 0.003 million).

15 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2020 and June 30, 2019.

		2020	2019
		----- (Number of units) -----	
16	NUMBER OF UNITS IN ISSUE		
	Total units in issue at the beginning of the year	14,496,497	16,977,050
	Add: Units issued	47,803,588	10,620,807
	Less: Units redeemed	(32,413,040)	(13,101,360)
	Total units in issue at the end of the year	<u>29,887,045</u>	<u>14,496,497</u>

----- (Rupees in '000) -----

17 FINANCIAL INCOME

Markup / interest income on:

Bank balances	49,851	37,613
Term deposit receipts	1,567	708
Pakistan Investment Bonds	97,735	23,558
Market Treasury Bills	145,794	106,406
GOP Ijarah Sukuks	13,963	506
	<u>308,910</u>	<u>168,791</u>

18 AUDITORS' REMUNERATION

Annual audit fee	130	179
Fee for half yearly review	69	96
Fee for review of compliance with the requirements of the Code of Corporate Governance	35	48
Fee for other certifications / services	30	41
Out of pocket expense and sales tax	19	104
	<u>283</u>	<u>468</u>

19 ALLOCATED EXPENSES

.As per Regulation 60(3)(s) of the amended NBFC Regulations, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS, maximum upto 0.1% of the average annual net assets or the actual cost whichever is lower.

However, SECP vide S.R.O. 639(I)/2019 dated June 20, 2019 has removed the maximum limit of 0.1%. During the years, the fee has been charged at the rate 0.1% of the average annual net assets of the Fund.

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20 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed to the unit holders in cash. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Management Company has distributed by way of cash dividend at least 90% of the Fund's net accounting income to its unit holders, accordingly, no provision for taxation has been recognized in these financial statements.

21 EARNINGS PER UNIT

Earnings per unit has not been disclosed as in the opinion of the Management Company, determination of the cumulative weighted average number of outstanding units is not practicable.

22 TOTAL EXPENSE RATIO

As per Directive 23 of 2016 dated July 20, 2016 issued by SECP, the Total Expense Ratio of the Fund is 1.93% as on June 30, 2020 and this includes 0.47% representing Government levy, Sindh Workers Welfare Fund and SECP fee.

23 FINANCIAL INSTRUMENTS BY CATEGORY

As at June 30, 2020, the financial assets carried on the statement of assets and liabilities are categorised either as at 'amortized cost' or 'at fair value through profit or loss'. The financial liabilities carried on the statement of assets and liabilities are categorised as at amortised cost i.e. liabilities other than 'at fair value through profit or loss'.

Particulars	As at June 30, 2020		
	Amortized cost	Financial assets 'at fair value through profit or loss'	Total
Rupees in '000			
Financial assets			
Bank balances	549,489	-	549,489
Investments	-	1,442,862	1,442,862
Other receivables	1,457,980	-	1,457,980
Mark up / interest receivable	97,399	-	97,399
	2,104,868	1,442,862	3,547,730

Particulars	As at June 30, 2020		
	Financial liabilities 'at fair value through profit or loss'	Amortised cost	Total
Rupees in '000			
Financial liabilities			
Payable to UBL Fund Managers Limited - Management Company	-	4,344	4,344
Payable to Central Depository Company of Pakistan Limited - Trustee	-	180	180
Accrued expenses and other liabilities	-	261,620	261,620
	-	266,144	266,144

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Particulars	As at June 30, 2019		
	Amortized cost	Financial assets 'at fair value through profit or loss'	Total
Rupees in '000			
Financial assets			
Bank balances	1,109,748	-	1,109,748
Investments	-	525,571	525,571
Term deposit receipts	-	-	-
Other receivables	1,261	-	1,261
Mark up / interest receivable	25,236	-	25,236
	1,136,245	525,571	1,661,816

Particulars	As at June 30, 2019		
	Financial liabilities 'at fair value through profit or loss'	Other financial liabilities	Total
Rupees in '000			
Financial liabilities			
Payable to UBL Fund Managers Limited - Management Company	-	2,049	2,049
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	168	168
Accrued expenses and other liabilities	-	45,361	45,361
	-	47,578	47,578

24 TOP TEN BROKERS / DEALERS BY PERCENTAGE OF THE COMMISSION CHARGE

June 30, 2020
(Percentage)

1	Magenta Capital (Pvt) Limited	29.17%
2	Pearl Securities Limited	14.59%
3	Summit Capital (Private) Limited	12.51%
4	Continental Exchange (Pvt) Limited	11.92%

5	Direct	7.30%
6	Icon Securities (Private) Ltd.	6.01%
7	Bma Capital Management Limited	3.11%
8	Bright Capital (Pvt) Limited	2.67%
9	Invest One Markets Limited	2.41%
10	Bipl Securities Limited (Formerly Kasb Sec)	2.26%
		91.95%

**June 30, 2019
(Percentage)**

1	Continental Exchange (Private) Limited	30.71%
2	Bright Capital (Private) Limited	18.92%
3	Invest One Markets Limited	11.51%
4	Pearl Securities Limited	8.44%
5	Paramount Capital (Private) Limited	6.07%
6	BIPL Securities Limited	3.78%
7	Magenta Capital (Private) Limited	3.76%
8	Icon Securities (Private) Limited	3.46%
9	Vector Capital (Private) Limited	3.08%
10	Arif Habib Limited	2.56%
		92.29%

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25 BRIEF PARTICULARS OF THE INVESTMENT COMMITTEE AND THE FUND MANAGER

Details of the members of the Investment Committee of the Fund are as follows:

	Name	Designation	Experience in years	Qualification
1	Yasir Qadri	Chief Executive Officer	24	MBA
2	Syed Suleman Akhtar	Chief Investment Officer	19	CFA, MBA
3	Muhammad Imran	Head of Investment advisory	20	MBA
4	Irfan Nepal	Chief Dealer & Fund Manager	25	EMBA
5	Hadi Hassan Muki	Head of Compliance	20	BCOM
6	Syed Shabbir Sardar Zaidi	Fund Manager & Senior Analyst	11	MAS, CFA
7	Syed Sheeraz Ali	Fund Manager & Senior Analyst	10	MBA
8	Mubashir Anis	Fund Manager Equity	8	BS, CFA
9	Muhammad Waseem	Head Research	6	BBA, CFA

Syed Sheeraz Ali is the Fund Manager of the Fund. He is also the Fund Manager of UBL Liquidity Plus Fund, UBL Money Market Fund, UBL Cash Fund, UBL Income Opportunity fund, UBL Growth and Income Fund, UBL Asset Allocation Fund, UBL Financial Planning Fund, UBL Retirement Savings Fund, UBL Special Savings Fund, UBL Special Savings Fund Plan II, Al-Ameen Islamic Cash Fund, Al-Ameen Islamic Aggressive Income Fund, Al-Ameen Islamic Aggressive Income Fund Plan I and Al-Ameen Islamic Cash Plan I.

26 PATTERN OF UNIT HOLDING

Category	June 30, 2020		
	Number of unit holders	Number of units held	Percentage of units held
Director and key executive	3	20,497	0.07%
Individuals	2,949	15,432,184	51.64%
Public limited companies	6	1,287,865	4.31%
Retirement funds	22	2,271,429	7.60%
Others	14	10,875,070	36.39%
	2,994	29,887,045	100%

Category	June 30, 2019		
	Number of unit holders	Number of units held	Percentage of units held

Director and key executive

2

62,658

0.43%

Director and key executive	2	62,036	0.43%
Individuals	2,774	10,799,015	74.49%
Public limited companies	3	3,744	0.03%
Retirement funds	17	1,649,144.20	11.38%
Others	13	1,981,935	13.67%
	2,809	14,496,496	100%

27 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Connected persons / related parties comprise of United Bank Limited (Holding Company of Management Company), UBL Fund Managers Limited (Management Company), Al-Ameen Islamic Financial Services (Private) Limited (Subsidiary of the Management Company), entities under common management or directorships, Central Depository Company of Pakistan Limited (Trustee), the Directors and Officers of Management Company and persons having 10% or more beneficial ownership of the units of the Fund.

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Remuneration to the Management Company and the Trustee is determined in accordance with the provisions of NBFC Regulations and the Trust Deed respectively. Other transactions with the related parties / connected persons have been carried out at agreed / commercial terms.

Details of transaction with the related parties and balances with them at the year end are as follows:

	Management Company	Associated Companies	Trustee	Funds under Common Management	Directors and Key Executives	Other Connected persons / related parties
	(Rupees in '000)					
Transactions during the year ended June 30, 2020						
Profit on savings accounts	-	1,214	-	-	-	-
Bank charges	-	38	-	-	-	-
Units issued	-	-	-	-	20	20,639
Units redeemed	-	-	-	-	62	11,581
Sales load paid	614	579	-	-	-	-
Dividend paid	-	-	-	-	284	179,981
Purchase of securities	-	214,297	-	361,437	-	-
Sale of securities	-	348,339	-	3,414,831	-	-
Remuneration (including Sindh sales tax)	32,926	-	1,852	-	-	-
Allocated expenses	2,521	-	-	-	-	-
Listing fee	-	25	-	-	-	-
Transactions during the year ended June 30, 2019						
Profit on savings accounts	-	298	-	-	-	-
Bank charges	-	48	-	-	-	-
Units issued	-	-	-	-	6,956	14,731
Units redeemed	-	-	-	-	4	15,000
Sales load paid	503	10	-	-	-	-
Dividend paid	-	-	-	-	458	50,786
Purchase of securities	-	-	-	491,648	-	-
Sale of securities	-	-	-	-	-	-
Remuneration (including Sindh sales tax)	20,302	-	2,283	-	-	-
Allocated expenses	1,694	-	-	-	-	-
Listing fee	-	25	-	-	-	-
Balances held as at June 30, 2020						
Units held (in Units '000)	-	-	-	-	20	13,045
Units held (in Rupees '000)	-	-	-	-	2,112	1,377,854
Bank balances	-	24,101	-	-	-	-
Remuneration payable	3,270	-	203	-	-	-
Sales load payable	852	202	-	-	-	-
Conversion charges payable	163	-	-	-	-	-
Allocated expenses payable	594	-	-	-	-	-
Other payables	17	-	-	-	-	-
Profit receivable	-	38	-	-	-	-
Balances held as at June 30, 2019						
Units held (in Units '000)	-	-	-	-	63	3,987
Units held (in Rupees '000)	-	-	-	-	6,664	421,765

Bank balances	-	1,992	-	-	-	-
Remuneration payable	1,881	-	190	-	-	-
Sales load payable	126	282	-	-	-	-
Conversion charges payable	151	-	-	-	-	-
Allocated expenses payable	142	-	-	-	-	-
Other payables	17	-	-	-	-	-
Profit receivable	-	45	-	-	-	-

28 ATTENDANCE AT THE MEETINGS OF THE BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

During the year, seven meetings of the Board of Directors of the Management Company were held. The details of the attendance are as under:

Particulars	August 30, 2019	September 17, 2019	October 29, 2019	December 09, 2019	February 25, 2020	April 30, 2020	Total meetings attended
Name of Directors:							
Mr. Arif Akmal Saifie *	N/A	N/A	N/A	N/A	N/A	✓	1
Mr. Azhar Hamid	✓	✓	✓	✓	✓	✓	6
Mr. Imran Sarwar	✓	✓	✓	✓	×	✓	5
Mr. Yasir Qadri	✓	✓	✓	✓	✓	✓	6
Ms. Naz Khan **	✓	✓	✓	✓	✓	✓	6
Ms. Sadia Saeed	×	✓	✓	✓	✓	✓	5
Syed Furrukh Zaem	✓	✓	✓	✓	×	✓	5
Mr. Tauqeer Mazhar ***	✓	✓	✓	✓	N/A	N/A	4
Name of Key Executives							
Mr. Bilal Javed ****	N/A	N/A	N/A	✓	✓	✓	3
Mr. Umair Ahmed	✓	✓	✓	✓	✓	✓	6
S.M. Aly Osman *****	✓	✓	✓	N/A	N/A	N/A	3

* Mr. Arif Akmal appointed as Director with effect from March 20, 2020

** Ms. Naz Khan resigned as Director with effect from July 20, 2020

*** Mr. Tauqeer Mazhar resigned as Director with effect from January 30, 2020

**** Mr. Bilal Javaid appointed as Company Secretary with effect from February 25, 2020

***** S.M. Aly Osman resigned as Company Secretary with effect from November 30, 2019

29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund's objective in managing risks is the creation and protection of Unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the Fund's constitutive documents and the regulations and the directives issued by the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

29.1 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices.

The Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee and the regulations laid down by the SECP.

Market risk comprises of three types of risk: currency risk, interest rate risk and price risk.

29.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

Particulars	June 30, 2019					
	Effective yield / interest rate	Total	Exposed to interest rate risk			Not exposed to interest rate risk
			Upto three months	More than three months and upto one year	More than one year	
On-balance sheet financial instruments	%					

Financial assets					
Bank balances	3.75 - 13.4	1,109,748	1,109,748	-	-
Investments	5.24 - 13.88	525,571	-	-	525,571
Mark-up / interest receivable		25,236	-	-	25,236
Other receivables		1,261	-	-	1,261
Sub total		1,661,816	1,109,748	-	525,571
					26,497
Financial liabilities					
Payable to UBL Fund Managers Limited - Management Company		2,049	-	-	2,049
Payable to Central Depository Company of Pakistan Limited - Trustee		168	-	-	168
Accrued expenses and other liabilities		45,361	-	-	45,361
Sub total		47,578	-	-	47,578
On-balance sheet gap (a)		1,614,238	1,109,748	-	525,571
Off-balance sheet financial instrument		-	-	-	(21,081)
Off-balance sheet gap (b)		-	-	-	-
Total interest rate sensitivity gap (a) + (b)		-	-	-	-
Cumulative interest rate sensitivity gap		1,109,748	-	-	525,571
		1,109,748	-	-	525,571

29.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Fund is not exposed to the risk as its constitutive documents prohibit it from investing in equity securities.

29.2 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Fund.

The Fund is exposed to non-payment of redemptions request on a regular basis. Units are redeemable at the holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive document and guidelines laid down by the SECP.

Management of liquidity risk

The Fund's policy is to manage this risk by investing majority of its assets in investments that are traded in an active market and can be readily disposed of.

The Fund can borrow, with the prior approval of the Trustee, for meeting redemption requests. The maximum amount available to the Fund from borrowings is limited to the extent of 15% of total assets at the time of borrowing with repayment within 90 days of such borrowings. No such borrowings were made during the year.

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In order to manage the Fund's overall liquidity, the Fund also has the option to withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. Further the Fund also has the ability to suspend redemptions of units with the approval of Board of Directors of the Management Company in extraordinary circumstances. An interval of six working days between the receipt of a redemption request and issuance of against it to the holder provides a cushion in the repayment of on-demand redemption of units. However, during the year no such option was exercised or considered necessary.

The following table analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

Particulars	June 30, 2020			
	Upto three months	More than three months and upto one year	Over one year	Total
Rupees in '000				
Financial liabilities				
Payable to UBL Fund Managers Limited - Management Company	4,344	-	-	4,344
Payable to Central Depository Company of Pakistan Limited - Trustee	180	-	-	180
Accrued expenses and other liabilities	261,620	-	-	261,620
Total liabilities	266,144	-	-	266,144

Particulars	June 30, 2019			
	Upto three months	More than three months and upto one year	Over one year	Total
Rupees in '000				
Financial liabilities				
Payable to UBL Fund Managers Limited - Management Company	2,049	-	-	2,049
Payable to Central Depository Company of Pakistan Limited - Trustee	168	-	-	168
Accrued expenses and other liabilities	45,361	-	-	45,361
Total liabilities	47,578	-	-	47,578

29.3 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation. The Fund's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines, offering document and regulatory requirements.

Management of credit risk

The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed and the requirements of the NBFC rules, the NBFC regulations and guidelines given by the SECP from time to time.

The maximum exposure to credit risk before any credit enhancement as at June 30, 2020 is the carrying amount of the financial assets. None of these assets are 'impaired' nor 'past due but not impaired'. Investment in Government securities, however, are not exposed to credit risk as they are guaranteed by the Government of Pakistan.

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29.3.1 The analysis below summarises the credit rating quality of the Fund's financial assets as at June 30, 2020:

Balances with banks by rating category

Name of the bank	Rating agency	Balances held by the Fund as at June 30, 2020	Latest available published rating as at June 30, 2020
Rupees in '000			
Allied Bank Limited	PACRA	67	AA+
Bank Alfalah Limited	PACRA	1,879	AA+
Habib Metropolitan Bank Limited	PACRA	170	AA+
JS Bank Limited	PACRA	92	AA-
United Bank Limited	JCR-VIS	24,101	AAA
Habib Bank Limited	JCR-VIS	2,287	AAA
Faysal Bank Limited	JCR-VIS	22	AA

MCB Bank Limited	PACRA	1,832	AAA
Samba Bank Limited	JCR-VIS	420	AA
Sindh Bank Limited	JCR-VIS	11	AA
Zarai Taraqati Bank Limited	JCR-VIS	7	AAA
National Bank of Pakistan	JCR-VIS	353	AAA
Soneri Bank Limited	PACRA	518,226	AA-
Askari Bank Limited	PACRA	6	AA+
Meezan Bank Limited	JCR-VIS	6	AA
Allied Bank Limited	PACRA	10	AA+
		<u>549,489</u>	

29.3.2 The analysis below summarizes the credit quality of the Fund's credit exposure:

Rating by rating category	2020 ----- (Percentage) -----	2019 ----- (Percentage) -----
A	-	-
AAA	0.052	0.400
AA+	0.004	0.004
AA-	0.943	0.596
AA	0.001	0.000
A+	-	0.000
	<u>1</u>	<u>1</u>

Concentration on credit risk

Concentration of risk arises when a number of financial instruments or contracts are entered into the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

The Fund's major bank balances are held with two Banks. The management believes that these banks are reputed institutions.

30 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:

- Monitors the level of daily issuance and redemptions relative to the liquid assets and adjusts the amount of distributions the Fund pays to unit holders;
- Redeem and issue units in accordance with the constitutive documents of the Fund, which include the ability to restrict redemptions and require certain minimum holdings and issuance; and

- The Fund Manager / Investment Committee members and the Chief Executive Officer critically track the movement of 'Assets under Management'. The Board of Directors is updated regarding key performance indicators e.g. yield and movement of NAV and total Fund size at the end of each quarter.

The Fund has maintained and complied with the requirements of minimum fund size during the current year.

31 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged or liability can be settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from the carrying value as the items are short-term in nature or periodically repriced.

As per the requirements of the IFRS 7 (Financial Instruments: Disclosures) and IFRS 13 (Fair Value Measurement), the Fund shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs)

June 30, 2020			June 30, 2019		
Level 1	Level 2	Level 3	Level 1	Level 2	Level 3

	-----Rs in '000-----		-----Rs in '000-----	
Government securities classified as financial asset at fair value through profit or loss (June 30, 2019: Government securities designated at fair value through profit or loss)				
Pakistan Investment Bonds	-	1,325,798	-	519,324
Market Treasury Bills	-	117,064	-	-
GOP Ijarah Sukuks	-	-	-	6,247
	-	1,442,862	-	525,571

During the year ended June 30, 2019, there were no transfers between level 1 and level 2 fair value measurements and no transfers into and out of level 3 fair value measurements.

32 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by Board of Directors of the Management Company on September 24, 2020.

33 GENERAL

- 33.1 Figures have been rounded off to the nearest thousand Rupees, unless otherwise stated.
- 33.2 On March 11, 2020, the World Health Organisation made an assessment that the outbreak of a coronavirus (COVID-19) can be characterised as a pandemic. As a result, businesses have subsequently been affected amongst others with temporary suspension of travel, and closure of recreation and public facilities.

To alleviate the negative impact of the COVID-19 pandemic, the Government, Central Banks including financial institutions affiliated to those banks, and regulators have taken measures and issued directives to support businesses, including extensions of deadlines, facilitating continued business through social-distancing and easing pressure on credit and liquidity in the market.

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The Management Company has made an assessment in order to evaluate the impact of COVID-19 pandemic over the financial performance of the Fund as well as the going concern assessment. As a result of such assessment, the management has not identified any material adverse impact on its financial performance due to COVID-19 pandemic situation.

**For UBL Fund Managers Limited
(Management Company)**

SD
Chief Executive Officer

SD
Chief Financial Officer

SD
Director

ULPF

UBL Liquidity Plus Fund

INVESTMENT OBJECTIVE

ULPF is an open-end Money Market Fund, investing in a diversified portfolio of low risk assets. The Fund seeks to provide attractive daily returns while maintaining comparatively high liquidity.

Management Company	UBL Fund Managers Limited
Trustee	Central Depository Company of Pakistan Limited 99-B, Block-B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi. Tel: (9221) 111-111-500
Distribution Company	United Bank Limited (for detail of others, please visit our website: www.ublfunds.com.pk)
Auditor	Deloitte Yousuf Adil, Chartered Accountants
Bankers	United Bank Limited Bank Alfalah Limited MCB Bank Limited Faysal Bank Limited Samba Bank Limited Allied Bank Limited Habib Bank Limited Sindh Bank Limited Zarai Taraqiati Bank Ltd Habib Metropolitan Bank Limited Askari Bank Limited National Bank Of Pakistan Meezan Bank Limited
Management Co.Rating	AM1 (VIS)
Fund Rating	AA(f)(VIS)

Fund Manager's Report – UBL Liquidity Plus Fund (ULPF)

- i) **Description of the Collective Investment Scheme category and type**
Money Market / Open-end
- ii) **Statement of Collective Investment Scheme's investment objective**
ULPF is an open-end Money Market Fund, investing in a diversified portfolio of low risk assets. The Fund seeks to provide attractive daily returns while maintaining comparatively high liquidity.
- iii) **Explanation as to whether the Collective Investment Scheme achieved its stated objective**
The Collective Investment Scheme achieved its stated objective.
- iv) **Statement of benchmark(s) relevant to the Collective Investment Scheme**
70% Average of 3M PKRV rates + 30% 3M average deposit rate of three 3 AA rated scheduled Banks as selected by MUFAP
- v) **Comparison of the Collective Investment Scheme's performance during the period compared with the said benchmarks**

Monthly Yield*	Jul'19	Aug'19	Sep'19	Oct'19	Nov'19	Dec'19	Jan'20	Feb'20	Mar'20	Apr'20	May'20	Jun'20	FYTD
ULPF	12.39%	12.93%	13.31%	13.70%	12.36%	13.58%	12.94%	13.10%	14.68%	17.80%	7.21%	7.92%	12.62%
Benchmark	12.19%	12.77%	12.88%	12.74%	12.72%	12.75%	12.72%	12.72%	12.04%	9.81%	8.57%	7.85%	11.65%

- vi) **Description of the strategies and policies employed during the period under review in relation to the Collective Investment Scheme's performance**
UBL Liquidity Plus Fund (ULPF) is an open end Money Market Fund with investment objective to provide attractive daily returns while maintaining comparatively high liquidity. ULPF yielded return of 12.62%p.a. during FY20 as compared to benchmark return of 11.65% thus outperformed the benchmark by 97bps. Major exposure was maintained in cash at the end of Jun20, thus maintaining high portfolio quality. The net assets of the fund were PKR 19,465mn and weighted average maturity of the Fund was ~16 days at the end FY20. The asset allocation was made as such to ensure high liquidity is kept intact.
- vii) **Disclosure of the Collective Investment Scheme's asset allocation as at the date of the report and particulars of significant changes in asset allocation since the last report (if applicable)**

Asset Allocation (% of Total Assets)	Jun-19	Jun-20
Commercial Paper	0%	0%
Placements with Banks	0%	0%
Placements with DFIs	12%	3%
Placements with NBFCs	0%	0%
Reverse Repo	0%	0%
T-Bills	0%	16%
PIBs	0%	0%
Cash	86%	80%

Others	2%	0%
Leverage	Nil	Nil

viii) **Analysis of the Collective Investment Scheme's performance**

FY'20 Return:	12.62%
Standard Deviation (12m trailing):	0.34%
Sharpe Ratio (12m trailing):	1.48

ix) **Changes in total NAV and NAV per unit since the last review period or since commencement (in case of newly established Collective Investment Schemes)**

Net Asset Value			NAV per unit		
30-Jun-20	30-Jun-19	Change	30-Jun-20	30-Jun-19	Change
Rupees (000)		%	Rupees		%
19,465,281	6,837,326	67412	100.9783	100.7804	72

x) **Disclosure on the markets that the Collective investment Scheme has invested in including**
- review of the market(s) invested in and performance during the period

Debt Market Review for FY20

Please refer to relevant section in Director Report.

xi) **Disclosure on distribution (if any), comprising:-**

- particulars of income distribution or other forms of distribution made and proposed during the period; and
- statement of effects on the NAV before and after distribution is made

Distribution				Per unit	
Declared on	Bonus	Cash	Per Unit	Cum NAV	Ex NAV
	Rupees (000)		----- Rupees -----		
July 15, 2019	-	32,420	0.4494	101.2298	100.7804
July 29, 2019	-	32,900	0.45	101.2304	100.7804
August 16, 2019	-	54,194	0.6064	101.3868	100.7804
August 30, 2019	-	46,331	0.4712	101.2516	100.7804
September 16, 2019	-	62,706	0.5675	101.3479	100.7804
September 30, 2019		53,875	0.5009	101.2813	100.7804

	-				
October 14, 2019	-	49,682	0.5173	101.2977	100.7804
October 28, 2019	-	42,373	0.4849	101.2653	100.7804
November 11, 2019	-	39,342	0.4459	101.2263	100.7804
November 25, 2019	-	35,128	0.4592	101.2396	100.7804
December 09, 2019	-	39,715	0.4805	101.2609	100.7804
December 23, 2019	-	38,943	0.4946	101.2750	100.7804
January 06, 2020	-	46,312	0.4883	101.2687	100.7804
January 20, 2020	-	45,290	0.4729	101.2533	100.7804
January 31, 2020	-	32,805	0.3672	101.1476	100.7804
February 14, 2020	-	38,016	0.4691	101.2495	100.7804
February 28, 2020	-	38,190	0.4775	101.2579	100.7804
March 13, 2020	-	44,270	0.5	101.2804	100.7804
March 30, 2020	-	65,412	0.6777	101.4581	100.7804
April 13, 2020	-	54,298	0.4999	101.2803	100.7804
April 28, 2020	-	115,632	0.8606	101.6410	100.7804
May 11, 2020	-	26,261	0.1925	100.9729	100.7804
June 01, 2020	-	54,882	0.4753	101.2557	100.7804
June 15, 2020	-	28,945	0.2845	101.0649	100.7804
June 22, 2020	-	16,486	0.1497	100.9301	100.7804

xii) Description and explanation of any significant changes in the state of affairs of the Collective Investment Scheme during the period and up till the date of the manager's report, not otherwise disclosed in the financial statements

There were no significant changes in the state of affairs during the year under review.

xiii) Breakdown of unit holdings by size

Range of Units	Number of Investors
	ULPF
0.0001 - 9,999.9999	5517
10,000.0000 - 49,999.9999	369
50,000.0000 - 99,999.9999	69
100,000.0000 - 499,999.9999	78
500,000.0000 & Above	35
Total	6068

xiv) Disclosure on unit split (if any), comprising:-

There were no unit splits during the period.

xv) Disclosures of circumstances that materially affect any interests of unit holders

Investment are subject to market risk.

xvi) Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker(s) or dealer(s) by virtue of transactions conducted by the Collective Investment Scheme.

No soft commissions are received by the AMC from its brokers or dealers by virtue of transactions conducted by the Collective Investment Scheme.

PERFORMANCE TABLE

UBL Liquidity Plus Fund

	2020	2019	2018
NET ASSETS AS AT 30 JUNE - Rupees in '000	19,465,281	6,837,326	14,454,210
NET ASSETS VALUE PER UNIT AT 30 JUNE - Rupees			
Class C units - Offer	100.9783	100.7804	106.2344
- Redemption	100.9783	100.7804	106.2344
RETURN OF THE FUND - %			
Total Return of the Fund	12.63	8.66	5.51
Capital Growth (per unit)	0.90	0.87	5.51
Date of Income Distribution	-	-	-
Income Distribution	-	8.2762	-
Date of Income Distribution	-	-	-
Income Distribution	11.843	5.551	-
AVERAGE ANNUAL RETURN - %			
One Year	12.63	8.66	5.51
Second Year	10.65	7.09	5.87
Third Year	8.93	6.80	5.75
Forth Year	8.26	6.48	6.45
Fifth Year	7.71	6.89	6.76
Sixth Year	7.85	7.08	7.12
Since Inception	8.91	8.60	8.60
OFFER / REPURCHASE DURING THE YEAR- Rupees			
Highest price per unit - Class C units - Offer	101.6249	101.2361	106.2344
Highest price per unit - Class C units - Redemption	101.6249	101.2361	106.2344
Lowest price per unit - Class C units - Offer	100.7804	100.6682	100.7136
Lowest price per unit - Class C units - Redemption	100.7804	100.6682	100.7136
PORTFOLIO COMPOSITION - %			
Percentage of Net Assets as at 30 June			
PORTFOLIO COMPOSITION BY CATEGORY - %			
Bank Balances	80	86	89
Placement with Banks/DFIs	3	12	11
Government securities	16	-	-
Other	1	2	-
PORTFOLIO COMPOSITION BY MARKET - %			
Debt market	100	100	100.00

Note:

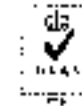
- The Launch date of Fund is 21 June 2009.

DISCLAIMER

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

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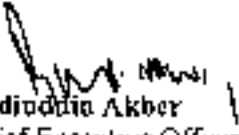
TRUSTEE REPORT TO THE UNIT HOLDERS

UBL LIQUIDITY PLUS FUND

Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of UBL Liquidity Plus Fund (the Fund) are of the opinion that UBL Fund Managers Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2020 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.


Badrudin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 17, 2020



STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 BY UBL FUND MANAGERS LIMITED

NAME OF FUND: UBL LIQUIDITY PLUS FUND

YEAR ENDED: JUNE 30, 2020

The Securities and Exchange Commission of Pakistan (SECP) has exempted open-end collective investment schemes from the requirements of the Listed Companies (Code of Corporate Governance) Regulations (the Regulations). However, the Board of Directors (the Board) of UBL Fund Managers Limited [the Management Company of UBL Liquidity Plus Fund (the Fund)], for the purpose of establishing a framework of good governance has voluntarily opted to comply with the relevant provisions of the Regulations.

The Management Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven as per the following:
 - a. Male: Five Directors; and
 - b. Female: Two Directors.
2. The composition of the Board is as follows:

Category	Name
Independent Directors	Mr. Azhar Hamid Ms. Naz Khan*
Executive Directors	Mr. Yasir Qadri
Non-Executive Directors	Mr. Imran Sarwar Ms. Sadia Saeed Mr. Arif Akmal Saifie** Syed Furrukh Zaeem
Female Director	Ms. Naz Khan* Ms. Sadia Saeed

* Ms. Naz Khan has resigned dated July 20, 2020

** Mr. Arif Akmal Saifie was appointed as a director from March 20, 2020

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including the Management Company.
4. The Management Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures.
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Management Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Management Company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.



8. The Board has a formal policy and transparent procedures for remuneration of its directors in accordance with the Act and these Regulations.
9. The following directors and executives have acquired the prescribed Directors' Training Program (DTP) certification:

Directors

- a. Mr. Imran Sarwar
- b. Mr. Yasir Qadri
- c. Ms. Naz Khan
- d. Ms. Sadia Saeed
- e. Syed Furrukh Zaeem

Executives

- a. Mr. Amin Gulamani (Head of Human Resources)
 - b. Mr. Hadi Hassan Mukhi (Head of Compliance and Risk)
 - c. Mr. Umair Ahmed (Chief Financial Officer)
 - d. Mr. Zeeshan Quddus (Chief Business Development Officer)
10. The Board has approved appointment of the Chief Financial Officer (CFO), the Company Secretary and the Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with the relevant requirements of the Regulations.
 11. The Chief Executive Officer (CEO) and CFO duly endorsed the financial statements of the Fund before approval of the Board.
 12. The Board has formed committees comprising of members given below.

Board Audit Committee

Name	Designation	Type of Directorship
Ms. Naz Khan*	Chairman	Independent Director
Mr. Arif Akmal Saifie**	Member	Non-Executive Director
Mr. Imran Sarwar	Member	Non-Executive Director
Ms. Sadia Saeed	Member	Non-Executive Director
Mr. Tauqeer Mazhar***	Member	Non-Executive Director

Board Human Resource and Compensation Committee

Name	Designation	Type of Directorship
Mr. Azhar Hamid	Chairman	Independent Director
Mr. Yasir Qadri	Member	Executive Director
Ms. Naz Khan*	Member	Independent Director
Ms. Sadia Saeed	Member	Non-Executive Director
Syed Furrukh Zaeem	Member	Non-Executive Director

Board Risk and Compliance Committee

Name	Designation	Type of Directorship
Mr. Imran Sarwar	Chairman	Non-Executive Director
Mr. Azhar Hamid	Member	Independent Director
Mr. Arif Akmal Saifie**	Member	Non-Executive Director
Mr. Tauqeer Mazhar***	Member	Non-Executive Director
Mr. Yasir Qadri	Member	Executive Director
Syed Furrugh Zaeem	Member	Non-Executive Director

* Ms. Naz Khan has resigned dated July 20, 2020

** Mr. Arif Akmal Saifie was appointed as a director from March 20, 2020

*** Mr. Tauqeer Mazhar resigned as a director from January 30, 2020

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
14. The frequency of meetings of the committees was as follows:
 - a. The Board Audit Committee: quarterly - six meetings held
 - b. The Board Human Resource and Compensation Committee: quarterly - five meetings held
 - c. The Board Risk and Compliance Committee: quarterly - four meetings held
15. The Board has set up an effective internal audit function. The Function has suitably qualified and experienced staff for the purpose and they are conversant with the policies and procedures of the Management Company.
16. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and are registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the Partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of CEO, CFO, the Head of Internal Audit, the Company Secretary or directors of the Management Company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of Regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with.
19. We confirm that any other significant requirements of the Regulations have been complied with.

AZHAR HAMID
Chairman

Karachi.
Dated: **September 25, 2020**

INDEPENDENT AUDITOR'S REVIEW REPORT

To the unit holders of UBL Liquidity Plus Fund

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of UBL Fund Managers Limited (the Management Company) for UBL Liquidity Plus Fund for the year ended June 30, 2020 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Management Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Management Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

The Regulations require the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Fund for the year ended June 30, 2020.

Yousuf Adil

Chartered Accountants

Place: Karachi

Date: September 30, 2020

INDEPENDENT AUDITOR'S REPORT

To The Unit Holders of UBL Liquidity Plus Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **UBL Liquidity Plus Fund** (the Fund), which comprise the statement of assets and liabilities as at June 30, 2020, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2020, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional 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 matter.

Following is the key audit matter:

S. No.	Key audit matter	How the matter was addressed in our audit
1.	Valuation and existence of investments As disclosed in note 7 to the financial statements, investments amounted to Rs. 3,120.183 million as at June 30, 2020. The total investment amount is the significant account balance on the statement of assets and liabilities. This is	In auditing the valuation and existence of investments, we reviewed the processes and key controls relating to existence and valuation and evaluated the design and implementation of such controls.

S. No.	Key audit matter	How the matter was addressed in our audit
	one of the main driver of the Fund's performance and thus risk exists on this balance. The Fund invests primarily in government securities (i.e. Market Treasury Bills) and there is a risk that these investments are incorrectly valued. In addition, there is a risk that the Fund may have included investments in its financial statements which are not in the ownership of the Fund and thereby increasing the uncertainty in respect of existence of investments recorded as at year end. The disclosure regarding the investments are included in notes 4.2 and 7 to the financial statements.	In addition, (1) we performed valuation testing on sample of investments held as at June 30, 2020 by verifying the average rates quoted on a widely used electronic quotation system (PKRV rates), and (2) we performed existence testing of investments held as at June 30, 2020 by independently matching the securities held by the Fund as per internal records with the securities appearing in the Investor Portfolio Services (IPS) account statement and examined reconciling items, if any.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report in respect of the fund, but does not include the financial statements and our auditor's report thereon and the information related to any other fund.

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 of the Management Company 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 the 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.

Board of Directors of the Management Company is responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors of the Management Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the Board of Directors of the Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accompanying financial statements have been prepared, in all material respects, in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Other Matter

The financial statements of the Fund for the year ended June 30, 2019 were audited by another firm of Chartered Accountants who expressed an unmodified opinion thereon vide their report dated August 30, 2019.

The engagement partner on the audit resulting in this independent auditor's report is Nadeem Yousuf Adil.


Chartered Accountants

Date: September 30, 2020

Place: Karachi

**UBL LIQUIDITY PLUS FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2020**

		2020 ----- (Rupees in '000) -----	2019 -----
ASSETS			
Bank balances	5	15,825,752	5,986,231
Placements, commercial papers, certificate of investments and term deposit receipts	6	650,000	850,000
Investments - net	7	3,120,183	-
Mark-up / interest receivable	8	37,341	66,745
Security deposits, prepayments and other receivables	9	6,298	47,904
Advance income tax	10	1,994	1,994
Total assets		19,641,568	6,952,874
LIABILITIES			
Payable to UBL Fund Managers Limited - Management Company	11	7,672	6,449
Payable to Central Depository Company of Pakistan Limited - Trustee	12	746	548
Payable to Securities and Exchange Commission of Pakistan	13	1,954	8,912
Accrued expenses and other liabilities	14	165,915	99,639
Total liabilities		176,287	115,548
Net Assets		19,465,281	6,837,326
Unit Holders' Fund (as per statement attached)		19,465,281	6,837,326
CONTINGENCIES AND COMMITMENTS			
	15	----- (Number of units) -----	
Number of Units in Issue	16	192,766,885	67,843,773
		----- (Rupees) -----	
Net Asset Value Per Unit		100.9783	100.7804
Face Value per Unit		100.0000	100.0000

The annexed notes from 1 to 33 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)

SD

Chief Executive Officer

SD

Chief Financial Officer

SD

Director

**UBL LIQUIDITY PLUS FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020**

	Note	2020 ----- (Rupees in '000) -----	2019
INCOME			
Financial income	17	1,219,265	1,138,130
Gain / (loss) on sale of investments - net		51,669	(39,952)
Unrealized gain on revaluation of investments classified as financial assets 'at fair value through profit or loss' - net	7	1,235	-
Other income		465	729
Total income		1,272,634	1,098,907
EXPENSES			
Remuneration of UBL Fund Managers Limited - Management Company	11.2	61,308	83,237
Sindh sales tax on remuneration of Management Company	11.3	7,970	10,821
Remuneration of Central Depository Company of Pakistan Limited - Trustee	12	7,177	10,528
Annual fee of Securities and Exchange Commission of Pakistan	13	1,954	8,912
Bank charges		640	692
Auditors' remuneration	18	739	806
Brokerage and settlement expenses		1,830	2,538
Allocated expenses	11.4	9,026	6,443
Allocated selling and marketing expenses	11.5	10,400	-
Fees and subscription charges		269	266
Listing fee		28	28
Legal and professional charges		211	208
Printing expenses		-	11
Other expenses		-	9
Total expenses		101,552	124,499
Net operating income for the year		1,171,082	974,408
Provision for Sindh Workers' Welfare Fund	14.2	(22,968)	(19,111)
Net income for the year before taxation		1,148,114	955,297
Taxation	19	-	-
Net income for the year after taxation		1,148,114	955,297
Allocation of net income for the year			
- Net income for the year after taxation		1,148,114	955,297
- Income already paid on units redeemed		(69,283)	(18,407)
Net income for the year available for distribution		1,078,831	936,890
Accounting income available for distribution			
- Relating to capital gains		42,384	-
- Excluding capital gains		1,036,447	936,890
		1,078,831	936,890
Earnings per unit	20		

The annexed notes from 1 to 33 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)

SD

Chief Executive Officer

SD

Chief Financial Officer

SD

Director

**UBL LIQUIDITY PLUS FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020**

	2020 ----- (Rupees in '000) -----	2019 -----
Net income for the year after taxation	1,148,114	955,297
Other comprehensive income		
Items that may be reclassified subsequently to income statement	-	-
Items that will not be reclassified subsequently to income statement	-	-
Total comprehensive income for the year	1,148,114	955,297

The annexed notes from 1 to 33 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)

SD

Chief Executive Officer

SD

Chief Financial Officer

SD

Director

UBL LIQUIDITY PLUS FUND
STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2020

	2020			2019		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees in '000)					
Net assets at the beginning of the year	6,731,382	105,944	6,837,326	14,120,429	333,781	14,454,210
Amount received on issuance of 515,019,775 units (2019: 295,813,917 units)						
- Capital value	51,903,899	-	51,903,899	29,783,551	-	29,783,551
- Element of income	101,240	-	101,240	40,252	-	40,252
Total amount received on issuance of units	52,005,139	-	52,005,139	29,823,803	-	29,823,803
Amount paid on redemption of 390,096,663 units (2019: 364,029,800 units)						
- Capital value	(39,314,098)	-	(39,314,098)	(36,651,758)	-	(36,651,758)
- Element of income	(7,509)	(69,283)	(76,792)	(22,567)	(18,407)	(40,974)
Total amount paid on redemption of units	(39,321,607)	(69,283)	(39,390,890)	(36,674,325)	(18,407)	(36,692,732)
Total comprehensive income for the year	-	1,148,114	1,148,114	-	955,297	955,297
Annual distribution at the rate of Rs. 5.5510 per unit declared on July 02, 2018 as cash dividend	-	-	-	(501,698)	(253,759)	(755,457)
Interim distributions made during the year (note 30)	(86,674)	(1,047,734)	(1,134,408)	(36,827)	(910,968)	(947,795)
Net income for the year less distribution	(86,674)	100,380	13,706	(538,525)	(209,430)	(747,955)
Net assets at the end of the year	19,328,240	137,041	19,465,281	6,731,382	105,944	6,837,326
Undistributed income brought forward comprising of:						
- Realised		105,944			333,781	
- Unrealised		-			-	
Total undistributed income brought forward		105,944			333,781	
Accounting income available for distribution						
- Related to capital gain		42,384			-	
- Excluding capital gain		1,036,447			936,890	
		1,078,831			936,890	
Distribution during the period:						
Annual distribution		-			(253,759)	
Interim distributions during the year as cash dividend		(1,047,734)			(910,968)	
		(1,047,734)			(1,164,727)	
Undistributed income carried forward - net		137,041			105,944	
Undistributed income carried forward comprising of:						
- Realised		135,806			105,944	
- Unrealised		1,235			-	
		137,041			105,944	
			(Rupees)			(Rupees)
Net asset value per unit at the beginning of the year			100.7804			106.2344
Net asset value per unit at the end of the year			100.9783			100.7804

The annexed notes from 1 to 33 form an integral part of these financial statements.

FOR UBL FUND MANAGERS LIMITED
(Management Company)

SD
Chief Executive Officer

SD
Chief Financial Officer

SD
Director

**UBL LIQUIDITY PLUS FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020**

	Note	2020 ------(Rupees in '000)-----	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year before taxation		1,148,114	955,297
Adjustments for:			
Financial income		(1,219,265)	(1,138,130)
(Gain) / Loss on sale of investments - net		(51,669)	39,952
Unrealized gain on revaluation of investments classified as financial assets 'at fair value through profit or loss' - net		(1,235)	-
Other income		(465)	(729)
Provision for Sindh Workers' Welfare Fund		22,968	19,111
		<u>(1,249,666)</u>	<u>(1,079,796)</u>
Cash used in operations before working capital changes		(101,552)	(124,499)
(Increase) / decrease in assets			
Placements, commercial papers, certificate of investments and term deposit receipts		500,000	(500,000)
Investments - net		(3,067,279)	(39,952)
Security deposits, prepayments and other receivables		41,606	(32,134)
Advance income tax		-	488
		<u>(2,525,673)</u>	<u>(571,598)</u>
Increase / (decrease) in liabilities			
Payable to UBL Fund Managers Limited - Management Company		1,223	(4,473)
Payable to Central Depository Company of Pakistan Limited - Trustee		198	(637)
Payable to Securities and Exchange Commission of Pakistan		(6,958)	1,832
Accrued expenses and other liabilities		43,308	(54,662)
		<u>37,771</u>	<u>(57,940)</u>
Cash used in operations		(2,589,454)	(754,037)
Mark-up received on bank balances		467,482	376,193
Mark-up received on placements, commercial papers, certificate of investments and term deposit receipts		236,284	201,687
Mark-up received on investments		545,368	513,148
		<u>(1,340,320)</u>	<u>336,991</u>
Net cash (used in) / generated from operating activities			
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts from issuance of units		52,005,139	29,823,803
Payments against redemption of units		(39,390,890)	(36,692,732)
Dividend paid		(1,134,408)	(1,703,252)
Net cash generated from / (used in) financing activities		11,479,841	(8,572,181)
		<u>10,139,521</u>	<u>(8,235,190)</u>
Net increase / (decrease) in cash and cash equivalents during the year			
Cash and cash equivalents at the beginning of the year		6,336,231	14,571,421
Cash and cash equivalents at the end of the year		16,475,752	6,336,231
CASH AND CASH EQUIVALENTS			
Bank balances	5	15,825,752	5,986,231
Placements, commercial papers, certificate of investments and term deposit receipts	6	650,000	350,000
		<u>16,475,752</u>	<u>6,336,231</u>

The annexed notes from 1 to 33 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)

SD

Chief Executive Officer

SD

Chief Financial Officer

SD

Director

UBL LIQUIDITY PLUS FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

UBL Liquidity Plus Fund (the "Fund") was established under the Trust Deed executed between UBL Fund Managers Limited (the Management Company - a wholly owned subsidiary company of United Bank Limited), as the management company, and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on May 07, 2009 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on June 11, 2009 in accordance with the requirements of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) as an open-ended mutual fund. The Fund commenced its operations from June 21, 2009.

The Management Company of the Fund is registered with the SECP as a Non-Banking Finance Company under the NBFC Rules, 2003. The registered office of the Management Company is situated at 4th Floor, STSM Building, Beaumont Road, Civil Lines, Karachi.

The Fund is an open-end mutual fund categorized as money market scheme and is listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering them to the Fund at the option of the unit holder.

The investment objective of the Fund is to seek and provide attractive daily returns while maintaining comparatively high liquidity by investing in diversified portfolio of low risk assets.

VIS Credit Rating Company has assigned management quality rating of AM1 to the Management Company as on December 31, 2019.

Title to the assets of the Fund is held in the name of the Central Depository Company of Pakistan Limited (CDC) as the Trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

2.1.2 The SECP/Commission through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Currently, the Asset Management Companies are required to continue to follow the requirements of Circular 33 of 2012 for impairment of debt securities.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except that certain financial assets are measured at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Fund's functional and presentation currency.

2.4 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires management to make estimates, judgements and assumptions that affect the reported amount of assets, liabilities, income and expenses. It also requires management to exercise judgement in application of its accounting policies. The estimates, judgements and associated assumptions are based on the historical experience and various other factors that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the year in which the estimates are revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements as a whole are as follows:

- (i) classification and measurement of financial assets (notes 4.2.1, 4.2.2, 4.2.3 and 6)
- (ii) impairment of financial assets (note 4.2.5)
- (iii) provision for taxation (notes 4.6 and 19); and
- (iv) provision for Sindh Workers' Welfare Fund (note 14.2).

3 NEW ACCOUNTING STANDARDS / AMENDMENTS AND IFRS INTERPRETATIONS

3.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2020

The following standards, amendments and interpretations are effective for the year ended June 30, 2020. These standards, amendments and interpretations are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

IFRS 16 'Leases'

Amendments to IFRS 9 'Financial Instruments' - amendments regarding prepayment features with negative compensation and modification of financial liabilities

Amendments to IAS 28 'Investments in Associates and Joint Ventures' - amendments regarding long-term interests in associates and joint ventures

Amendments to IAS 19 'Employee Benefits' - amendments regarding plan amendment, curtailment or settlement

IFRIC 23 'Uncertainty over Income Tax Treatments'

IFRS 14 – Regulatory Deferral Accounts

Certain annual improvements have also been made to a number of IFRSs.

3.2 New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

	Effective from accounting periods beginning on or after:
Amendments to the conceptual framework for financial reporting, including amendments to references to the conceptual framework in IFRS	January 01, 2020
Amendments to IFRS 3 'Business Combinations' - amendments regarding definition of a business	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - definition of material	January 01, 2020
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: disclosures' - amendments regarding interest rate benchmark reform	January 01, 2020

	Effective from accounting periods beginning on or after:
Amendment to IFRS 16 'Leases' - amendments regarding Covid-19 related rent concessions	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' - amendments regarding classification of liabilities as current or non-current	January 01, 2023
Amendments to IFRS 3 'Business Combinations' - amendments regarding reference to the conceptual framework	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - amendments regarding proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — amendments regarding cost of fulfilling a contract	January 01, 2022

Certain annual improvements have also been made to a number of IFRSs which are also not expected to have material impact on financial reporting of the Fund.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the SECP:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below and have been consistently applied to all years presented.

4.1 Cash and cash equivalents

Cash and cash equivalents comprise balances with banks and short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried in the statement of assets and liabilities at cost.

4.2 Financial Instruments

4.2.1 Classification of financial assets

IFRS 9 contains three principal classification categories for financial assets:

- Measured at amortized cost ("AC"),
- Fair value through other comprehensive income ("FVOCI") and
- Fair value through profit or loss ("FVTPL").

Financial assets at amortised cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- 1) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- 2) 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.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Financial assets at FVOCI

A financial asset is measured at FVOCI only if it meets both of the following conditions and is not designated as FVTPL:

- 1) the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- 2) 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.

On initial recognition, for an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in fair value in OCI, only dividend income is recognised in income statement. This election is made on an investment-by-investment basis.

FVOCI financial assets are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI.

Financial assets at FVTPL

All other financial assets are classified at FVTPL (for example: equity held for trading and debt securities not classified either as AC or FVOCI).

In addition, on initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Fund changes its business model for managing financial assets.

4.2.2 Recognition and initial measurement of financial instruments

Financial assets and financial liabilities are recognised in the Fund's statement of assets and liabilities when the Fund becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

4.2.3 Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured at amortised cost. Amortised cost is calculated using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Financial assets at FVOCI

All financial assets at FVOCI are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in other comprehensive income.

For debt instruments classified as financial assets at FVOCI, the amounts in other comprehensive income are reclassified to income statement on derecognition of financial assets. This treatment is in contrast to equity instruments classified as financial assets at FVOCI, where there is no reclassification on derecognition.

Financial assets at FVTPL

All financial assets designated at fair value through profit or loss are subsequently carried at fair value, with gains and losses arising from changes in fair value recorded in the income statement.

4.2.4 Fair value measurement principles and provision

The fair value of financial instruments is determined as follows:

Basis of valuation of debt securities:

The fair value of debt securities (other than government securities) is based on the value determined and announced by Mutual Funds Association of Pakistan (MUFAP) in accordance with the criteria laid down in Circular No. 1 of 2009 and Circular No. 33 of 2012 issued by Securities and Exchange Commission of Pakistan (SECP). In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorizes them as traded, thinly traded and non-traded securities. The aforementioned 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 government securities not listed on stock exchange and traded in the interbank market are valued at the average rates quoted on a widely used electronic quotation system (PKIRSV) rates) which are based on the remaining tenor of the security.

4.2.5 Impairment

Under expected credit loss (ECL) model of IFRS 9, the Fund recognises loss allowances for ECLs on financial assets other than debt securities. The Fund measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Financial assets that are determined to have low credit risk at the reporting date; and
- Other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

As disclosed in note 2.1.2 of these financial statements, the Fund follows requirements of circular 33 of 2012 (the "circular") for impairment of debt securities. Under the circular, provision for non performing debt securities is made on the basis of time based criteria as prescribed under the circular. Impairment losses recognised on debt securities can be reversed through the income statement.

As allowed under circular no. 13 of 2009 dated May 04, 2009 issued by the SECP, the Management Company may also make provision against debt securities over and above minimum provision requirement prescribed in aforesaid circular, in accordance with the provisioning policy approved by the Board of Directors and disseminated by the Management Company on its website.

4.2.6 Classification and measurement of financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

4.2.7 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the entity has transferred substantially all risks and rewards of ownership.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

4.2.8 Regular way contracts

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention are recognised at the trade date. Trade date is the date on which the Fund commits to purchase or sell assets.

4.2.9 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the assets and settle the liabilities simultaneously.

4.3 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the income statement. Derivatives with positive fair values (unrealised gains) are included in other assets and derivatives with negative fair values (unrealised losses) are included in other liabilities in the statement of assets and liabilities.

4.4 Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

4.5 Collaterals

Cash collaterals provided by the Fund are identified in the statement of assets and liabilities as margin and are not included as a component of cash and cash equivalents. For collaterals other than cash, if the party to whom the collaterals are provided has a right by contract or custom to sell or re-pledge the collaterals, the Fund classifies that collaterals in the statement of assets and liabilities separately from other assets and identifies the assets as pledged collaterals. Where the party to whom the collaterals are provided does not have the right to sell or re-pledge, a disclosure of the collaterals provided is made in the notes to the financial statements.

4.6 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders (excluding distribution made by issuance of bonus units).

The Fund is also exempt from the Provisions of Section 113 (minimum tax) and section 113C (Alternative Corporate Tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

The Fund has not recognised any amount in respect of deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing in cash at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders.

4.7 Distributions

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared. Based on MUFAP's guidelines (duly consented upon by SECP) distributions for the year is deemed to comprise of the portion of amount of income already paid on units redeemed and the amount of cash distribution for the year.

The distribution per unit is announced based on units that were held for the entire period. The rate of distribution is adjusted for the effect of refund of capital if any based on the period of investment made during the year. Resultantly, the rate of distribution per unit may vary depending on the year of investment. Dividend distribution to the Unit Holders is recognized in the year in which these are approved.

4.8 Issuance and redemption of units

Units issued are allocated at the offer price, prevalent on the day on which the applications for purchase of units are received, however, units are issued on the receipt of cash / realisation of cheques. The offer price represents the net asset value per unit as at the close of the business day plus the allowable front-end sales load and provision of any duties and charges, if applicable. The sales load is payable to the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the Fund receives redemption applications during the business hours of that day. The redemption price represents the net asset value per unit as at the close of the business day less any back-end load and an amount that the management company may consider to be an appropriate provision of duties and charges. Redemption of units is recorded on acceptance of application for redemption.

4.9 Element of income / (loss) included in prices of units issued less those in units redeemed

Element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period.

Element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

4.10 Net asset value per unit

The Net Asset Value (NAV) per unit, as disclosed in the statement of assets and liabilities, is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

4.11 Revenue recognition

- Realised capital gains / losses arising on sale of investments are included in the income statement on the date at which the sale transaction takes place.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are included in the income statement in the year in which they arise.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through other comprehensive income' are included in the equity through other comprehensive income in the year in which they arise.
- Mark-up / return on investments in debt and government securities is recognised using effective yield method.
- Income on bank balances, placements and term deposits are recognised on time proportionate basis.

4.12 Expenses

All expenses including Management fee, Trustee fee and Securities and Exchange Commission of Pakistan fee are recognised in the Income Statement on accrual basis.

		2020	2019
		----- (Rupees in '000) -----	
	Note		
5. BANK BALANCES			
In local currency:			
- Saving accounts	5.1	15,825,738	5,986,227
- Current accounts		14	4
		<u>15,825,752</u>	<u>5,986,231</u>

5.1 Mark-up rates on these savings accounts range between 6.50% to 14.40% per annum (2019: 4.00% to 13.40% per annum).

6. PLACEMENTS, COMMERCIAL PAPERS, CERTIFICATE OF INVESTMENTS AND TERM DEPOSIT RECEIPTS

Particulars	As at July 1, 2019	Purchased during the year	Matured during the year	As at June 30, 2020	Market value as a percentage of net assets of the Fund	Interest rate	Maturity date up to
	-----Rupees in '000-----				-----%		
Term deposits receipts	-	1,830,000	1,830,000	-	-	13.75 - 14.45	-
Letter of placements	850,000	25,071,708	25,921,708	-	-	8 - 15.41	-
Commercial papers - at book value	-	464,904	464,904	-	-	15.4	-
Certificates of investment	-	650,000	-	650,000	3.34	9	July 27, 2020
As at June 30, 2020	850,000	28,016,612	28,216,612	650,000	3.34		
As at June 30, 2019	1,580,000	50,633,000	51,363,000	850,000	12.43	8 - 15.4	January 2, 2020

7. INVESTMENTS - NET

Government securities classified as 'fair value through profit or loss'

Issue Date	Tenor	Face value			Carrying Value as at June 30, 2020	Market Value as at June 30, 2020	Unrealized appreciation	Market value as a percentage of		
		As at July 1, 2019	Purchased during the period	Sold / Matured during the period				As at June 30, 2020	Total Investments	Net Assets
Treasury bills		----- (Rupees in '000) -----						-----%-----		
April 25, 2019	3 months	-	3,200,000	3,200,000	-	-	-	-	-	-
May 9, 2019	3 months	-	2,405,000	2,405,000	-	-	-	-	-	-
May 23, 2019	3 months	-	715,000	715,000	-	-	-	-	-	-
July 18, 2019	3 months	-	12,553,000	12,553,000	-	-	-	-	-	-
July 18, 2019	6 months	-	700,000	700,000	-	-	-	-	-	-
July 18, 2019	1 year	-	250,000	250,000	-	-	-	-	-	-
August 1, 2019	3 months	-	2,073,000	2,073,000	-	-	-	-	-	-
August 16, 2019	3 months	-	3,255,000	3,255,000	-	-	-	-	-	-
August 29, 2019	3 months	-	650,000	650,000	-	-	-	-	-	-
September 12, 2019	6 months	-	949,000	949,000	-	-	-	-	-	-
September 12, 2019	1 year	-	1,000,000	1,000,000	-	-	-	-	-	-
September 26, 2019	1 year	-	5,213,000	5,106,000	107,000	105,071	105,262	190	3.37	0.54
October 10, 2019	3 months	-	2,950,000	2,950,000	-	-	-	-	-	-
October 10, 2019	1 year	-	564,000	564,000	-	-	-	-	-	-
October 24, 2019	3 months	-	1,370,000	1,370,000	-	-	-	-	-	-
October 24, 2019	6 months	-	600,000	600,000	-	-	-	-	-	-
November 7, 2019	3 months	-	1,969,500	1,969,500	-	-	-	-	-	-
November 7, 2019	6 months	-	385,000	385,000	-	-	-	-	-	-
November 21, 2019	3 months	-	700,000	700,000	-	-	-	-	-	-
December 5, 2019	3 months	-	500,000	500,000	-	-	-	-	-	-
December 5, 2019	6 months	-	600,000	600,000	-	-	-	-	-	-
December 19, 2019	3 months	-	2,270,000	2,270,000	-	-	-	-	-	-
December 19, 2019	6 months	-	500,000	500,000	-	-	-	-	-	-

2020 2019
----- (Rupees in '000) -----

8. MARK-UP / INTEREST RECEIVABLE

Markup / interest receivable on:

- Savings accounts	36,379	63,648
- Placements, commercial papers, certificate of investments and term deposit receipts	962	3,097
	<u>37,341</u>	<u>66,745</u>

9. SECURITY DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLE

Deposit for CDS account	100	100
Prepaid rating fees	-	244
Receivable against issuance of units	5,898	47,503
Other receivables	300	57
	<u>6,298</u>	<u>47,904</u>

10. ADVANCE INCOME TAX

The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under section 150, 150A, 151 and 233 of ITO 2001. The Federal Board of Revenue (FBR), through a circular "C.No.1 (43) DG (WHT) / 2008-Vol.II- 66417-R" dated May 12, 2015, made it mandatory to obtain exemption certificate under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). Prior to receiving tax exemption certificate(s) from CIR, various withholding agents had deducted advance tax under section 151 of ITO 2001 in previous years. The Management Company has filed refund application and is confident that the same shall be refunded.

2020 2019
----- (Rupees in '000) -----

**11. PAYABLE TO UBL FUND MANAGERS LIMITED
- MANAGEMENT COMPANY**

Note

Management fee (including Sindh Sales Tax thereagainst)	11.1 11.2 & 11.3	2,425	6,314
Allocated expenses	11.4	2,141	118
Conversion charges payable		135	-
Allocated selling and marketing expenses	11.5	2,954	-
Other payable		17	17
		<u>7,672</u>	<u>6,449</u>

11.1 SECP vide S.R.O. 639 (I) / 2019 dated June 20, 2019, has amended Regulation 61 of NBFC Regulations whereby an Asset Management Company may charge variable fee or fixed fee or the combination of both which shall not exceed the limit disclosed in the Offering Document. Moreover, it shall disclose in the Offering Document the maximum rate of management fee chargeable to Collective Investment Scheme within allowed expense ratio limit.

11.2 The remuneration is payable to the Management Company on monthly basis in arrears. During the year ended June 30, 2020, the Management Company has charged management fee expenses of Rs. 61.3 million (2019: Rs. 83.2 million) at the rates and subject to the limits as stated below:

	Management Company remuneration as a % of gross earnings	Minimum remuneration (as a % per annum of the daily net assets)	Maximum remuneration (as a % per annum of the daily net assets)
Charged up to September 04, 2019	7.50%	0.25%	1.00%
Charged from September 05, 2019 up to April 09, 2020	5.00%	0.15%	1.00%
Charged from April 09, 2020 up to April 16, 2020	2.50%	0.20%	No Cap
Charged from April 17, 2020 up to May 03, 2020	3.75%	0.15%	No Cap
Charged from May 04, 2020 onwards	2.50%	0.15%	No Cap

11.3 The Provincial Government of Sindh has levied Sindh Sales Tax at the rate of 13% on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.

11.4 Allocated Expenses represents fee for registrar services, accounting, operations and valuation services. Until June 19, 2019 in accordance with Regulation 60 of the NBFC Regulations, the Management Company was entitled to charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS) at the rate of up to 0.1% of the daily net assets of the scheme or actual whichever is less. However, SECP vide S.R.O. 639 (I) / 2019 dated June 20, 2019 removed the maximum cap of 0.1%. Therefore, with effect from June 20, 2019, the Management Company can charge expenses related to registrar services, accounting, operations and valuation services to the CIS based on its discretion provided the Total Expense Ratio (refer note 21) prescribed by the SECP vide S.R.O. 639 (I) / 2019 dated June 20, 2019 is complied with.

The Management Company has charged Allocated Expenses of Rs. 9.026 million (2019: Rs. 6.443 million) for registrar services, accounting, operations and valuation services during the year ended June 30, 2020 by charging allocated expense at below rates:

	Allocated expense as a % per annum of the daily net assets
Charged from July 01, 2019 up to September 04, 2019	0.00%
Charged from September 05, 2019 up to April 09, 2020	0.10%
Charged from April 10, 2020 up to May 10, 2020	0.20%
Charged from May 19, 2020 onwards	0.10%

11.5 The SECP had allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) initially for a period of three years (i.e. from January 01, 2017 till December 31, 2019). The maximum cap of selling and marketing expense was 0.4% per annum of the daily net assets of the Fund or actual expenses whichever is lower.

During the year, the SECP through its circular 11 dated 05 July, 2019 has revised the conditions for charging of selling and marketing expenses to a Fund. As per the revised guidelines, the maximum cap of 0.4% per annum has been lifted and now the asset management company is required to set a maximum limit for charging of such expense to the Fund and the same should be approved by the Board as part of annual plan. Further, the time limit of three years has also been removed in the revised conditions. Therefore, with effect from June 20, 2019, the Management Company can charge selling and marketing expenses to the CIS based on its discretion provided the Total Expense Ratio (refer note 21) prescribed by the SECP vide S.R.O. 639 (I) / 2019 dated June 20, 2019 is complied with.

The Management Company has charged selling and marketing expenses of Rs. 10.4 million (2019: Nil) during the year ended June 30, 2020 by charging selling and marketing expense at below rates;

	Allocated selling and marketing expense as a % per annum of the daily net assets
Charged from September 05, 2019 up to January 20, 2020	0.21%
Charged from April 10, 2020 up to May 03, 2020	0.15%
Charged from May 04, 2020 onwards	0.10%

		2020	2019
	Note	----- (Rupees in '000) -----	-----
12. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE			
Trustee fee	12.1	746	548

12.1 The Trustee is entitled to a remuneration for services rendered to the Fund under the provisions of the Trust Deed and Offering Document as per the tariff specified therein, based on the daily net assets value of the Fund. The remuneration is paid to the Trustee on monthly basis in arrears. The tariff structure applicable to the Fund in respect of the Trustee fee has been revised effective from July 01, 2019, whereby the revised tariff is 0.065% of net assets.

Trustee fee amounting to of Rs. 7.1 million (2019: Rs. 10.5 million) was charged during the year to the Fund.

			2020	2019
	Note		----- (Rupees in '000) -----	
13. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION PAKISTAN				
Annual fee	13.1		<u>1,954</u>	<u>8,912</u>

- 13.1** Under the provisions of NBFC Regulations, a collective investment scheme classified as money market scheme is required to pay an annual fee to the SECP.

SECP vide S.R.O. 685 (I) / 2019, dated June 28, 2019 has revised its annual fee from 0.075% to 0.02% per annum of average daily net assets of the Fund, applicable from July 01, 2019.

			2020	2019
	Note		----- (Rupees in '000) -----	
14. ACCRUED EXPENSES AND OTHER LIABILITIES				
Auditors' remuneration payable			537	530
Brokerage expense payable			1,480	1,112
Payable against legal charges			98	61
Capital gains tax payable			3,123	520
Zakat deducted at source payable			772	1,263
Withholding tax payable			1	5,154
Provision for indirect duties and taxes	14.1		55,390	55,390
Provision for Sindh Workers' Welfare Fund	14.2		55,900	32,932
Dividend payable			147	2,652
Other payable			48,467	25
			<u>165,915</u>	<u>99,639</u>

- 14.1** As per the requirements of the Finance Act 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company was applied with effect from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED results in double taxation, which does not appear to be the spirit of the law. The matter was collectively taken up by the Management Company jointly with other Asset Management Companies and Trustees of respective Collective Investment Schemes (CISs), through a Constitutional Petition filed in the Honorable Sindh High Court (SHC) during September 2013. In this respect, the SHC had issued a stay order against the recovery of FED due to which the Fund has not made any payments for FED since June 13, 2013.

On 30 June 2016, the Honorable Sindh High Court of Pakistan had passed a Judgment that after 18th amendment in the Constitution of Pakistan, the Provinces alone have the legislative power to levy a tax on rendering or providing services, therefore, chargeability and collection of FED after 01 July 2011 is ultra vires to the Constitution of Pakistan. On 23 September 2016, the Federal Board of Revenue (FBR) filed an appeal in the Supreme Court of Pakistan (SCP) against above judgement, which is pending adjudication. Management Company, as a matter of abundant caution, has maintained full provision for FED aggregating to Rs. 55.390 million until the matter is resolved. Had the provision not been retained, the net asset value per unit of the Fund as at June 30, 2019 would have been higher by Rs. 0.2873 per unit (2019: Rs. 0.8164 per unit).

Through Finance Act, 2016, FED on services rendered by Non-Banking Financial Institutions (NBFIs) including Asset Management Companies, which are already subject to provincial sales tax, has been withdrawn.

Therefore, provision for FED has not been recorded in these financial statements from July 01, 2016 onwards.

- 14.2** The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) as a result of which it was construed that all Collective Investment Schemes / Mutual Funds (CISs) whose income exceeded Rs. 500,000 in a tax year were brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever was higher.

The amendments introduced in the WWF Ordinance were challenged in various High Courts of Pakistan. The Honorable Lahore High Court (LHC) and the Honorable High Court of Sindh (SHC) arrived at different conclusions in respect of the validity of the amendments made through the Finance Act in relation to the WWF. Both the decisions of the LHC and the SHC were challenged in the Honorable Supreme Court of Pakistan (SCP). On November 10, 2016 the SCP passed a judgment declaring the insertion of amendments introduced through Finance Act, 2008 pertaining to WWF as unlawful for the reason that the WWF is not in the nature of tax and therefore, could not be introduced through money bill under the Constitution. Subsequently, the Federal Board of Revenue (FBR) has filed a review petition in the SCP against the said judgment, which is pending adjudication.

Further, as a consequence of the 18th amendment to the Constitution, levy for the WWF was also introduced by the Government of Sindh through the Sindh Workers Welfare Fund (SWWF) Act 2014. SWWF Act 2014, enacted on May 21, 2015, requires every Industrial Establishment located in the province of Sindh and having total income of Rs.500,000 or more in any year of account commencing on or after the date of closing of account on or after December 31, 2013, to pay two percent of so much of its total income declared to SWWF. The said Act includes any concern engaged in the Banking or Financial Institution in the definition of "Industrial Undertaking" but does not define Financial Institution. The Management Company, based on an opinion obtained by the Mutual Funds Association of Pakistan (MUFAP), believes that Mutual Funds are not liable to pay Sindh WWF under the said law, for the reason that the Mutual Funds are not financial institutions and rather an investment vehicle. However, the Sindh Revenue Board has not accepted the said position of MUFAP and as a result, MUFAP has taken up this matter with the Sindh Finance Ministry for resolution.

In view of the above developments regarding the applicability of Federal and Sindh WWF on Mutual Funds, the MUFAP obtained a legal opinion on these matters during financial year ended June 30, 2017. Based on such legal advice (which also stated that even if a review petition is filed by any party, such petition can only be based on very limited grounds and the chances of any major change in the SCP judgement are very limited), MUFAP had recommended to all its members to reverse the Federal WWF and start recording of Sindh WWF. Consequently, the Fund has recorded provision of Rs. 22.968 (June 2019: Rs. 19.111) for the year and Rs. 55.9 million (June 2019: Rs. 32.932 million) in aggregate in respect of SWWF.

Had the provision against SWWF not been made, the net assets value per unit would have been higher by Rs. 0.29 per unit (2019: Rs. 0.4854 per unit).

15. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2020 and June 30, 2019.

	2020	2019
	----- Number of units -----	
16. NUMBER OF UNITS IN ISSUE		
Total units in issue at the beginning of the year	67,843,773	136,059,656
Units issued during the year	515,019,775	295,813,917
Units redeemed during the year	(390,096,663)	(364,029,800)
Total units in issue at the end of the year	<u>192,766,885</u>	<u>67,843,773</u>

16.1 The par value of each unit is Rs. 100. The Management Company has set a minimum investment of Rs. 500.

16.2 All units carry equal rights and are entitled to dividend and share in the net asset value of the Fund.

	2020	2019
	----- (Rupees in '000) -----	
17. FINANCIAL INCOME		
Markup / interest income on:		
- Bank balances	439,748	424,427
- Placements, commercial papers, certificate of investments and term deposit receipts	234,149	200,555
- Market treasury bills	545,368	513,148
	<u>1,219,265</u>	<u>1,138,130</u>

18. AUDITORS' REMUNERATION

Annual audit fee	369	369
Fee for half yearly review	173	173
Fee for review of compliance with the requirements of the Code of Corporate Governance	43	43
Fee for other certifications / services	46	46
Out of pocket expenses and sales tax	108	175
	<u>739</u>	<u>806</u>

19. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed to the unit holders in cash. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. During the year ended June 30, 2020, the Fund has distributed by way of cash dividend at minimum 90 percent of the aforementioned accounting income to the unit holders. Accordingly, no provision for taxation has been recognised in these financial statements.

20. EARNINGS PER UNIT

Earnings per unit (EPU) has not been disclosed as in the opinion of the Management Company, the determination of the cumulative weighted average number of outstanding units for calculating EPU is not practicable.

21. TOTAL EXPENSE RATIO

As per regulation 60 (5b) of NBFC Regulations 2008, the capping of expense ratio of the Fund is set at 2% of net assets for the year.

As per Directive 23 of 2016 dated July 20, 2016 issued by SECP, the Total Expense Ratio of the Fund is 1.27% for the year (2019: 1.21%) and this includes 0.35% (2019: 0.34%) representing government levy, Sindh worker's welfare fund and SECP fee.

22. FINANCIAL INSTRUMENTS BY CATEGORY

As at June 30, 2020 and June 30, 2019, the financial assets and liabilities carried on the statement of assets and liabilities are categorised as follows:

Financial assets	2020	2019
	----- (Rupees in '000) -----	
At fair value through profit or loss		
Investments - net	3,120,183	-
At amortized cost		
Bank balances	15,825,752	5,986,231
Placements, commercial papers, certificate of investments and term deposit receipts	650,000	850,000
Mark-up / interest receivable	37,341	66,745
Security deposits, prepayments and other receivables	6,298	47,660
	<u>19,639,574</u>	<u>6,950,636</u>
Financial liabilities		
At amortized cost		
Payable to UBL Fund Managers Limited - Management Company	7,672	6,449
Payable to the Central Depository Company of Pakistan Limited - Trustee	746	548
Accrued expenses and other liabilities	50,729	4,380
Net assets attributable to redeemable units	19,465,281	6,837,326
	<u>19,524,428</u>	<u>6,848,703</u>

23. FINANCIAL RISK MANAGEMENT

The Fund's overall risk management programme seeks to maximise the returns derived for the level of risks to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance.

Monitoring and controlling risks are primarily set up to be performed based on the limits established by the internal controls set on different activities of the Fund by the Board of Directors. These controls and limits reflect the business strategy and market environment of the Fund as well as the level of risk that the Fund is willing to accept. In addition, the Fund monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

The Fund primarily invests in a portfolio of money market investments and government securities. These activities are exposed to a variety of financial risks i.e. market risks (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

23.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and the regulations laid down by the SECP.

Market risk comprises three types of risks: currency risk, interest rate risk and other price risk.

23.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates.

The Fund has no exposure to foreign exchange risk as at June 30, 2020 as there are no financial assets or financial liabilities denominated in foreign currencies.

23.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2020, the Fund is exposed to such risk on its balances held with bank balances and investments in government securities. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Cash flow interest rate risk

The Fund's interest rate risk arises from the balances in savings accounts on which interest rate ranges between 4.00% to 13.40% per annum and investment in government securities.

The net income for the period would have increased / (decreased) by Rs. 158.257 million (2019: Rs. 59.862 million), had the interest rates on savings accounts with banks increased / (decreased) by 100 basis points.

b) Fair value interest rate risk

The Fund is exposed to Fair value interest rate risk for investment in government securities.

In case of 100 basis points increase / decrease in interest rates on June 30, 2020, with all other variables held constant, the net income for the year and the net assets would have been lower / higher by Rs. 31.20 million (2019: Nil).

Yield / interest rate sensitivity position for on balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

Particulars	June 30 , 2020-----					
	Effective yield / interest rate	Total	Exposed to interest rate risk			Not exposed to interest rate risk
			Up to three months	More than three months and up to one year	More than one year	
	%		------(Rupees in '000)-----			
On-balance sheet financial instruments						
Financial assets at fair value through profit or loss						
Investments	7.08 - 8.00	3,120,183	2,564,051	556,132	-	-
Financial assets at amortised cost						
Bank balances	6.50 - 14.40	15,825,752	15,825,738	-	-	14
Placements, commercial papers, certificate of investments and term deposit receipts	9.00	650,000	650,000	-	-	-
Mark-up / interest receivable		37,341	-	-	-	37,341
Deposits and other receivable		6,298	-	-	-	6,298
		16,519,391	16,475,738	-	-	43,653
Sub total		19,639,574	19,039,789	556,132	-	43,653
Financial liabilities at amortised cost						
Payable to UBL Fund Managers Limited - Management Company		7,672	-	-	-	7,672
Payable to the Central Depository Company of Pakistan Limited - Trustee		746	-	-	-	746
Accrued expenses and other liabilities		50,729	-	-	-	50,729
Net assets attributable to redeemable units		19,465,281	-	-	-	19,465,281
Sub total		19,524,428	-	-	-	19,524,428
On-balance sheet gap (a)		115,146	19,039,789	556,132	-	(19,480,775)
Off-balance sheet financial instrument		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a) + (b)			19,039,789	556,132	-	(19,480,775)
Cumulative interest rate sensitivity gap			19,039,789	556,132	-	(19,480,775)

Particulars	June 30 , 2019-----					
	Effective yield / interest rate	Total	Exposed to interest rate risk			Not exposed to interest rate risk
			Up to three months	More than three months and up to one year	More than one year	
	%		------(Rupees in '000)-----			
On-balance sheet financial instruments						
Financial assets at amortised cost						
Bank balances	4 - 13.4	5,986,231	5,986,227	-	-	4
Placements, commercial papers, certificate of investments and term deposit receipts	13.5- 14	850,000	350,000	500,000	-	-
Mark-up / interest receivable		66,745	-	-	-	66,745
Deposits and other receivable		47,660	-	-	-	47,660
Sub total		6,950,636	6,336,227	500,000	-	114,409
Financial liabilities at amortised cost						
Payable to UBL Fund Managers Limited - Management Company		6,449	-	-	-	6,449
Payable to the Central Depository Company of Pakistan Limited - Trustee		548	-	-	-	548
Accrued expenses and other liabilities		4,380	-	-	-	4,380
Net assets attributable to redeemable units		6,837,326	-	-	-	6,837,326
Sub total		6,848,703	-	-	-	6,848,703
On-balance sheet gap (a)		101,933	6,336,227	500,000	-	(6,734,294)
Off-balance sheet financial instrument		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a) + (b)			6,336,227	500,000	-	(6,734,294)
Cumulative interest rate sensitivity gap			6,336,227	500,000	-	(6,734,294)

23.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market 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. Currently, the Fund does not hold any security which exposes the Fund to price risk.

23.2 Credit risk

Credit risk represents the risk of loss if the counterparties fail to perform as contracted. The Fund's credit risk mainly arises from bank balances, placements, commercial papers, certificate of investments, term deposit receipts and Mark-up / interest receivable.

The Fund keeps deposits and performs transactions with reputed financial institutions with reasonably high credit ratings. All transactions in listed securities are settled / paid for upon delivery using the system of National Clearing Company of Pakistan Limited. The risk of default in these transactions is considered minimal due to inherent systematic measures taken therein. The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed and the requirements of the NBFC rules and the regulations and the guidelines given by the SECP from time to time.

The maximum exposure to credit risk before considering any collateral as at June 30, 2020 and June 30, 2019 is the carrying amount of the financial assets. None of these assets are 'impaired' nor 'past due but not impaired'. Investment in government securities are not exposed to credit risk as they are guaranteed by the Government of Pakistan.

The analysis below summaries the credit rating quality of the Fund's financial assets as at June 30, 2020 and June 30, 2019:

Name of Institutions	Balances held by the Fund as at June 30, 2020	Latest available published ratings at June 30, 2020	Rating agency
(Rupees in '000)			
Bank balances and markup receivable			
Allied Bank Limited	3,418	AAA	PACRA
Askari Bank Limited	7	AA+	PACRA
Bank Alfalah Limited	46,187	AA+	PACRA
Faysal Bank Limited	53	AA	PACRA
Habib Bank Limited	14,947,975	AAA	VIS
Habib Metropolitan Bank Limited	18,060	AA+	PACRA
MCB Bank Limited	8,565	AAA	PACRA
Meezan Bank Limited	17	AA+	VIS
National Bank of Pakistan	3,687	AAA	PACRA
Samba Bank Limited	814,852	AA	VIS
Sind Bank Limited	12	A+	VIS
United Bank Limited	19,205	AAA	VIS
Zarai Taraqiati Bank Limited	93	AAA	VIS
	15,862,131		
Certificate of Investment and markup receivable			
Pak Oman Investment Company Limited	650,962	AA+	VIS

Name of Institutions	Balances held by the Fund as at June 30, 2019	Latest available published ratings at June 30, 2019	Rating agency

(Rupees in '000)

Bank balances and markup receivable

Allied Bank Limited	27	AAA	PACRA
Askari Bank Limited	7	AA+	PACRA
Bank AlFalah Limited	4,480,540	AA+	PACRA
Faysal Bank Limited	44	AA	PACRA
Habib Bank Limited	1,519,624	AAA	VIS
Habib Metropolitan Bank Ltd	1,529	AA+	PACRA
MCB Bank Limited	2,854	AAA	PACRA
Meezan Bank Limited	17	AA+	VIS
National Bank of Pakistan	561	AAA	PACRA
Samba Bank Limited	15,099	AA	VIS
Sind Bank Limited	11	A+	VIS
United Bank Limited	29,559	AAA	VIS
Zarai Taraqiati Bank Ltd.	7	AAA	VIS
	<u>6,049,879</u>		

Placements and markup receivable

Pair Investment Company Limited	352,360	AA	PACRA
Pak Brunei Investment Company	<u>500,737</u>	AA+	VIS
	<u>853,097</u>		

Concentration of credit risk

Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Fund's transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk.

23.3 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset or such obligations will have to be settled in a manner disadvantageous to the Fund.

The Fund is mainly exposed to the daily cash redemption requests on a regular basis. Units are redeemable at the holders' option based on the Fund's net asset value per unit, at the time of redemption, calculated in accordance with the Fund's constitutive document and guidelines laid down by the SECP.

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. The Fund's policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily realized.

In order to manage the Fund's overall liquidity, the Fund also has the option to withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. Further, the Fund also has the ability to suspend redemptions of units with the approval of the Board of Directors of the Management Company in extraordinary circumstances.

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.

Particulars	As at June 30, 2020-----			
	Up to three months	More than three months and up to one year	More than one year	Total

------(Rupees in '000)-----

**Financial liabilities at amortized cost
(excluding unit holders' fund)**

Payable to UBL Fund Managers Limited - Management Company	7,672	-	-	7,672
Payable to the Central Depository Company of Pakistan Limited - Trustee	746	-	-	746
Accrued expenses and other liabilities	50,729	-	-	50,729
	59,147	-	-	59,147
Unit holders' fund	19,465,281	-	-	19,465,281

Particulars	As at June 30, 2019-----			
	Up to three months	More than three months and up to one year	More than one year	Total

------(Rupees in '000)-----

**Financial liabilities at amortized cost
(excluding unit holders' fund)**

Payable to UBL Fund Managers Limited - Management Company	6,449	-	-	6,449
Payable to the Central Depository Company of Pakistan Limited - Trustee	548	-	-	548
Accrued expenses and other liabilities	4,380	-	-	4,380
	11,377	-	-	11,377
Unit holders' fund	6,837,326	-	-	6,837,326

24. 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. These unit holders of the Fund are entitled to distributions and to payment of a proportionate share based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in unit holders' fund.

The Fund's objective when managing 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 adjust the amount of distributions the Fund pays to the unit holders;
- Redeem and issue units in accordance with the constitutive documents of the Fund. This includes the Fund's ability to restrict redemptions; and
- The Fund Manager / Investment Committee members and the Chief Executive Officer of the Management Company critically track the movement of 'Assets under Management'. The Board of Directors of the Management Company is updated regarding key performance indicators, e.g., yield and movement of NAV and total Fund size at the end of each quarter.

The Fund has maintained and complied with the requirements of minimum fund size during the current year.

25. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between the market participants at the measurement date. Consequently, differences can arise between carrying value and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Fair value of investments classified as 'at fair value through profit or loss' which are tradable in an open market is based on the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from the carrying value as the items are short-term in nature.

The Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- Fair value measurements using Inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

The table below provides information on financial assets carried at fair values, by valuation methods.

		As at June 30, 2020			
		Level 1	Level 2	Level 3	Total
		Rupees in '000-----			
ASSETS					
Investment in securities - financial assets at fair value through					
profit or loss					
-	Government securities	-	3,120,183	-	3,120,183
		-	3,120,183	-	3,120,183
		As at June 30, 2019			
		Level 1	Level 2	Level 3	Total
		Rupees in '000-----			
ASSETS					
Investment in securities - financial assets at fair value through					
profit or loss - held for trading					
-	Government securities	-	-	-	-
		-	-	-	-

There were no transfers between various levels of fair value hierarchy during the year.

26. TOP TEN BROKERS / DEALERS BY PERCENTAGE OF THE COMMISSION CHARGE

		June 30, 2020 (Percentage)
1	Bright Capital (Pvt) Limited	21%
2	Vector Capital (Pvt) Limited	12%
3	Invest One Markets Limited	11%
4	Continental Exchange (Pvt) Limited	10%
5	Icon Securities (Private) Ltd.	7%
6	Summit Capital (Private) Limited	7%
7	Magenta Capital (Pvt) Limited	7%
8	Bipl Securities Limited (Formerly Kasb Sec)	5%
9	Currency Market Associates (Pvt.) Ltd	5%
10	Paramount Capital (Pvt) Ltd	4%
		89%
		June 30, 2019 (Percentage)
1	Continental Exchange (Private) Limited	32%
2	Bright Capital (Private) Limited	12%
3	Invest One Markets Limited	9%
4	Vector Capital (Private) Limited	9%
5	Pearl Securities Limited	7%
6	Icon Securities (Private) Limited	5%
7	BIPL Securities Limited (Formerly KASB Securities Limited)	5%
8	Paramount Capital (Private) Limited	4%
9	Magenta Capital (Private) Limited	4%
10	C&M Management (Private) Limited	4%
		91%

27. BRIEF PARTICULARS OF THE INVESTMENT COMMITTEE AND THE FUND MANAGER

Details of the members of the Investment Committee of the Fund are as follows:

S. No.	Name	Designation	Experience in years	Qualification
1	Yasir Qadri	Chief Executive Officer	24	MBA
2	Syed Suleman Akhtar	Chief Investment Officer	19	CFA, MBA
3	Muhammad Imran	Head of Investment advisory	20	MBA
4	Irfan Nepal	Chief Dealer & Fund Manager	26	EMBA
5	Hadi Hassan Muki	Head of Compliance	20	BCOM
6	Syed Shabbir Sardar Zaidi	Fund Manager & Senior Analyst	11	MAS, CFA
7	Syed Sheeraz Ali	Fund Manager & Senior Analyst	10	MBA
8	Mubashir Anis	Fund Manager Equity	8	BS, CFA
9	Muhammad Waseem	Head Research	6	BBA, CFA

27.1 Syed Sheeraz Ali is the Fund Manager of the Fund. He is also the Fund Manager of UBL Money Market Fund, UBL Cash Fund, UBL Government Securities Fund, UBL Income Opportunity Fund, UBL Growth and Income Fund, UBL Asset Allocation Fund, UBL Financial Planning Fund, UBL Special Savings Fund, UBL Special Savings Fund II, UBL Retirement Savings Fund, Al-Ameen Islamic Cash Fund, Al-Ameen Islamic Aggressive Income Fund, Al-Ameen Islamic Financial Planning Fund, Al-Ameen Islamic Special Saving Fund, Al-Ameen Islamic Cash Plan and Al-Ameen Islamic Retirement Saving Fund.

28. PATTERN OF UNIT HOLDING

Category	----- As at June 30, 2020-----		
	Numbers of Unit holders	Number of Units held	Percentage of units held
Individuals	5,930	40,362,891	20.94%
Associated Companies and Key Executives	3	35,468	0.02%
Insurance Companies	1	99,226	0.05%
Retirement Funds	29	2,869,181	1.49%
Public Limited Companies	46	120,236,769	62.37%
Banks	1	1,048,581	0.54%
NBFC	3	9,221,302	4.78%
Others	55	18,893,467	9.80%
	6,068	192,766,885	100%

Category	----- As at June 30, 2019-----		
	Numbers of Unit holders	Number of Units held	Percentage of units held
Individuals	5,802	18,831,068	27.76%
Associated Companies and Key Executives	4	147,324	0.22%
Insurance Companies	1	102,978	0.15%
Retirement Funds	20	1,776,525	2.62%
Public Limited Companies	29	33,086,625	48.77%
Others	46	13,899,253	20.49%
	5,902	67,843,773	100%

29. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Connected persons / related parties comprise United Bank Limited (Holding Company of the Management Company), UBL Fund Managers Limited (Management Company), Al-Ameen Islamic Financial Services (Private) Limited (Subsidiary of the Management Company), entities under common management or directorships, the Central Depository Company of Pakistan Limited (Trustee), Directors and Officers of Management Company, persons having 10% or more beneficial ownership of the units of the Fund and other collective investment schemes managed by the Management Company.

Transactions with the connected persons are at agreed / contracted rates.

Remuneration of the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

Remuneration of the Trustee is determined in accordance with the provisions of the Trust Deed.

Details of transactions with related parties / connected persons and balances held with them as at the year end are as follows:

Particulars	Management Company	Associated Companies and others*	Trustee	Funds under Common Management	Directors and Key Executives**	Other Connected persons / related parties***
----- For the year ended June 30, 2020 -----						
----- (Units in '000) -----						
<u>Transactions during the period</u>						
Units issued	110,799	36	3,540	-	110	86,548
Units redeemed	101,777	36	4	-	221	47,922
----- (Rupees in '000) -----						
Value of units issued	11,190,106	3,688	357,427	-	11,077	8,737,864
Value of units redeemed	10,282,366	3,686	377	-	22,333	4,831,291
Mark-up on PLS accounts	-	1,770	-	-	-	-
Bank and other charges	-	84	-	-	-	-
Purchase of securities	-	-	-	8,947,656	-	-
Sale of securities	-	5,533,996	-	2,195,625	-	-
Remuneration (inclusive of SST)	69,278	-	-	-	-	-
Allocated selling and marketing expenses	10,400	-	-	-	-	-
Allocated expense	9,026	-	-	-	-	-
Listing fee	-	-	-	-	-	25
Dividend paid	63,825	38	14,075	-	1,085	183,375
----- As at June 30, 2020 -----						
----- (Units in '000) -----						
<u>Balances held</u>						
Units held	9,021	-	3,536	-	35	45,620
----- (Rupees in '000) -----						
Value of units held	910,925	-	357,059	-	3,534	4,606,630
Bank Balances	-	19,172	-	-	-	-
Receivable against issuance of units	5,898	-	-	-	-	-
Deposits	-	-	100	-	-	-
Remuneration (inclusive of SST)	2,425	-	-	-	-	-
Allocated expenses payable	2,141	-	-	-	-	-
Allocated selling and marketing expenses	2,954	-	-	-	-	-
Conversion payable	135	-	-	-	-	-
Other payable	17	-	-	-	-	-
Mark-up receivable	-	33	-	-	-	-

Particulars	Management Company	Associated Companies and others*	Trustee	Funds under Common Management	Directors and Key Executives**	Other Connected persons / related

----- For the year ended June 30, 2019 -----
 ----- (Units in '000) -----

Transactions during the period

Units issued	1,358	61	-	3,953	65	99,291
Units redeemed	7,854	175	-	5,621	156	74,892

----- (Rupees in '000) -----

Value of units issued	136,779	6,137	-	399,243	6,576	10,010,749
Value of units redeemed	791,123	17,609	-	568,059	15,746	7,546,692
Mark-up on PLS accounts	-	27,241	-	-	-	-
Bank and other charges	-	109	-	-	-	-
Purchase of securities	-	2,091,972	-	1,518,709	-	-
Sale of securities	-	6,023,448	-	980,151	-	-
Remuneration (inclusive of SST)	94,058	-	10,528	-	-	-
Allocated selling and marketing expenses	-	-	-	-	-	-
Allocated expense	6,443	-	-	-	-	-
Listing Fee	-	-	-	-	-	25
Dividend paid	38,911	936	-	9,788	2,456	252,248

----- As at June 30, 2019 -----
 ----- (Units in '000) -----

Balances held

Units held	-	-	-	-	147	24,399

----- (Rupees in '000) -----

Value of units held	-	-	-	-	14,847	2,458,989
Bank Balances	-	29,278	-	-	-	-
Receivable against issuance of units	47,503	-	-	-	-	-
Deposits	-	-	100	-	-	-
Remuneration (inclusive of SST)	6,314	-	548	-	-	-
Other payable	135	-	-	-	-	-
Mark-up receivable	-	279	-	-	-	-

* This represents parent (including the related subsidiaries of the parent) of the Management Company, associated companies / undertakings of the Management Company.

** These include transactions and balances in relation to those directors and key executives that exists as at year end.

*** These include transactions and balances in relation to the entities where common directorship exists as at year end.

30. INTERIM DISTRIBUTIONS MADE DURING THE YEAR

Rate per unit	Declaration date	Bonus Distribution		Cash Distribution		
		Units	Amount	Capital value	Undistributed income	Total
----- (Rupees in '000) -----						
----- For the year ended June 30, 2020 -----						
Re. 0.4494	July 15, 2019	-	-	3,064	29,356	32,420
Re. 0.45	July 29, 2019	-	-	214	32,686	32,900
Re. 0.6064	August 16, 2019	-	-	1,798	52,396	54,194
Re. 0.4712	August 30, 2019	-	-	2,938	43,393	46,331
Re. 0.5675	September 16, 2019	-	-	6,673	56,033	62,706
Re. 0.5009	September 30, 2019	-	-	3,041	50,834	53,875
Re. 0.5173	October 14, 2019	-	-	806	48,876	49,682
Re. 0.4849	October 28, 2019	-	-	1,018	41,355	42,373
Re. 0.4459	November 11, 2019	-	-	715	38,627	39,342
Re. 0.4592	November 25, 2019	-	-	394	34,734	35,128
Re. 0.4805	December 09, 2019	-	-	3,085	36,630	39,715
Re. 0.4946	December 23, 2019	-	-	1,359	37,584	38,943
Re. 0.4883	January 06, 2020	-	-	5,674	40,638	46,312
Re. 0.4729	January 20, 2020	-	-	1,365	43,925	45,290
Re. 0.3672	January 31, 2020	-	-	1,408	31,397	32,805
Re. 0.4691	February 14, 2020	-	-	1,931	36,085	38,016
Re. 0.4775	February 28, 2020	-	-	1,726	36,464	38,190
Re. 0.5	March 13, 2020	-	-	4,596	39,674	44,270
Re. 0.6777	March 30, 2020	-	-	3,547	61,865	65,412
Re. 0.4999	April 13, 2020	-	-	5,365	48,933	54,298
Re. 0.8606	April 28, 2020	-	-	21,104	94,528	115,632
Re. 0.1925	May 11, 2020	-	-	2,922	23,339	26,261
Re. 0.4753	June 01, 2020	-	-	7,691	47,191	54,882
Re. 0.2845	June 15, 2020	-	-	2,863	26,082	28,945
Re. 0.1497	June 22, 2020	-	-	1,377	15,109	16,486
		-	-	86,674	1,047,734	1,134,408
----- For the year ended June 30, 2019 -----						
Re. 0.2669	July 15, 2018	-	-	4,803	33,543	38,346
Re. 0.2539	July 29, 2018	-	-	3,678	36,912	40,590
Re. 0.2629	August 12, 2018	-	-	364	36,890	37,254
Re. 0.2502	August 26, 2018	-	-	192	34,310	34,502
Re. 0.25	September 09, 2018	-	-	481	34,740	35,221
Re. 0.2461	September 23, 2018	-	-	216	33,390	33,606
Re. 0.2691	October 07, 2018	-	-	2,975	34,290	37,265
Re. 0.2955	October 21, 2018	-	-	333	38,315	38,648
Re. 0.2938	November 04, 2018	-	-	2,086	36,837	38,923
Re. 0.2732	November 18, 2018	-	-	916	37,553	38,469
Re. 0.2746	December 02, 2018	-	-	127	35,477	35,604
Re. 0.3109	December 16, 2018	-	-	350	35,167	35,517
Re. 0.3683	December 30, 2018	-	-	1,271	36,664	37,935
Re. 0.3675	January 13, 2019	-	-	1,660	30,070	31,730
Re. 0.3707	January 27, 2019	-	-	2,713	36,804	39,517
Re. 0.3531	February 10, 2019	-	-	3,524	39,736	43,260
Re. 0.3686	February 24, 2019	-	-	979	45,399	46,378
Re. 0.3323	March 10, 2019	-	-	594	41,548	42,142
Re. 0.3785	March 24, 2019	-	-	292	44,860	45,152
Re. 0.3797	April 07, 2019	-	-	316	38,784	39,100
Re. 0.3686	April 21, 2019	-	-	656	37,224	37,880
Re. 0.3775	May 05, 2019	-	-	6,868	38,161	45,029
Re. 0.2497	May 19, 2019	-	-	169	23,560	23,729
Re. 0.5288	June 03, 2019	-	-	248	32,424	32,672
Re. 0.5858	June 27, 2019	-	-	1,016	38,310	39,326
		-	-	36,827	910,968	947,795

31. ATTENDANCE AT THE MEETINGS OF THE BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

During the year, six meetings of the Board of Directors of the Management Company were held. The details of the attendance are as under:

No. 120	No. 121	No. 122	No. 123	No. 124	No. 125	Total meetings attended
30-Aug-19	17-Sep-19	29-Oct-19	9-Dec-19	25-Feb-20	30-Apr-20	

Directors:

Name of Directors:

Mr. Arif Akmal Saifie *	-	-	-	-	-	✓	1
Mr. Azhar Hamid	✓	✓	✓	✓	✓	✓	6
Mr. Imran Sarwar	✓	✓	✓	✓	x	✓	5
Mr. Yasir Qadri	✓	✓	✓	✓	✓	✓	6
Ms. Naz Khan **	✓	✓	✓	✓	✓	✓	6
Ms. Sadia Saeed	x	✓	✓	✓	✓	✓	5
Syed Furrukh Zaeem	✓	✓	✓	✓	x	✓	5
Mr. Tauqeer Mazhar ***	✓	✓	✓	✓	-	-	4

Key Executives:

Mr. Bilal Javaid ***	-	-	-	✓	✓	✓	3
Mr. Umair Ahmed	✓	✓	✓	✓	✓	✓	6
S.M. Aly Osman ****	✓	✓	✓	-	-	-	3

* Mr. Arif Akmal appointed as Director with effect from March 20, 2020

** Ms. Naz Khan resigned as Director with effect from July 20, 2020

*** Mr. Tauqeer Mazhar resigned as Director with effect from January 30, 2020

**** Mr. Bilal Javaid appointed as Company Secretary with effect from February 25, 2020

***** S.M. Aly Osman resigned as Company Secretary with effect from November 30, 2019

32. GENERAL

32.1 Figures have been rounded off to the nearest thousand rupees unless otherwise specified.

32.2 Comparative figures have been reclassified where necessary for better presentation and comparison.

32.3 On March 11, 2020, the World Health Organisation made an assessment that the outbreak of a coronavirus (COVID-19) can be characterised as a pandemic. As a result, businesses have subsequently been affected amongst others with temporary suspension of travel, and closure of recreation and public facilities.

To alleviate the negative impact of the COVID-19 pandemic, the Government, Central Banks including financial institutions affiliated to those banks, and regulators have taken measures and issued directives to support businesses, including extensions of deadlines, facilitating continued business through social-distancing and easing pressure on credit and liquidity in the market.

The Management Company has made an assessment in order to evaluate the impact of COVID-19 pandemic over the financial performance of the Fund as well as the going concern assessment. As a result of such assessment, the management has not identified any material adverse impact on its financial performance due to COVID-19 pandemic situation.

33. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 24, 2020 by the Board of Directors of the Management Company.

For UBL Fund Managers Limited
(Management Company)

SD

Chief Executive Officer

SD

Chief Financial Officer

SD

Director

UMMF

UBL Money Market Fund

INVESTMENT OBJECTIVE

The objective of UBL Money Market Fund is to generate competitive returns within a low risk portfolio to provide a regular stream of income and easy liquidity to its investors by investing a major chunk of the portfolio in short term government securities.

Management Company	UBL Fund Managers Limited
Trustee	Central Depository Company of Pakistan Limited 99-B, Block-B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi. Tel: (9221) 111-111-500
Distribution Company	United Bank Limited (for detail of others, please visit our website: www.ublfunds.com.pk)
Auditor	KPMG - Taseer Hadi & Co
Bankers	United Bank Limited Bank Alfalah Limited MCB Bank Limited Faysal Bank Limited Samba Bank Limited Allied Bank Limited Habib Bank Limited Sindh Bank Limited Zarai Taraqiat Bank Ltd Habib Metropolitan Bank Limited Askari Bank Limited National Bank of Pakistan Meezan Bank Limited
Management Co.Rating	AM1 (VIS)
Fund Rating	AA(f) (VIS)

Fund Manager's Report – UBL Money Market Fund (UMMF)

- i) **Description of the Collective Investment Scheme category and type**
Money Market / Open-end
- ii) **Statement of Collective Investment Scheme's investment objective**
The objective of UBL Money Market Fund is to generate competitive returns within a low risk portfolio to provide a regular stream of income and easy liquidity to its investors by investing a major chunk of the portfolio in short term government securities.
- iii) **Explanation as to whether the Collective Investment Scheme achieved its stated objective**
The Fund achieved its stated objective.
- iv) **Statement of benchmark(s) relevant to the Collective Investment Scheme**
70% Average of 3M PKRV rates + 30% 3M average deposit rate of three 3 AA rated scheduled Banks as selected by MUFAP
- v) **Comparison of the Collective Investment Scheme's performance during the period compared with the said benchmarks**

Monthly Yield*	Jul'19	Aug'19	Sep'19	Oct'19	Nov'19	Dec'19	Jan'20	Feb'20	Mar'20	Apr'20	May'20	Jun'20	FYTD
UMMF	11.90%	12.56%	13.04%	13.36%	11.86%	13.45%	12.65%	12.45%	14.06%	16.49%	6.64%	7.39%	12.12%
Benchmark	12.19%	12.77%	12.88%	12.74%	12.72%	12.75%	12.72%	12.72%	12.04%	9.81%	8.57%	7.85%	11.65%

- vi) **Description of the strategies and policies employed during the period under review in relation to the Collective Investment Scheme's performance**

The objective of UBL Money Market Fund is to generate competitive returns within a low risk portfolio to provide a regular stream of income and easy liquidity to its investors by investing a major chunk of the portfolio in short term government securities. During the period under review, UMMF generated return of 12.12% p.a. as compared to benchmark return of 11.65% thus outperformed the benchmark by 47bps. Its net assets were PKR 5,050 mn and weighted average time to maturity of the Fund was 1 day at the end of FY20. The fund manager maintained a high-quality liquid profile during the period with major allocation to cash & cash equivalents.

- vii) **Disclosure of the Collective Investment Scheme's asset allocation as at the date of the report and particulars of significant changes in asset allocation since the last report (if applicable)**

Asset Allocation (% of Total Assets)	Jun-19	Jun-20
Placements with Banks	0%	0%
Placements with DFIs	12%	0%
PIBs	0%	0%
GoP Ijarah Sukuk	0%	0%
T-Bills	0%	0%
Cash	87%	99%
Others	1%	1%
Leverage	Nil	Nil

- viii) **Analysis of the Collective Investment Scheme's performance**

FY'20 Return:	12.12%
Standard Deviation (12m trailing):	0.33%
Sharpe Ratio (12m trailing):	0.02

- ix) **Changes in total NAV and NAV per unit since the last review period or since commencement (in case of newly established Collective Investment Schemes)**

Net Asset Value			NAV per unit		
30-Jun-20	30-Jun-19	Change	30-Jun-20	30-Jun-19	Change
Rupees (000)		%	Rupees		%
5,049,781	2,725,431	85.21	100.7142	100.6767	13.62

- x) **Disclosure on the markets that the Collective investment Scheme has invested in including - review of the market(s) invested in and performance during the period**

- xi) **Debt Market Review for FY20**

During FY20, market appetite for the government securities remained strong. In twelve PIB auctions in FY20, heavy participation amounting to PKR ~5 trillion was observed, out of this Government preemptively accepted PKR ~1.9 trillion. Strong participation was mainly on the back of interest rate's peaked-out expectation in the beginning of the financial year along with the overall improvement in the fiscal position and estimates of higher external financing. Due to momentous demand, government leveraged its position by slashing the

cut off rates by 628, 536 and 456 bps for 3Y, 5Y and 10Y PIBs respectively during the Fiscal year 2020.

In case of floating rate PIBs, government introduced 3Y floater PIB and 5Y floater PIB in addition to the existing 10Y floater PIB from June'20. Total participation of PKR ~1578 billion was observed in the floating rate PIB against the target of PKR ~900 billion. While government accepted PKR ~818 billion during FY'20.

Government has started issuance of 5-Years floating rate Ijara Sukuk since April'20 and successfully conducted 3 auctions and accepted PKR 197 billion against the target of PKR 225 billion.

Till August 2019, market bid mostly for the 3 months T-Bills. However, in the anticipation of declining interest rate scenario, heavy participation in the 12M T-Bills was observed in the subsequent auctions.

Yield curve comparison is given below:

- xii) **Disclosure on distribution (if any), comprising:-**
- particulars of income distribution or other forms of distribution made and proposed during the period; and
 - statement of effects on the NAV before and after distribution is made

Distribution				Per unit	
<i>Declared on</i>	Bonus	Cash	Per Unit	Cum NAV	Ex NAV
	<i>Rupees (000)</i>			<i>----- Rupees -----</i>	
29-June-2020		205,459	12.1955	112.8722	100.6767

- xiii) **Description and explanation of any significant changes in the state of affairs of the Collective Investment Scheme during the period and up till the date of the manager's report, not otherwise disclosed in the financial statements**

The fund has been re-categorized as money market scheme from income scheme and accordingly the pricing mechanism of the scheme has been changed from forward to backward pricing mechanism.

xiv) Breakdown of unit holdings by size

Range of Units	Number of Investors
	UMMF
0.0001 - 9,999.9999	1,993
10,000.0000 - 49,999.9999	371
50,000.0000 - 99,999.9999	68
100,000.0000 - 499,999.9999	89
500,000.0000 & Above	18
Total	2,539

xv) Disclosure on unit split (if any), comprising:-

There were no unit splits during the period.

xvi) Disclosures of circumstances that materially affect any interests of unit holders

Investment are subject to market risk.

xvii) Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker(s) or dealer(s) by virtue of transactions conducted by the Collective Investment Scheme.

No soft commissions are received by the AMC from its brokers or dealers by virtue of transactions conducted by the Collective Investment Scheme.

PERFORMANCE TABLE

UBL Money Market Fund

	2020	2019	2018
NET ASSETS AS AT 30 JUNE - Rupees in '000	5,049,781	2,725,431	1,615,672
NET ASSETS VALUE PER UNIT AT 30 JUNE - Rupees *			
Class C units - Offer	101.8523	101.8143	106.8007
- Redemption	100.7142	100.6767	105.6073
RETURN OF THE FUND - %			
Total Return of the Fund	12.12	8.54	5.12
Capital Growth (per unit)	0.01	0.64	5.12
Date of Income Distribution	-	24-Jun-19	-
Income Distribution	-	8.344	-
Date of Income Distribution	28-Jun-20	2-Jul-18	-
Income Distribution	12.20	5.14	-
AVERAGE ANNUAL RETURN - %			
One Year	12.12	8.54	5.12
Second Year	10.33	6.83	5.27
Third Year	8.59	6.36	5.23
Forth Year	7.80	6.06	5.92
Fifth Year	7.27	6.44	6.29
Sixth Year	7.39	6.67	6.80
Since inception	8.55	8.16	8.11
OFFER / REPURCHASE DURING THE YEAR- Rupees *			
Highest price per unit - Class C units - Offer	114.1277	110.0008	106.8007
Highest price per unit - Class C units - Redemption	112.8525	108.7717	105.6073
Lowest price per unit - Class C units - Offer	101.8143	101.6014	101.6261
Lowest price per unit - Class C units - Redemption	100.6767	100.4661	100.4906

* Front-end load @ 1% is applicable

PORTFOLIO COMPOSITION - %

Percentage of Net Assets as at 30 June

PORTFOLIO COMPOSITION BY CATEGORY - %

Bank Balances	99	87	92.00
Placements and Term Deposit Receipts	0	12	8.00
Others	1	1	-

PORTFOLIO COMPOSITION BY MARKET - %

Debt market	100	100	100

Note:

- The Launch date of Fund is 14 Oct 2010

DISCLAIMER

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

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TRUSTEE REPORT TO THE UNIT HOLDERS

UBL MONEY MARKET FUND

Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of UBL Money Market Fund (the Fund) are of the opinion that UBL Fund Managers Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2020 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 17, 2020





STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 BY UBL FUND MANAGERS LIMITED

NAME OF FUND: UBL MONEY MARKET FUND

YEAR ENDED: JUNE 30, 2020

The Securities and Exchange Commission of Pakistan (SECP) has exempted open-end collective investment schemes from the requirements of the Listed Companies (Code of Corporate Governance) Regulations (the Regulations). However, the Board of Directors (the Board) of UBL Fund Managers Limited [the Management Company of UBL Money Market Fund (the Fund)], for the purpose of establishing a framework of good governance has voluntarily opted to comply with the relevant provisions of the Regulations.

The Management Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven as per the following:
 - a. Male: Five Directors; and
 - b. Female: Two Directors.
2. The composition of the Board is as follows:

Category	Name
Independent Directors	Mr. Azhar Hamid Ms. Naz Khan*
Executive Directors	Mr. Yasir Qadri
Non-Executive Directors	Mr. Imran Sarwar Ms. Sadia Saeed Mr. Arif Akmal Saifie** Syed Furrukh Zaeem
Female Director	Ms. Naz Khan* Ms. Sadia Saeed

* Ms. Naz Khan has resigned dated July 20, 2020

** Mr. Arif Akmal Saifie was appointed as a director from March 20, 2020

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including the Management Company.
4. The Management Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures.
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Management Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Management Company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.

8. The Board has a formal policy and transparent procedures for remuneration of its directors in accordance with the Act and these Regulations.
9. The following directors and executives have acquired the prescribed Directors' Training Program (DTP) certification:

Directors

- a. Mr. Imran Sarwar
- b. Mr. Yasir Qadri
- c. Ms. Naz Khan
- d. Ms. Sadia Saeed
- e. Syed Furrukh Zaeem

Executives

- a. Mr. Amin Gulamani (Head of Human Resources)
 - b. Mr. Hadi Hassan Mukhi (Head of Compliance and Risk)
 - c. Mr. Umair Ahmed (Chief Financial Officer)
 - d. Mr. Zeeshan Quddus (Chief Business Development Officer)
10. The Board has approved appointment of the Chief Financial Officer (CFO), the Company Secretary and the Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with the relevant requirements of the Regulations.
 11. The Chief Executive Officer (CEO) and CFO duly endorsed the financial statements of the Fund before approval of the Board.
 12. The Board has formed committees comprising of members given below.

Board Audit Committee

Name	Designation	Type of Directorship
Ms. Naz Khan*	Chairman	Independent Director
Mr. Arif Akmal Saifie**	Member	Non-Executive Director
Mr. Imran Sarwar	Member	Non-Executive Director
Ms. Sadia Saeed	Member	Non-Executive Director
Mr. Tauqeer Mazhar***	Member	Non-Executive Director

Board Human Resource and Compensation Committee

Name	Designation	Type of Directorship
Mr. Azhar Hamid	Chairman	Independent Director
Mr. Yasir Qadri	Member	Executive Director
Ms. Naz Khan*	Member	Independent Director
Ms. Sadia Saeed	Member	Non-Executive Director
Syed Furrukh Zaeem	Member	Non-Executive Director

Board Risk and Compliance Committee

Name	Designation	Type of Directorship
Mr. Imran Sarwar	Chairman	Non-Executive Director
Mr. Azhar Hamid	Member	Independent Director
Mr. Arif Akmal Saifie**	Member	Non-Executive Director
Mr. Tauqeer Mazhar***	Member	Non-Executive Director
Mr. Yasir Qadri	Member	Executive Director
Syed Furrugh Zaeem	Member	Non-Executive Director

* Ms. Naz Khan has resigned dated July 20, 2020

** Mr. Arif Akmal Saifie was appointed as a director from March 20, 2020

*** Mr. Tauqeer Mazhar resigned as a director from January 30, 2020

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
14. The frequency of meetings of the committees was as follows:
 - a. The Board Audit Committee: quarterly - six meetings held
 - b. The Board Human Resource and Compensation Committee: quarterly - five meetings held
 - c. The Board Risk and Compliance Committee: quarterly - four meetings held
15. The Board has set up an effective internal audit function. The Function has suitably qualified and experienced staff for the purpose and they are conversant with the policies and procedures of the Management Company.
16. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and are registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the Partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of CEO, CFO, the Head of Internal Audit, the Company Secretary or directors of the Management Company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of Regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with.
19. We confirm that any other significant requirements of the Regulations have been complied with.

AZHAR HAMID
Chairman

Karachi.
Dated: **September 25, 2020**



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
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INDEPENDENT AUDITOR'S REVIEW REPORT

To the Unit Holders of UBL Money Market Fund

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Regulations") prepared by the Board of Directors of UBL Fund Managers Limited ("the Management Company") for the year ended 30 June 2020 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Management Company of the Fund. Our responsibility is to review whether the Statement of Compliance reflects the status of the Management Company's compliance with the provisions of the Regulations in respect of the Fund and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Regulations.

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

The Regulations require the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Management Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.



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Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Fund for the year ended 30 June 2020.

A handwritten signature in blue ink, appearing to read 'KPMG Taseer Hadi & Co.', written over a horizontal line.

KPMG Taseer Hadi & Co.
Chartered Accountants

Date: 29 September 2020

Karachi



KPMG Taseer Hadi & Co.
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Sheikh Sultan Trust Building No. 2, Beaumont Road
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Independent Auditors' Report

To the Unit holders of UBL Money Market Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **UBL Money Market Fund** ("the Fund"), which comprise the statement of assets and liabilities as at 30 June 2020, income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

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. We have determined that there are no key audit matters to communicate in our report.



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Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2020, 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.

Board of Directors are responsible for overseeing the Fund's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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



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expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and 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 auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation Rules, 2003) and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditors' report is Zeeshan Rashid.

Date: 29 September 2020

Karachi

**KPMG Taseer Hadi & Co.
Chartered Accountants**

UBL Money Market Fund

Statement of Assets and Liabilities

As at 30 June 2020

	Note	2020 ---- (Rupees in '000) ----	2019
Assets			
Bank balances	4	5,111,249	2,388,715
Letter of placements	5	-	340,000
Investments	6	-	-
Profit receivable	7	27,607	21,992
Deposits, prepayments and other receivables	8	626	1,373
Advance tax	9	1,650	1,589
Total assets		5,141,132	2,753,669
Liabilities			
Payable to the Management Company	10	8,637	2,684
Payable to Central Depository Company of Pakistan Limited - Trustee	11	324	222
Payable to Securities and Exchange Commission of Pakistan	12	897	1,414
Dividend payable		2,575	-
Accrued expenses and other payables	13	78,918	23,918
Total liabilities		91,351	28,238
Net assets		5,049,781	2,725,431
Unit holders' fund (as per statement attached)		5,049,781	2,725,431
Contingencies and commitments	18		
		(Number of Units)	
Number of units in issue	19	50,139,708	27,071,133
		(Rupees)	
Net assets value per unit	3.10	100.7142	100.6767

The annexed notes 1 to 31 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)

SD

Chief Executive Officer

SD

Director

SD

Chief Financial Officer

UBL Money Market Fund

Income Statement

For the year ended 30 June 2020

		2020	2019
	Note	---- (Rupees in '000) ----	
Income			
Markup on bank deposits and term deposits musharika calculated using the effective interest method	14	294,473	115,494
Markup / return on investments calculated using the effective yield method	15	267,761	75,848
Realised Income / (loss) on sale of investments		13,863	(7,283)
Other income		657	298
Total income		576,754	184,357
Expenses			
Remuneration of the Management Company	10.1	30,476	13,891
Sindh Sales Tax on the Management Company's remuneration	10.2	3,962	1,806
Allocation of expenses relating to the Fund	10.3	4,486	1,885
Remuneration of Central Depository Company of Pakistan Limited - Trustee	11	3,295	2,445
Annual fee of Securities and Exchange Commission of Pakistan	12	897	1,414
Bank charges		309	292
Auditors' remuneration	16	712	727
Listing fees		28	27
Selling and marketing expenses	10.3	11,081	-
Legal and professional charges		213	211
Brokerage expenses		559	387
Other expenses		217	235
Total operating expenses		56,235	23,320
Net income from operating activities		520,519	161,037
Provision for Sindh Workers' Welfare Fund	13.2	(10,209)	(3,160)
Net income for the year before taxation		510,310	157,877
Taxation	17	-	-
Net income for the year after taxation		510,310	157,877
Allocation of net income for the year after taxation			
Net income for the year after taxation		510,310	157,877
Income already paid on units redeemed		(304,032)	(93,332)
Accounting income available for distribution		206,278	64,545
Accounting income available for distribution			
- Relating to capital gains		8,177	-
- Excluding capital gains		198,101	64,545
		206,278	64,545
Earnings per unit	3.13		

The annexed notes 1 to 31 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)

SD
Chief Executive Officer

SD
Director

SD
Chief Financial Officer

UBL Money Market Fund

Statement of Comprehensive Income

For the year ended 30 June 2020

	2020 ---- (Rupees in '000) ----	2019
Net income for the year after taxation	510,310	157,877
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>510,310</u>	<u>157,877</u>

The annexed notes 1 to 31 form an integral part of these financial statements.

**For UBL Fund Managers Limited
(Management Company)**

SD

Chief Executive Officer

SD

Director

SD

Chief Financial Officer

UBL Money Market Fund
Statement of Movement in Unit holders' Fund
For the year ended 30 June 2020

	2020			2019		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees in '000)					
Net assets at beginning of the year	2,714,135	11,296	2,725,431	1,590,492	25,180	1,615,672
Issuance of 143,936,399 units (2019: 69,804,765 units)						
- Capital value	14,491,042	-	14,491,042	7,013,013	-	7,013,013
- Element of income	796,096	-	796,096	181,825	-	181,825
Total proceeds on issuance of units	15,287,138	-	15,287,138	7,194,838	-	7,194,838
Redemption of 120,867,824 units (2019: 58,032,497 units)						
- Capital value	(12,168,574)	-	(12,168,574)	(5,830,299)	-	(5,830,299)
- Element of loss	(464,706)	(304,032)	(768,738)	(133,077)	(93,332)	(226,409)
Total payments on redemption of units	(12,633,280)	(304,032)	(12,937,312)	(5,963,376)	(93,332)	(6,056,708)
Total comprehensive income for the year	-	510,310	510,310	-	157,877	157,877
Interim distribution for the period ended 30 June 2020: Rs. 12.1955 per unit paid on 29 June 2020 (30 June 2019: Rs. 5.1412)	(330,327)	(205,459)	(535,786)	(47,910)	(59,683)	(107,593)
Final distribution for the year ended 30 June 2018: Rs. 5.1412 per unit declared on 02 July 2018 (31 December 2017: Nil)	-	-	-	(59,909)	(18,746)	(78,655)
Net income for the year less distribution	(330,327)	304,851	(25,476)	(107,819)	79,448	(28,371)
Net assets at end of the year	5,037,666	12,115	5,049,781	2,714,135	11,296	2,725,431
Undistributed income brought forward:						
- Realised income		11,296			25,180	
- Unrealised income		-			-	
		11,296			25,180	
Accounting income available for distribution						
- Relating to capital gains		8,177			-	
- Excluding capital gains		198,101			64,545	
		206,278			64,545	
Interim distribution for the period ended 30 June 2020: Rs. 8.344 per unit paid on 24 June 2020 (30 June 2019: Rs. 5.1412)		(205,459)			(59,683)	
Final distribution for the year ended 30 June 2018: Rs. 5.1412 per unit declared on 02 July 2018 (31 December 2017: Nil)		-			(18,746)	
Undistributed income carried forward		12,115			11,296	
Undistributed income carried forward comprise of:						
- Realised income		12,115			11,296	
- Unrealised income		-			-	
		12,115			11,296	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the year			100.6767			105.6073
Net assets value per unit at end of the year			100.7142			100.6767

The annexed notes 1 to 31 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)

SD

Chief Executive Officer

SD

Director

SD

Chief Financial Officer

UBL Money Market Fund
Cash Flow Statement
For the year ended 30 June 2020

	2020	2019
Note	---- (Rupees in '000) ----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before taxation	510,310	157,877
Adjustments for non-cash and other items:		
Markup on bank deposits and term deposits musharika calculated using the effective interest method	(294,473)	(191,342)
Realised loss on sale of investments	(13,863)	7,283
Provision for Sindh Workers' Welfare Fund	10,209	3,160
	<u>(298,127)</u>	<u>(180,899)</u>
Net cash used in operations before working capital changes	212,183	(23,022)
Working capital changes		
<i>Decrease / (Increase) in assets</i>		
Investments	203,863	(197,283)
Deposits, prepayments and other receivables	-	(1)
Advance tax	(61)	(518)
	<u>203,802</u>	<u>(197,802)</u>
<i>Increase / (decrease) in liabilities</i>		
Payable to the Management Company	5,953	1,686
Payable to Central Depository Company of Pakistan Limited - Trustee	102	53
Payable to Securities and Exchange Commission of Pakistan	(517)	586
Accrued expenses and other payables	44,791	6,931
Dividend payable	2,575	-
	<u>52,904</u>	<u>9,256</u>
Profit received	<u>288,858</u>	<u>172,408</u>
Net cash flows generated / (used in) from operating activities	757,747	(39,160)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of units	14,957,558	7,087,416
Payments on redemption of units	(12,937,312)	(6,056,708)
Cash distribution to unit holders	(205,459)	(78,429)
Net cash flows generated from financing activities	1,814,787	952,279
Net increase in cash and cash equivalents	2,572,534	913,119
Cash and cash equivalents at beginning of the year	<u>2,538,715</u>	<u>1,625,596</u>
Cash and cash equivalents at end of the year	<u>5,111,249</u>	<u>2,538,715</u>
CASH AND CASH EQUIVALENTS		
Bank balances	5,111,249	2,388,715
Letter of placement	-	150,000
Cash and cash equivalents at end of the year	<u>5,111,249</u>	<u>2,538,715</u>

The annexed notes 1 to 31 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)

SD

Chief Executive Officer

SD

Director

SD

Chief Financial Officer

UBL Money Market Fund

Notes to the Financial Statements

For the year ended 30 June 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

UBL Money Market Fund (the Fund) was established under the Trust Deed executed between UBL Fund Managers Limited (the Management Company - a wholly owned subsidiary company of United Bank Limited), as the Management Company, and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on 10 August 2010 and was approved by the Securities and Exchange Commission of Pakistan (SECP) in accordance with the requirements of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The Fund commenced its operations from 14 October 2010.

The Management Company of the Fund is registered with the SECP as a Non-Banking Finance Company under the NBFC Rules, 2003. The registered office of the Management Company is situated at 4th Floor, STSM Building, Beaumont Road, Civil Lines, Karachi.

The Fund is an open ended mutual fund and is listed on the Pakistan Stock Exchange Limited. Units are offered for subscription on a continuous basis to general public. The units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holders.

The investment objective of the Fund is to provide a regular stream of income and easy liquidity to its investors by investing a major chunk of the portfolio in short term government securities.

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 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations 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 and the NBFC Regulations have been followed.

2.2 Standards and amendments effective during the year

There are number of new standards and amendments that are effective from 01 July, 2019 however these do not have a significant effect on the Fund's financial statements.

2.3 Standards, interpretations and amendments to accounting and reporting standards, that are not yet effective:

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2020:

- Amendment to IFRS 3 '*Business Combinations*' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.
- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Fund.
- Amendments to IFRS-16 - IASB has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:
 - the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
 - any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
 - there is no substantive change to the other terms and conditions of the lease.
- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc, are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items by applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.
- The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022:
 - IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
 - IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
 - IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The above amendments are effective from annual periods beginning on or after 01 July, 2020 and are not likely to have an impact on Fund's financial statements.

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised in the application of accounting policies are given below:

a) Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in note 3.2 - Regarding the classification of investments.

b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the financial statements for the year ended 30 June 2020 is included in the following notes:

- Notes 3.2.1 (ii) Valuation of investments
- Notes 3.2.1 (v) and 3.15 Impairment of financial instruments and other assets

2.5 Basis of measurement

These financial statements have been prepared under the historical cost convention except for the investments which are stated at fair value.

2.6 Functional and presentation currency

These financial statements are presented in Pak Rupees which is the functional and presentation currency of the Fund. All amounts have been rounded to the nearest thousand, unless stated otherwise.

3 SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies applied in the preparation of the financial statements are set out below.

3.1 Cash and cash equivalents

Cash and cash equivalents are carried in the Statement of Assets and Liabilities at amortised cost. These comprise of deposits with banks and highly liquid investments with original maturities of three months or less and that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value and are held for the purpose of meeting short term cash commitments rather than for investments for other purposes.

3.2 Financial assets

3.2.1 i. Classification

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt security is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Fund makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Fund's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Fund's stated objectives for managing the financial assets are achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment on debt securities, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Fund considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

ii. 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 charged to the Income Statement.

iii. Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup, are recognised in income statement.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognised in income statement.

Debt securities at FVOCI

These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in income statement. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to income statement.

The fair value of financial assets are determined as follows:

a) Debt securities (other than Government securities)

Debt securities 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 via Circular 1 of 2009, Circular 33 of 2012 and Circular 35 of 2012. The Circulars also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

b) Government securities

The government securities not listed on a stock exchange and traded in the interbank market are valued at the average rates quoted on a widely used electronic quotation system (PKRV rates) which are based on the remaining tenure of the securities.

iv. Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Fund changes its business model for managing financial assets.

v. Impairment of financial assets*Financial assets at amortised cost*

Provision for non performing debt securities and other exposure is made in accordance with the criteria specified in Circular No. 33 of 2012 dated 24 October 2012 issued by SECP which are recently relaxed by the SECP amid ongoing situation of Covid19. However, the circular does not cover impairment requirements for government debt securities. Based on the past performance management considers that there is no probability of default as in any adverse situation State Bank of Pakistan has the right to discharge government obligations by issuance of currency notes. The provisioning policy has been duly formulated and approved by the Board of Directors of the Management Company.

3.2.2 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.

3.2.3 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and where the Fund has transferred substantially all risks and rewards of ownership.

3.2.4 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.3 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 expires.

3.4 Unit holders' fund

Unitholders' fund representing the units issued by the Fund, is carried at the redemption amount representing the investors' right to a residual interest in the Fund's assets.

3.5 Issuance and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received, by the distributors / Management Company during business hours, as of the close of the previous day on which the applications were received. The offer price represents the net assets value per unit as of the close of previous day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable.

Units redeemed are recorded at the redemption price, applicable to units as of the close of the previous day. The redemption price represents the net assets value per unit as of the close of the previous day on which the applications were received less any back-end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

3.6 Element of income

Element of Income represents the difference between net assets value on the issuance or redemption date, as the case may be, of units and the Net assets Value (NAV) at the beginning of the relevant accounting period.

Element of Income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund; however, to maintain same ex-dividend net asset value of all units outstanding on accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units (refund of capital) in the same proportion as dividend bears to accounting income available for distribution. As per guideline provided by MUFAP (MUFAP Guidelines consented upon by SECP) the refund of capital is made in the form of additional units at zero price.

MUFAP, in consultation with the SECP, has specified methodology for determination of income paid on units redeemed (income already paid) during the year under which such income is paid on gross element received and is calculated from the latest date at which the Fund achieved net profitability during the year. The income already paid (Element of Income) on redemption of units during the year are taken separately in statement of movement in unitholders' fund.

3.7 Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

3.8 Net assets value per unit

The net assets value per unit as disclosed on the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units outstanding at the year end.

3.9 Taxation

The Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed among the unit holders. Provided that for the purpose of determining distribution of atleast ninety percent 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 the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

3.10 Revenue recognition

- Realised gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.
- Unrealised gains / (losses) arising on mark to market of investments classified as Financial assets at fair value through profit or loss are included in the Income Statement in the year in which they arise.
- Mark-up on deposits with banks and mark-up / return on investments in debt and government securities is recognised using effective yield method.

3.11 Zakat Payable

Zakat payment is the responsibility of each unit holder. Nevertheless, the Fund follows the provisions of Zakat and Ushr Ordinance, 1980. Units held by individual resident Pakistani unit holders are subject to Zakat at 2.5% of the par value of unit under the said Ordinance, except those exempted from Zakat. Zakat is deducted at source from dividend or from redemption proceeds, if units are redeemed during the Zakat year before the payment of Zakat.

3.12 Expenses

All expenses including Management fee, Trustee fee and Securities and Exchange Commission of Pakistan fee are recognised in the Income Statement on accrual basis.

3.13 Earnings per unit

Earnings per unit based on cumulative weighted average units for the period has not been disclosed as in the opinion of the Management Company the determination of the same is not practicable.

3.14 Distributions

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared. Based on MUFAP's guidelines (duly consented upon by SECP) distributions for the year is deemed to comprise of the portion of amount of income already paid on units redeemed and the amount of cash distribution for the year.

The distribution per unit is announced based on units that were held for the entire period. The rate of distribution is adjusted with effect of refund of capital if any based on the period of investment made during the year. Resultantly, the rate of distribution per unit may vary depending on the period of investment.

3.15 Other assets

Other assets are stated at cost less impairment losses, if any.

4 BANK BALANCES

Note	2020	2019
	---- (Rupees in '000) ----	
4.1 & 4.2	5,111,240	2,386,541
	9	2,174
	<u>5,111,249</u>	<u>2,388,715</u>

4.1 These include amount of Rs. 22.91 million with United Bank Limited, holding company of the Management Company.

4.2 These carry profit rates ranging from 6.5% to 13.57% (2019: 4% to 13.4%) per annum. This includes balance with United Bank Limited of Rs.22.91 million (2019: Rs. 13.613 million) carrying profit rate of 6.75% to 11.75% (2019: 8.25%) per annum.

5 LETTER OF PLACEMENTS

Note	2020	2019
	---- (Rupees in '000) ----	
5.1	<u>-</u>	<u>340,000</u>
	-	340,000

5.1 Letter of placements

Name of Company	Maturity date	Placements as at 01 July 2019	Placements made during the year	Placements matured during the year	As at 30 June 2020	Percentage of total value of investments	Percentage of Net Assets
----- (Rupees in '000) -----						-----%-----	
Pair Investment Company Limited	August 1, 2019	150,000	-	150,000	-	-	-
Pak Brunei Investment Company Limited	January 2, 2020	190,000	-	190,000	-	-	-
Pair Investment Company Limited	July 17, 2019	-	102,000	102,000	-	-	-
Zarai Taraqiat Bank Limited	August 1, 2019	-	270,000	270,000	-	-	-
Pak Oman Investment Company Limited	August 8, 2019	-	250,000	250,000	-	-	-
Pak Oman Investment Company Limited	August 22, 2019	-	300,000	300,000	-	-	-
Bank Alfalah Limited	September 16, 2019	-	510,000	510,000	-	-	-
Pair Investment Company Limited	October 18, 2019	-	200,000	200,000	-	-	-
Pair Investment Company Limited	October 25, 2019	-	250,000	250,000	-	-	-
Pak Oman Investment Company Limited	October 25, 2019	-	300,000	300,000	-	-	-
Bank Alfalah Limited	November 4, 2019	-	313,000	313,000	-	-	-
Pair Investment Company Limited	November 8, 2019	-	300,000	300,000	-	-	-
Pak Oman Investment Company Limited	November 15, 2019	-	250,000	250,000	-	-	-
Pak Oman Investment Company Limited	November 22, 2019	-	100,000	100,000	-	-	-
Pak Oman Investment Company Limited	November 27, 2019	-	175,000	175,000	-	-	-
Saudi Pak Industrial & Agricultural Investment Company Limited	November 27, 2019	-	175,000	175,000	-	-	-
Saudi Pak Industrial & Agricultural Investment Company Limited	November 29, 2019	-	260,000	260,000	-	-	-
Pak Oman Investment Company Limited	November 29, 2019	-	270,000	270,000	-	-	-
Pak Oman Investment Company Limited	December 3, 2019	-	260,000	260,000	-	-	-
Pair Investment Company Limited	December 6, 2019	-	280,000	280,000	-	-	-
Zarai Taraqiat Bank Limited	January 22, 2020	-	400,000	400,000	-	-	-
Pak Oman Investment Company Limited	February 13, 2020	-	35,000	35,000	-	-	-
Pair Investment Company Limited	February 3, 2020	-	200,000	200,000	-	-	-
Pak Oman Investment Company Limited	February 21, 2020	-	150,000	150,000	-	-	-
Habib Bank Limited	April 23, 2020	-	350,000	350,000	-	-	-
Saudi Pak Industrial & Agricultural Investment Company Limited	June 8, 2020	-	400,000	400,000	-	-	-
Pak Oman Investment Company Limited	June 11, 2020	-	300,000	300,000	-	-	-
Pak Oman Investment Company Limited	June 10, 2020	-	300,000	300,000	-	-	-
Pak Oman Investment Company Limited	June 9, 2020	-	300,000	300,000	-	-	-
		<u>340,000</u>	<u>7,000,000</u>	<u>7,340,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

6	INVESTMENTS	Note	2020 ---- (Rupees in '000) ----	2019
	At fair value through profit or loss			
	Government securities			
	- Market Treasury bills	6.1	-	-
			<u>-</u>	<u>-</u>

6.1 Investment in Government securities - At fair value through profit or loss

Issue date	Tenor	Face value				Amortised cost as at 30 June 2020	Market value as at 30 June 2020	Market value as a percentage of	
		As at 01 July 2019	Purchases during the year	Sales / matured during the year	As at 30 June 2020			Total investments of fund	Net assets of fund
Market treasury bills		(Rupees in '000)						%	
April 25, 2019	3 months	-	285,000	285,000	-	-	-	-	-
May 9, 2019	3 months	-	1,005,000	1,005,000	-	-	-	-	-
May 23, 2019	3 months	-	1,235,000	1,235,000	-	-	-	-	-
July 18, 2019	3 months	-	6,724,000	6,724,000	-	-	-	-	-
July 18, 2019	6 months	-	300,000	300,000	-	-	-	-	-
August 1, 2019	3 months	-	950,000	950,000	-	-	-	-	-
August 16, 2019	3 months	-	1,820,000	1,820,000	-	-	-	-	-
August 29, 2019	3 months	-	375,000	375,000	-	-	-	-	-
September 12, 2019	6 months	-	266,000	266,000	-	-	-	-	-
October 10, 2019	3 months	-	833,000	833,000	-	-	-	-	-
October 24, 2019	3 months	-	680,000	680,000	-	-	-	-	-
October 24, 2019	6 months	-	300,000	300,000	-	-	-	-	-
November 7, 2019	3 months	-	1,393,000	1,393,000	-	-	-	-	-
November 7, 2019	6 months	-	865,000	865,000	-	-	-	-	-
November 21, 2019	3 months	-	300,000	300,000	-	-	-	-	-
December 5, 2019	3 months	-	250,000	250,000	-	-	-	-	-
December 19, 2019	3 months	-	465,000	465,000	-	-	-	-	-
January 2, 2020	3 months	-	3,965,000	3,965,000	-	-	-	-	-
January 16, 2020	3 months	-	800,000	800,000	-	-	-	-	-
January 30, 2020	3 months	-	2,800,000	2,800,000	-	-	-	-	-
February 13, 2020	3 months	-	248,900	248,900	-	-	-	-	-
February 27, 2020	3 months	-	550,000	550,000	-	-	-	-	-
March 12, 2020	3 months	-	375,000	375,000	-	-	-	-	-
March 12, 2020	6 months	-	800,000	800,000	-	-	-	-	-
March 26, 2020	6 months	-	575,000	575,000	-	-	-	-	-
March 26, 2020	3 months	-	400,000	400,000	-	-	-	-	-
April 9, 2020	3 months	-	500,000	500,000	-	-	-	-	-
April 9, 2020	6 months	-	575,000	575,000	-	-	-	-	-
April 23, 2020	3 months	-	925,000	925,000	-	-	-	-	-
April 23, 2020	6 months	-	2,525,000	2,525,000	-	-	-	-	-
May 21, 2020	3 months	-	750,000	750,000	-	-	-	-	-
June 4, 2020	3 months	-	250,000	250,000	-	-	-	-	-
June 8, 2020	3 months	-	400,000	400,000	-	-	-	-	-
June 18, 2020	6 months	-	125,000	125,000	-	-	-	-	-
June 18, 2020	3 months	-	125,000	125,000	-	-	-	-	-
		-	34,734,900	34,734,900	-	-	-	-	-

7	PROFIT RECEIVABLE	2020 ---- (Rupees in '000) ----	2019
	Profits receivable on:		
	- Bank balances	27,607	20,702
	- Term deposit receipts	-	-
	- Letter of placements	-	1,290
		<u>27,607</u>	<u>21,992</u>

8	DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES	2020	2019
	Receivable against issuance of units	428	1,175
	Security deposit with Central Depository Company of Pakistan Limited - Trustee	100	100
	Prepayments	98	98
		<u>626</u>	<u>1,373</u>

9	ADVANCE TAX		
	The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule to the ITO 2001 from withholding of tax under section 150A, 151 and 233 of ITO 2001. The Federal Board of Revenue through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated May 12, 2015, made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). During the year, prior to receiving tax exemption certificate(s) from CIR various withholding agents have deducted advance tax under section 151 of ITO 2001, which has been recorded as receivable from the Tax Department in these financial statements. Refund of these amounts have been / will be claimed while filing the Income Tax Return of the respective tax year(s) in which these were deducted. The management is confident that the same shall be duly refunded.		

10	PAYABLE TO THE MANAGEMENT COMPANY	Note	30 June 2020	30 June 2019
			---- (Rupees in '000) ----	
	Management remuneration payable	10.1	1,826	1,804
	Sindh Sales Tax on management remuneration	10.2	237	234
	Payable against allocation of expenses relating to the Fund	10.3	856	180
	Payable against selling and marketing expense	10.3	3,722	-
	Sales load and other payables		<u>1,996</u>	<u>466</u>
			<u>8,637</u>	<u>2,684</u>

- 10.1** SECP vide S.R.O. 639 (I)/2019 has substitute regulation 61 where by Management Company may charge variable fee or fixed fee or the combination of both which shall not exceed the limit disclosed in the Offering Document.

During the year ended 30 June 2020, the Management Company has charged remuneration at the rates and subject to the limits as stated below:

	Management Company remuneration (as a % of gross earnings)	Minimum remuneration (as a % per annum of the average daily net assets)	Maximum remuneration (as a % per annum of the average daily net assets)
Charged Up to September 04, 2019	7.50%	0.25%	1.00%
Charged from September 05, 2019 and onwards	5.00%	0.15%	1.00%

- 10.2** Sindh Sales Tax has been charged at 13% (2019: 13%) on the management fee charged during the year.

- 10.3** SECP vide S.R.O. 639 (I)/2019 has substituted clause (s) and (v) of sub regulation 3 of regulation 60 and accordingly has removed cap of charging 0.1% and 0.4% per annum of average daily net assets on account of fee and expenses related to registrar services, accounting, operation & valuation services and selling & marketing expenses respectively, provided that the total expense ratio remains within the allowed limit.

The Management Company is charging 0.1% per annum of average daily net assets on account of fee and expenses related to registrar services, accounting, operation and valuation services. Further, Management Company has also started charging selling and marketing expense of 0.30% from 05 September 2019.

11 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	<i>Note</i>	2020 ---- (Rupees in '000) ----	2019
Trustee remuneration	11.1	287	196
Sindh Sales Tax on Trustee remuneration	11.2	37	26
		324	222

- 11.1** The Trustee is entitled to a remuneration for services rendered to the Fund under the provisions of the Trust Deed and Offering Document as per the tariff specified therein, based on the daily net assets value of the Fund. The remuneration is paid to the Trustee on monthly basis in arrears. The tariff structure applicable to the Fund in respect of the trustee fee has been revised effective from 01 July 2019 where by the revised tariff is 0.065% per annum of average daily net assets.

- 11.2** The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% on the remuneration of Trustee through Sindh Sales Tax on Services Act, 2011, effective from 01 July 2016.

12 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

SECP vide S.R.O. 685 (I)/2019 has revised its annual fee from 0.075% to 0.02% per annum of average daily net assets of the Fund, applicable from 01 July 2019.

13 ACCRUED EXPENSES AND OTHER PAYABLES	<i>Note</i>	2020 ---- (Rupees in '000) ----	2019
Provision for indirect duties and taxes	13.1	9,499	9,499
Provision for Sindh Workers' Welfare Fund	13.2	15,836	5,627
Withholding tax deducted at source		32,729	4,760
Capital gains tax payable		14,412	2,595
Zakat deducted at source		563	569
Auditors' remuneration payable		677	471
Brokerage payable		469	219
Sales load and other payables		4,733	178
		78,918	23,918

- 13.1** As per the requirements of the Finance Act 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company was applied with effect from 13 June 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED results in double taxation, which does not appear to be the spirit of the law. The matter was collectively taken up by the Management Company jointly with other Asset Management Companies and Trustees of respective collective investment schemes (CISs), through a Constitutional Petition filed in the Honourable Sindh High Court (SHC) during September 2013. In this respect, the SHC had issued a stay order against the recovery of FED due to which the Fund has not made any payments for FED up to 30 June 2016.

On 30 June 2016, the Honourable Sindh High Court had passed a Judgment that after 18th amendment in the Constitution of Pakistan, the Provinces alone have the legislative power to levy a tax on rendering or providing services, therefore, chargeability and collection of FED after 01 July 2011 is ultra vires to the Constitution of Pakistan. On 23 September 2016, the Federal Board of Revenue (FBR) filed an appeal in the Supreme Court of Pakistan (SCP) against above judgement, which is pending adjudication. Management Company, as a matter of abundant caution, has maintained full provision for FED aggregating to Rs. 9.499 million until the matter is resolved. Had the provision not been made, the net assets value per unit of the Fund as at 30 June 2020 would have been higher by Rs. 0.1894 per unit (2019: Rs. 0.3509) per unit.

Through Finance Act, 2016, FED on services rendered by Non-Banking Financial Institutions (NBFIs) including Asset Management Companies, which are already subject to provincial sales tax, has been withdrawn. Therefore, since 30 June 2016, provision for FED has not been made.

- 13.2** The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) as a result of which it was construed that all collective investment schemes / mutual funds (CISs) whose income exceeded Rs. 500,000 in a tax year were brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever was higher.

The amendments introduced in the WWF Ordinance were challenged in various High Courts of Pakistan. The Honourable Lahore High Court (LHC) and the Honourable Sindh High Court (SHC) arrived at different conclusions in respect of the validity of the amendments made through the Finance Act in relation to the WWF. Both the decisions of the LHC and the SHC were challenged in the Honourable Supreme Court of Pakistan (SCP). On 10 November 2016, the SCP passed a judgement declaring the insertion of amendments introduced through Finance Act, 2008 pertaining to WWF as unlawful for the reason that the WWF is not in the nature of tax and therefore, could not be introduced through money bill under the Constitution. Subsequently, the Federal Board of Revenue (FBR) has filed a review petition in the SCP against the said judgement, which is pending adjudication.

Further, as a consequence of the 18th amendment to the Constitution, levy for the WWF was also introduced by the Government of Sindh through the Sindh Workers Welfare Fund (SWWF) Act 2014. SWWF Act 2014, enacted on 21 May 2015, requires every Industrial Establishment located in the province of Sindh and having total income of Rs. 500,000 or more in any year of account commencing on or after the date of closing of account on or after 31 December 2013, to pay two percent of so much of its total income declared to SWWF. The said Act includes any concern engaged in the Banking or Financial Institution in the definition of "Industrial Undertaking" but does not define Financial Institution. The Management Company, based on an opinion obtained by the Mutual Funds Association of Pakistan (MUFAP), believes that Mutual Funds are not liable to pay Sindh WWF under the said law, for the reason that the Mutual Funds are not financial institutions and rather an investment vehicle. However, the Sindh Revenue Board has not accepted the said position of MUFAP and as a result, MUFAP has taken up this matter with the Sindh Finance Ministry for resolution.

In view of the above developments regarding the applicability of Federal and Sindh WWF on Mutual Funds, the MUFAP obtained a legal opinion on these matters and based on such legal advice which also stated that even if a review petition is filed by any party, such petition can only be based on very limited grounds and the chances of any major change in the SCP judgement are very limited, has recommended to all its members on 12 January 2017 the following:

- The provision against the Federal WWF held by the Mutual Funds till 30 June 2015 should be reversed on 12 January 2017; and
- Provision against Sindh WWF, on prudent basis, should be made from the date of enactment of the Sindh WWF Act, 2014 (i.e. 21 May 2015).

The above decisions were communicated to SECP and the Pakistan Stock Exchange Limited on 12 January 2017. In response to the aforementioned letter SECP vide its letter dated 01 February 2017 advised MUFAP that the adjustments relating to the above should be made prospectively and adequate disclosure shall be made in the condensed interim financial information of Mutual Funds. Accordingly, the Fund has recorded these adjustments in its books of account on 12 January 2017.

Had the provision not been made, the net assets value per unit of the Fund as at 30 June 2020 would have been higher by Rs. 0.3158 per unit (2019: Rs. 0.2079) per unit.

14	MARKUP ON BANK DEPOSITS AND MARK-UP / RETURN ON INVESTMENTS CALCULATED USING THE EFFECTIVE INTEREST METHOD	2020	2019
		---- (Rupees in '000) ----	
	Profits on:		
	- Bank balances	232,703	87,073
	- Term deposit receipts / letter of placement	61,770	28,421
		<u>294,473</u>	<u>115,494</u>

15	MARKUP / RETURN ON INVESTMENTS CALCULATED USING THE EFFECTIVE YIELD METHOD	2020	2019
		----	----
		(Rupees in '000) ----	
	- Market treasury bills	<u>267,761</u>	<u>75,848</u>
		<u>267,761</u>	<u>75,848</u>

16 AUDITORS' REMUNERATION

Annual audit fee	404	321
Half yearly review fee	167	159
Review of CCG	59	148
Out of pocket expenses	47	99
Prior year	35	-
	<u>712</u>	<u>727</u>

17 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Provided that for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the case may be, shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund has distributed more than ninety percent of the Fund's accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders during the year. Accordingly, no provision has been made in the financial statements for the year ended 30 June 2020.

18 CONTINGENCIES AND COMMITMENTS

Other than already disclosed in the financial statements, there are no contingencies and commitments as at 30 June 2020.

19	NUMBER OF UNITS IN ISSUE	<i>Note</i>	2020	2019
			-----	-----
			(Number of units)-----	
	Total units in issue at the beginning of the year		27,071,133	15,298,865
	Units issued during the year	19.1	143,936,399	69,804,765
	Units redeemed during the year		(120,867,824)	(58,032,497)
	Total units in issue at the end of the year		<u>50,139,708</u>	<u>27,071,133</u>

19.1 This includes 3,284,273 units issued in lieu of refund of capital.

19.2 The Management Company on 29 June, 2020 declared interim distribution of Rs. 12.1955 per unit. The aggregate cash distribution amounted to Rs. 205.459 million was in addition to refund of capital as stated in note 19.1.

20 TOTAL EXPENSE RATIO (TER)

The Securities and Exchange Commission of Pakistan (SECP) vide directive no. SCD/PRDD/Direction/18/2016 dated 20 July 2016, requires that collective investment scheme (CIS) shall disclose Total Expense Ratio (all the expenses, including government levies, incurred during the year divided by average net assets value for the year) in the periodic financial statements of CIS / the Fund. The total expense ratio of the fund is capped upto up to 2%. TER of the Fund for the year ended 30 June 2020 is 1.48% which include 0.35% representing government levy, Sindh Workers' Welfare Fund and SECP fee.

21	RECONCILIATION OF LIABILITIES ARISING OUT OF FINANCING ACTIVITIES	Receivable against sale of units	Payable against redemption of units	Total
		-----	-----	-----
		(Rupees in '000) -----		
	Opening balance as at 01 July 2019	1,175	-	1,175
	Receivable against issuance of units	14,956,811	-	14,956,811
	Payable against redemption of units	-	12,937,312	12,937,312
		14,956,811	12,937,312	27,894,123
	Amount received on issuance of units	(14,957,558)	-	(14,957,558)
	Amount paid on redemption of units	-	(12,937,312)	(12,937,312)
		(14,957,558)	(12,937,312)	(27,894,870)
	Closing balance as at 30 June 2020	<u>428</u>	<u>-</u>	<u>428</u>

22 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Connected persons / related parties comprise of United Bank Limited (Holding Company of Management Company), UBL Fund Managers Limited (Management Company), Al-Ameen Islamic Financial Services (Private) Limited (Subsidiary of the Management Company), entities under the common management or directorship, Central Depository Company of Pakistan Limited as trustee and custodian of the Fund, the directors and officers of the Management Company and unit holders holding 10% or more of the Fund's net assets.

Remuneration to the Management Company and the trustee is determined in accordance with the provision of Non Banking Finance Companies Rules, 2003, Non Banking Finance Companies and Notified Entities regulations, 2008 and the Trust Deed respectively.

All other transactions with related parties / connected persons are in the normal course of business, at contracted rates and terms determined in accordance with the market rates.

Details of transactions with related parties / connected persons and balances with them at the year end are as follows:

22.1 Transactions during the year

	Management Company	Associated Companies	Trustee	Funds under Common Management	Directors and Key Executives	Other Connected Persons / Related Parties
2020						
(Rupees in '000)						
Units issued	1,301,530	14,547	-	1,044,674	123,116	-
Units redeemed	1,310,401	3,913	-	1,013,684	86,551	-
Profit on saving accounts	-	1,543	-	-	-	-
Bank charges	-	78	-	-	-	-
Purchase of securities	-	362,825	-	2,816,913	-	-
Sale of securities	-	2,764,771	-	2,088,162	-	-
Remuneration	30,476	-	2,916	-	-	-
Sindh sales tax on remuneration	3,962	-	379	-	-	-
Dividend paid	-	1,047	-	43,745	5,329	-
Allocation of expenses relating to the Fund	4,486	-	-	-	-	-
Selling and marketing expenses	11,081	-	-	-	-	-
Central Depository Company expense	-	-	3	-	-	-
Term deposit receipts matured	-	-	-	-	-	-
2019						
(Rupees in '000)						
Units issued	75,955	598	-	1,023,221	31,529	1,077,329
Units redeemed	682,953	23,986	-	816,238	7,213	683,708
Profit on saving accounts	298	3,585	-	-	-	-
Bank charges	-	67	-	-	-	-
Purchase of securities	-	-	-	980,283	-	-
Sale of securities	-	1,106,348	-	395,528	-	-
Remuneration	13,891	-	2,164	-	-	-
Sindh sales tax on remuneration	1,806	-	281	-	-	-
Dividend paid	30,986	1,171	-	7,662	1,716	-
Allocation of expenses relating to the Fund	1,885	-	-	-	-	-
Selling and marketing expenses	-	-	-	-	-	-
Central Depository Company expense	-	-	-	-	-	-
Term deposit receipts matured	-	190,000	-	-	-	-

22.2 Balances outstanding as at year end

2020						
(Rupees in '000)						
Units held (in units '000)	-	96	-	4,021	494	-
Units held (in rupees '000)	-	9,694	-	404,948	49,776	-
Bank balances *	-	26,265	-	-	-	-
Remuneration payable **	2,063	-	324	-	-	-
Sales load and other payable	1,996	-	-	-	-	-
Payable against allocated expenses	856	-	-	-	-	-
Payable against selling and marketing expenses	3,722	-	-	-	-	-
Receivable from issuance of unit	-	-	-	-	-	-
Profit receivable	-	215	-	-	-	-
Deposit	-	-	100	-	-	-
2019						
(Rupees in '000)						
Units held (in units '000)	-	-	-	3,862	235	3,979
Units held (in rupees '000)	-	-	-	388,767	23,641	400,604
Bank balances *	-	15,787	-	-	-	-
Remuneration payable **	2,038	-	222	-	-	-
Sales load and other payable	466	-	-	-	-	-
Payable against allocated expenses	180	-	-	-	-	-
Payable against selling and marketing expenses	-	-	-	-	-	-
Receivable against issuance of units	1,000	-	-	174	-	-
Profit receivable	-	52	-	-	-	-
Deposit	-	-	100	-	-	-

* These carry profit rate of 6.75% to 11.75% per annum (2019: 8.25%) per annum.

** These balance are inclusive of Sindh sales tax payable.

Financial Assets

Financial liabilities

Financial Assets

Financial liabilities

24

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Unobservable inputs for the asset or liability (level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy:

On-balance sheet financial instruments

On-balance sheet financial instruments

		2020					Fair value			
Note		Carrying amount			Amortised cost	Total	Level 1	Level 2	Level 3	Total
		At fair value through profit or loss	Designated as at fair value through profit or loss	Fair value through other comprehensive income						
----- (Rupees in '000) -----										
Financial assets not measured at fair value										
24.1										
	Bank balances	-	-	-	5,111,249	5,111,249				
	Letter of placements	-	-	-	-	-				
	Profits receivable	-	-	-	27,607	27,607				
	Deposits and other receivables	-	-	-	528	528				
		<u>-</u>	<u>-</u>	<u>-</u>	<u>5,139,384</u>	<u>5,139,384</u>				
Financial liabilities not measured at fair value										
24.1										
	Payable to the Management Company	-	-	-	8,637	8,637				
	Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	324	324				
	Dividend payable	-	-	-	2,575	2,575				
	Accrued expenses and other payables	-	-	-	39,171	39,171				
		<u>-</u>	<u>-</u>	<u>-</u>	<u>50,707</u>	<u>50,707</u>				
2019										
Note		Carrying amount			Amortised cost	Total	Level 1	Level 2	Level 3	Total
		Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Fair value through other comprehensive income						
----- (Rupees in '000) -----										
Financial assets not measured at fair value										
24.1										
	Bank balances	-	-	-	2,388,715	2,388,715				
	Letter of Placements	-	-	-	340,000	340,000				
	Profits receivable	-	-	-	21,992	21,992				
	Deposits and other receivables	-	-	-	1,275	1,275				
		<u>-</u>	<u>-</u>	<u>-</u>	<u>2,751,982</u>	<u>2,751,982</u>				
Financial liabilities not measured at fair value										
24.1										
	Payable to the Management Company	-	-	-	2,684	2,684				
	Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	222	222				
	Dividend payable	-	-	-	-	-				
	Accrued expenses and other payables	-	-	-	6,197	6,197				
		<u>-</u>	<u>-</u>	<u>-</u>	<u>9,103</u>	<u>9,103</u>				

24.1 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or reprice periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

24.2 Net assets attributable to unitholders. The Fund routinely redeems and issues the units at the amount equal to the proportionate share of net assets of the Fund at the time of redemption, calculated on a basis consistent with that used in these financial statements. Accordingly, the carrying amount of net assets attributable to unitholders approximates their fair value. The units are categorized into Level 2 of the fair value hierarchy.

25 FINANCIAL RISK MANAGEMENT

The Fund's objective in managing risks is the creation and protection of Unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, Fund's constitutive documents and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to credit risk, liquidity risk and market risk arising from the financial instruments it holds. The Fund primarily invests in a portfolio of debt and money market investments such as investment - grade debt securities, government securities and other money market instruments. These activities are exposed to a variety of financial risks i.e. market risk (which includes currency risk and interest rate risk), credit risk and liquidity risk arising from the financial instruments it holds.

25.1 Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation. The Fund's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines, offering document and regulatory requirements.

Management of credit risk

The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed and the requirements of NBFC rules and regulations and guidelines given by SECP from time to time.

Credit risk is managed and controlled by the Management Company of the Fund in the following manner:

- The Fund limits its exposure to credit risk by only investing in instruments and bank deposits that have a minimum "AA-" from a credit rating agency duly approved by the SECP.
- Investment transactions are carried out with large number of brokers, whose credit rating is taken into account so as to minimize the risk of default and transactions are settled or paid for only upon deliveries.
- The risk of counter party exposure due to failed trade causing a loss to the Fund is mitigated by a periodic review of trade reports, credit ratings and financial statements on a regular basis.
- Cash is held only with reputable banks (including related party).

The table below analyses the Fund's maximum exposure to credit risk:

	2020	2019
	---(Rupees in '000)---	
Financial assets exposed to credit risk		
Bank balances	5,111,249	2,388,715
Letter of placements	-	340,000
Investments	-	-
Profit receivable	27,607	21,992
Deposits and other receivables	528	1,275
	<u>5,139,384</u>	<u>2,751,982</u>

Credit risk arising on financial assets is monitored through a regular analysis of financial position of brokers and other parties. Further, all transactions in securities are executed through approved brokers, thus the risk of default is considered to be minimal. For Debt instruments settlement, Delivery versus Payment (DvP) mechanism applied by Trustee of the Fund minimize the credit risk. In accordance with the risk management policy of the Fund, the Investment Committee monitors the credit position on a daily basis which is reviewed by the Board of Directors of the Management Company on a quarterly basis.

All deposits with Banks are highly rated and risk of default is considered minimal. Further, investment in government securities is not exposed to credit risk.

The analysis below summarizes the credit quality of the Fund's portfolio in total as on 30 June 2020:

	Rating Agency	Rating	2020	2019
			---(Rupees in '000)---	
Bank balances by rating category				
United Bank Limited	VIS	AAA	26,265	15,787
Allied Bank Limited	PACRA	AAA	403	11
MCB Bank Limited	PACRA	AAA	5,092	2,771
Habib Bank Limited	VIS	AAA	5,025,088	852,548
National Bank of Pakistan Limited	VIS	AAA	269	48
Zarai Taragiat Bank Limited	VIS	AAA	7	6
Meezan Bank Limited	VIS	AA+	1	1
Askari Bank Limited	PACRA	AA+	6	6
Habib Metropolitan Bank Limited	PACRA	AA+	2,791	64
Faysal Bank Limited	PACRA	AA	38	38
Samba Bank Limited	VIS	AA	14,446	161
Bank Alfalah Limited	PACRA	AA+	36,832	1,517,263
Sindh Bank Limited	VIS	A+	11	11
Total			<u>5,111,249</u>	<u>2,388,715</u>
			2020	2019
			-----%	
AAA			98.94	36.47
AA			0.28	0.01
A- to A+			0.00	-
AA- to AA+			0.78	63.52
			<u>100.00</u>	<u>100.00</u>
Investment in letter of placements				
Pak Brunei Investment Company Limited	VIS	AA+	-	190,000
PAIR Investment Company Limited	PACRA	AA	-	150,000
			<u>-</u>	<u>340,000</u>
Profit receivable			<u>27,607</u>	<u>21,992</u>
Deposits and other receivables			<u>528</u>	<u>1,275</u>

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial assets is broadly diversified and transactions are entered into with credit worthy counterparties, thereby mitigating any significant concentration of credit risk.

The Fund's activities may give rise to settlement risk. 'Settlement risk' is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For the majority of transactions, the Fund mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

25.2 Liquidity risk

'Liquidity risk' is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Fund's offering document provides for the daily creation and cancellation of units and it is therefore exposed to the liquidity risk of meeting unit holder's redemptions at any time. The Fund manages the liquidity risk by maintaining maturities of financial liabilities and investing a major portion of the Fund's assets in highly liquid financial assets. The Fund's investments are considered to be readily realisable as they are all invested in short term government securities and saving accounts. 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.

In accordance with the risk management policy of the Fund, the Fund manager monitors the liquidity position on a daily basis, which is reviewed by the Board of Directors of the Management Company on a quarterly basis.

In accordance with regulation 58(1)(k) of the NBFC Regulations, 2008, the Fund has the ability to borrow funds for meeting the redemption requests, with the approval of the Trustee, for a period not exceeding three months to the extent of fifteen percent of the net assets. However, no such borrowing has been obtained during the year.

Further, the Fund is also allowed in accordance with regulation 57 (10) of the NBFC Regulations, 2008, to defer redemption requests to the next dealing day, had such requests exceed ten percent of the total number of units in issue.

In addition to unit holders' fund, the analysis below summarizes the Fund's financial liabilities into relevant maturity grouping as at 30 June 2020:

	2020				Total
	Three months	Six months	One year	More than one year	
	(Rupees in '000)				
Financial Liabilities					
Payable to Management Company	8,637	-	-	-	8,637
Payable to Central Depository Company of Pakistan Limited - Trustee	324	-	-	-	324
Dividend payable	2,575	-	-	-	2,575
Accrued expenses and other payables	39,171	-	-	-	39,171
	<u>50,707</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,707</u>
Unit holders' fund	<u>5,049,781</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,049,781</u>
	2019				
	Three months	Six months	One year	More than one year	Total
	(Rupees in '000)				
Financial Liabilities					
Payable to the Management Company	2,648	-	-	-	2,648
Payable to Central Depository Company of Pakistan Limited - Trustee	222	-	-	-	222
Dividend payable	-	-	-	-	-
Accrued expenses and other payables	6,197	-	-	-	6,197
	<u>9,067</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,067</u>
Unit holders' fund	<u>2,725,431</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,725,431</u>

25.3 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and debt security prices.

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in the market interest rates. The Fund's interest rate risk is monitored on a quarterly basis by the board of directors.

As at 30 June 2020, the balances that may be exposed to interest rate risk are as follows:

	2020	2019
	----(Rupees in '000)----	
Variable rate instruments		
Bank balances	<u>5,111,240</u>	<u>2,386,541</u>
Fixed rate instrument		
Letter of placements	<u>-</u>	<u>340,000</u>

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the year end would have increased / (decreased) the net assets and net income by Rs. 51.07 million (2019: Rs. 23.865 million), assuming all other variables held constant.

Cash flow sensitivity analysis for fixed rate instrument

Short term investment with a bank is carried at amortised cost. Therefore a change in interest rate at the reporting date would not effect the income statement.

The composition of the Fund's investment portfolio, KIBOR rates and rates announced by the Financial Market Association are expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2020 is not necessarily indicative of the effect on Funds net assets of future movements in interest rates. The fluctuation in interest rate of 100 basis points is reasonably possible in the current economic environment.

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 settlement date.

2020					
Yield / Interest Rate	Exposed to yield / interest rate			Not exposed to yield / interest rate risk	Total
	Up to three months	More than three months and up to	More than one year		
%	----- (Rupees in '000) -----				
On-balance sheet financial instruments					
Financial assets					
Bank balances	6.50-13.57	5,111,240	-	9	5,111,249
Letter of placements		-	-	-	-
Investments		-	-	-	-
Profit receivable		-	-	27,607	27,607
Deposits and other receivables		-	-	528	528
Total financial assets		5,111,240	-	28,144	5,139,384
Financial liabilities					
Payable to the Management Company		-	-	8,637	8,637
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	324	324
Dividend payable		-	-	2,575	2,575
Accrued expenses and other liabilities		-	-	39,171	39,171
Total financial liabilities		-	-	50,707	50,707
On-balance sheet gap		5,111,240	-	(22,563)	5,088,677
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap		-	-	-	-

2019					
Yield / Interest Rate	Exposed to yield / interest rate			Not exposed to yield / interest rate risk	Total
	Up to three months	More than three months	More than one year		
%	----- (Rupees in '000) -----				
On-balance sheet financial instruments					
Financial assets					
Bank balances	4.0-13.4	2,386,541	-	2,174	2,388,715
Letter of placements	13.5-14.0	340,000	-	-	340,000
Investments		-	-	-	-
Profit receivable		-	-	21,992	21,992
Deposits and other receivables		-	-	1,275	1,275
Total financial assets		2,726,541	-	25,441	2,751,982
Financial liabilities					
Payable to the Management Company		-	-	2,684	2,684
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	222	222
Dividend payable		-	-	-	-
Accrued expenses and other liabilities		-	-	6,197	6,197
Total financial liabilities		-	-	9,103	9,103
On-balance sheet gap		2,726,541	-	16,338	2,742,879
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap		-	-	-	-

ii) Foreign Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

iii) Price risk

Price risk is the risk of volatility in prices of financial instruments resulting from their dependence on market sentiments, speculative activities, supply and demand for financial instruments and liquidity in the market. The value of investments may fluctuate due to change in business cycles affecting the business of the Fund in which the investment is made, change in business circumstances of the Fund, industry environment and / or the economy in general. The Fund is not exposed to the risk as its constitutive documents prohibit it from investing in equity securities.

25.4 Unit holders' fund risk management (Capital risk management)

The Fund's objective when managing unit holders' funds is to safeguard the Fund's ability to continue as a going concern so that it can continue to provide optimum returns to its unit holders and to ensure reasonable safety of capital. The Fund manages its investment portfolio and other assets by monitoring return on net assets and makes adjustments to it in the light of changes in market conditions. Under the NBFC regulations, 2008, the minimum size of an open end scheme shall be one hundred million rupees at all the times during the life of the scheme. The Fund size depends on the issuance and redemption of units.

In order to maintain or adjust the unit holders' fund structure, the Fund's policy is to perform the following:

- Monitors the level of daily issuance and redemptions relative to the liquid assets and adjusts the amount of distributions the Fund pays to unit holders;
- Redeem and issue units in accordance with the constitutive documents of the Fund, which include the ability to restrict redemptions and require certain minimum holdings and issuance; and
- The Fund Manager / Investment Committee members and Chief Executive of the Management Company critically track the movement of 'Assets under Management'. The Board of Directors is updated about the Fund yield and movement of NAV and total Fund size at the end of each quarter.

25.5 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Fund's operations either internally within the Fund or externally at the Fund's service providers, and from external factors other than credit, market and liquidity risk such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risk arise from all of the Fund's activities.

The Fund's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risk faced, and the adequacy of controls and procedures to address the risk identified;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

**26 TOP TEN BROKERS / DEALERS BY PERCENTAGE
OF COMMISSION PAID BY THE FUND**

Name of Broker	Commission 2020 %
Continental Exchange (Private) Limited	14.06
Vector Capital (Private) Limited	12.68
Bright Capital (Private) Limited	12.61
Magenta Capital (Private) Limited	11.03
Invest One Markets Limited	10.89
Bipl Securities Limited (Formerly Kasb Sec)	8.02
Icon Securities (Private) Ltd.	8.00
Currency Market Associates (Private) Ltd	5.42
Paramount Capital (Private) Ltd	5.02
Pearl Securities Limited	4.96

Name of Broker	Commission 2019 %
Continental Exchange (Private) Limited	31.00
Bright Capital (Private) Limited	12.79
Vector Capital (Private) Limited	11.51
Pearl Securities Limited	8.50
Invest One Markets Limited	7.06
C & M Management (Private) Limited	6.45
Paramount Capital (Private) Limited	5.67
Icon Securities (Private) Limited	4.54
Magenta Capital (Private) Limited	4.36
JS Global Capital Limited	3.63

27 INVESTMENT COMMITTEE

Details of the members of investment committee of the Fund are as follows:

S.N	Name	Designation	Experience in years	Qualifications
1	Yasir Qadri	Chief Executive Officer	24	MBA
2	Syed Suleman Akhtar	Chief Investment Officer	19	CFA, MBA
3	Muhammad Imran	Head of Investment advisory	20	MBA
4	Irfan Nepal	Chief Dealer & Fund Manager	26	EMBA
5	Hadi Hassan Muki	Head of Compliance	20	BCOM
6	Syed Shabbir Sardar Zaidi*	Fund Manager & Senior Analyst	11	MAS, CFA
7	Syed Sheeraz Ali*	Fund Manager & Senior Analyst	10	MBA
8	Mubashir Anis	Fund Manager Equity	8	BS, CFA
9	Muhammad Waseem	Head Research	6	BBA, CFA

*Syed Sheraz Ali is also Fund Manager of UBL Liquidity Plus Fund, UBL Cash Fund, UBL Government Securities Fund, UBL Income Opportunity Fund, UBL Growth and Income Fund, UBL Asset Allocation Fund, UBL Financial Planning Fund, UBL Special Savings Fund, UBL Retirement Saving Fund Al Ameen Islamic Cash Fund, Al Ameen Islamic Aggressive Income Fund and Al Ameen Islamic Special Savings Fund.

28 DIRECTORS' MEETING ATTENDANCE

During the year, six meetings of the Board of Directors of the Management Company were held. The details of the attendance are as under:

	Dates	30 August 2019	17 September 2019	29 October 2019	09 December 2019	25 February 2020	30 April 2020
Name of Director	Meetings attended						
Mr. Arif Akmal Saifie *	1	N/A	N/A	N/A	N/A	N/A	Yes
Mr. Azhar Hamid	6	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Imran Sarwar	5	Yes	Yes	Yes	Yes	No	Yes
Mr. Yasir Qadri	6	Yes	Yes	Yes	Yes	Yes	Yes
Ms. Naz Khan **	6	Yes	Yes	Yes	Yes	Yes	Yes
Ms. Sadia Saeed	5	No	Yes	Yes	Yes	Yes	Yes
Syed Furrugh Zaeem	5	Yes	Yes	Yes	Yes	No	Yes
Mr. Tauqeer Mazhar ***	4	Yes	Yes	Yes	Yes	N/A	N/A
Name of Key Executives							
Mr. Bilal Javaid ****	3	N/A	N/A	N/A	Yes	Yes	Yes
Mr. Umair Ahmed	6	Yes	Yes	Yes	Yes	Yes	Yes
S.M. Aly Osman *****	3	Yes	Yes	Yes	N/A	N/A	N/A

* Mr. Arif Akmal Saifie appointed as Director with effect from March 20, 2020.

** Ms. Naz Khan resigned as Director with effect from July 20, 2020.

*** Mr. Tauqeer Mazhar resigned as Director with effect from January 30, 2020.

**** Mr. Bilal Javaid appointed as Company Secretary with effect from February 25, 2020.

***** S.M. Aly Osman resigned as Company Secretary with effect from November 30, 2019.

29 PATTERN OF UNIT HOLDERS

Category	30 June 2020		
	Unit holders	Units held	Percentage
Individuals	2,475	38,788,972	77.36
Associated companies and directors	7	590,594	1.18
Insurance companies	1	61,668	0.12
Non Banking Financial Companies	3	4,021,463	8.02
Retirement funds	25	5,173,958	10.32
Public limited companies	6	225,449	0.45
Others	22	1,277,604	2.55
	2,539	50,139,708	100.00

Category	30 June 2019		
	Unit holders	Units held	Percentage
Individuals	1,497	10,374,117	38.32
Associated companies and directors	4	234,819	0.87
Insurance companies	2	94,478	0.35
Non Banking Financial Companies	3	3,861,543	14.26
Retirement funds	26	3,509,885	12.97
Public limited companies	9	582,801	2.15
Others	18	8,413,490	31.08
	1,559	27,071,133	100.00

30 CREDIT RATING

VIS Credit Rating Agency has re-affirmed quality rating of 'AM1' (stable outlook) to the Management Company as on 31 December 2019 (30 June 2019: 'AM1'). The Fund has been rated as AA(f) by VIS on 30 June 2020.

31 GENERAL

31.1 Impact of COVID-19

The COVID-19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

The Securities and Exchange Commission of Pakistan (SECP) has provided the following relaxations to the asset management companies operating in Pakistan for a specific period:

- a) The time period to regularise the exposure limits breach under Regulation 55(13) of the NBFC Regulations has been extended from four months to six months;
- b) Maximum limit for application of discretionary discount as per the Annexure-I, Chapter 3 of Circular 33 of 2012 has been enhanced;
- c) The time period for classification of a debt security to non-performing category has been extended from 15 days to 180 days as per the requirements of Annexure-II of Circular 33 of 2012;
- d) Time period to ensure compliance with minimum fund size for Open End Schemes under Regulation 54(3b) of the NBFC regulations has been increased to 180 days for Open End Schemes;
- e) Time for announcement of daily NAV as per the regulatory requirement is extended from 18:30 pm to the start of the next working day.

31.2 Date of authorisation for issue

These financials statements were authorized for issue by Board of Directors of the Management Company on September 24, 2020.

**For UBL Fund Managers Limited
(Management Company)**

SD

Chief Executive Officer

SD

Director

SD

Chief Financial Officer

USF

UBL Stock Advantage Fund

INVESTMENT OBJECTIVE

USF is an open-end Equity Fund, investing primarily in equities listed on the KSE. The Fund seeks to maximize total returns and outperform its benchmark by investing in a combination of securities offering long term capital gains and dividend yield potential.

Management Company	UBL Fund Managers Limited
Trustee	Central Depository Company of Pakistan Limited 99-B, Block-B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi. Tel: (9221) 111-111-500
Distribution Company	United Bank Limited (for detail of others, please visit our website: www.ublfunds.com.pk)
Auditors	Grant Throntan Anjum Rahman
Bankers	United Bank Limited Allied Bank Limited Bank Alfalah Limited Habib Bank Limited MCB Bank Limited Samba Bank Limited Silk Bank Limited Sindh Bank Limited The Bank of Punjab Soneri Bank Limited Habib Bank Limited National Bank of Pakistan Habib Metro Bank Limited
Management Co. Rating	AM1 (JCR-VIS)

Fund Manager's Report – UBL Stock Advantage Fund (USF)

- i) **Description of the Collective Investment Scheme category and type**
Equity / Open-end
- ii) **Statement of Collective Investment Scheme's investment objective**
USF is an open-end Equity Fund, investing primarily in equities listed on the KSE. The Fund seeks to maximize total returns and outperform its benchmark by investing in a combination of securities offering long term capital gains and dividend yield potential.
- iii) **Explanation as to whether the Collective Investment Scheme achieved its stated objective**
The Collective Investment Scheme achieved its stated objective.
- iv) **Statement of benchmark(s) relevant to the Collective Investment Scheme**
KSE-100 Index
- v) **Comparison of the Collective Investment Scheme's performance during the period compared with the said benchmarks**

Monthly Yield	Jul'19	Aug'19	Sep'19	Oct'19	Nov'19	Dec'19	Jan'20	Feb'20	Mar'20	Apr'20	May'20	Jun'20	FYTD
USF	-6.19%	-8.01%	8.22%	8.83%	14.56%	3.44%	3.43%	-7.16%	-24.54%	20.40%	-1.49%	1.35%	4.90%
Benchmark	-5.79%	-7.10%	8.11%	6.62%	14.86%	3.68%	2.20%	-8.76%	-23.04%	16.69%	-0.53%	1.45%	1.53%

Description of the strategies and policies employed during the period under review in relation to the Collective Investment Scheme's performance

USF is an open-end Equity Fund, investing primarily in equities listed on the KSE. The Fund seeks to maximize total returns and outperform its benchmark by investing in a combination of securities offering long term capital gains and dividend yield potential. During the period under review, the fund increased by 4.90% whereas benchmark index's increased by 1.53%, the fund size stood at PKR 5,759mn at end of Jun20. The fund manager maintained major exposure in Commercial Banks (22%), E&Ps (20%), Fertilizer (11%), Power Generation & Distribution (7%) and Cement (7%).

- vi) **Disclosure of the Collective Investment Scheme's asset allocation as at the date of the report and particulars of significant changes in asset allocation since the last report (if applicable)**

Asset Allocation (% of Total Assets)	Jun-19	Jun-20
Equities	92%	91%
Cash	7%	9%
Others	2%	1%
International Investments	0%	0%
T-Bills	0%	0%
Leverage	Nil	Nil

vii) **Analysis of the Collective Investment Scheme's performance**

FY'20 Return:	4.90%
Standard Deviation (12m trailing):	26.92%
Sharpe Ratio (12m trailing):	(0.27)

viii) **Changes in total NAV and NAV per unit since the last review period or since commencement (in case of newly established Collective Investment Schemes)**

Net Asset Value			NAV per unit		
30-Jun-20	30-Jun-19	Change	30-Jun-20	30-Jun-19	Change
Rupees (000)		%	Rupees		%
5,758,755	5,397,660	6.69	60.17	57.3600	4.90

ix) **Disclosure on the markets that the Collective investment Scheme has invested in including review of the market(s) invested in and performance during the year**

Stock Market Review for FY19

Please refer relevant section in Directors' report.

x) **Description and explanation of any significant changes in the state of affairs of the Collective Investment Scheme during the year and up till the date of the manager's report, not otherwise disclosed in the financial statements.**

There were no significant changes in the state of affairs of Collective Investment Scheme during the period that has not been disclosed in the financial statements.

xi) **Breakdown of unit holdings by size**

Range of Units	Number of Investors
	USF
0.0001 - 9,999.9999	4,003
10,000.0000 - 49,999.9999	304
50,000.0000 - 99,999.9999	66
100,000.0000 - 499,999.9999	70
500,000.0000 & Above	26
Total	4,469

xii) Disclosure on unit split (if any), comprising:-

There were no unit splits during the year.

xiii) Disclosures of circumstances that materially affect any interests of unit holders

Investments are subject to market risk.

xiv) Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker(s) or dealer(s) by virtue of transactions conducted by the Collective Investment Scheme.

No soft commissions are received by the AMC from its brokers or dealers by virtue of transactions conducted by the Collective Investment Scheme.

xv) Summary of Actual Proxy Voted By the Fund

	Resolutions	For	Against	Abstain*
Number	7	7	-	-
Percentage	100%	100%	-	-

*Reasons for abstaining shall be disclosed (if applicable).

2. Details where Management Company did not participate in investee company's shareholders meetings (if applicable)

3. The proxy voting policy of the Fund is available on the website of UBL Fund Managers Limited (Management Company) and detailed information regarding actual proxies voted by the Management Company in respect of the Fund is also available without charge, upon request, to all unit holders.

PERFORMANCE TABLE

UBL Stock Advantage Fund

	2020	2019	2018
NET ASSETS AS AT 30 JUNE - Rupees in '000	5,758,755	5,397,660	6,891,411
NET ASSETS VALUE PER UNIT AT 30 JUNE - Rupees *			
Class A units - Offer	61.87	58.98	70.45
- Redemption	60.17	57.36	68.51
RETURN OF THE FUND - %			
Total Return of the Fund	4.52	(16.27)	-10.13
Capital Growth (per unit)	4.52	(16.27)	(10.13)
Date of Income Distribution	-	-	-
Income Distribution	-	-	-
AVERAGE ANNUAL RETURN - %			
One Year	4.52	(16.27)	(10.13)
Second Year	(5.88)	(13.20)	10.01
Third Year	(7.29)	1.25	5.63
Since inception	16.54	19.39	23.88
OFFER / REPURCHASE DURING THE YEAR- Rupees *			
Highest price per unit - Class A units - Offer	75.17	73.51	79.08
Highest price per unit - Class A units - Redemption	73.1	71.49	76.90
Lowest price per unit - Class A units - Offer	48.13	57.82	64.45
Lowest price per unit - Class A units - Redemption	46.81	56.23	62.68

* Front-end load @ 2.5% is applicable

PORTFOLIO COMPOSITION - %

Percentage of Net Assets as at 30 June

PORTFOLIO COMPOSITION BY CATEGORY - %

Bank Balances	8	7.00	8.00
Others	1	2.00	2.00
Equity securities	91	92.00	90.00

PORTFOLIO COMPOSITION BY MARKET - %

Equity market	100.00	100.00	100.00

Note:

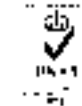
- The Launch date of Fund is 04 August 2006.

DISCLAIMER

Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up.

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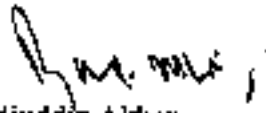
TRUSTEE REPORT TO THE UNIT HOLDERS

UBL STOCK ADVANTAGE FUND

Report of the Trustee pursuant to Regulation 41(b) and clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of UBL Stock Advantage Fund (the Fund) are of the opinion that UBL Fund Managers Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2020 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.


Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 17, 2020



STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 BY UBL FUND MANAGERS LIMITED

NAME OF FUND: UBL STOCK ADVANTAGE FUND

YEAR ENDED: JUNE 30, 2020

The Securities and Exchange Commission of Pakistan (SECP) has exempted open-end collective investment schemes from the requirements of the Listed Companies (Code of Corporate Governance) Regulations (the Regulations). However, the Board of Directors (the Board) of UBL Fund Managers Limited [the Management Company of UBL Stock Advantage Fund (the Fund)], for the purpose of establishing a framework of good governance has voluntarily opted to comply with the relevant provisions of the Regulations.

The Management Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven as per the following:
 - a. Male: Five Directors; and
 - b. Female: Two Directors.
2. The composition of the Board is as follows:

Category	Name
Independent Directors	Mr. Azhar Hamid Ms. Naz Khan*
Executive Directors	Mr. Yasir Qadri
Non-Executive Directors	Mr. Imran Sarwar Ms. Sadia Saeed Mr. Arif Akmal Saifie** Syed Furrukh Zaeem
Female Director	Ms. Naz Khan* Ms. Sadia Saeed

* Ms. Naz Khan has resigned dated July 20, 2020

** Mr. Arif Akmal Saifie was appointed as a director from March 20, 2020

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including the Management Company.
4. The Management Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures.
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Management Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Management Company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.

8. The Board has a formal policy and transparent procedures for remuneration of its directors in accordance with the Act and these Regulations.
9. The following directors and executives have acquired the prescribed Directors' Training Program (DTP) certification:

Directors

- a. Mr. Imran Sarwar
- b. Mr. Yasir Qadri
- c. Ms. Naz Khan
- d. Ms. Sadia Saeed
- e. Syed Furrukh Zaeem

Executives

- a. Mr. Amin Gulamani (Head of Human Resources)
 - b. Mr. Hadi Hassan Mukhi (Head of Compliance and Risk)
 - c. Mr. Umair Ahmed (Chief Financial Officer)
 - d. Mr. Zeeshan Quddus (Chief Business Development Officer)
10. The Board has approved appointment of the Chief Financial Officer (CFO), the Company Secretary and the Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with the relevant requirements of the Regulations.
 11. The Chief Executive Officer (CEO) and CFO duly endorsed the financial statements of the Fund before approval of the Board.
 12. The Board has formed committees comprising of members given below.

Board Audit Committee

Name	Designation	Type of Directorship
Ms. Naz Khan*	Chairman	Independent Director
Mr. Arif Akmal Saifie**	Member	Non-Executive Director
Mr. Imran Sarwar	Member	Non-Executive Director
Ms. Sadia Saeed	Member	Non-Executive Director
Mr. Tauqeer Mazhar***	Member	Non-Executive Director

Board Human Resource and Compensation Committee

Name	Designation	Type of Directorship
Mr. Azhar Hamid	Chairman	Independent Director
Mr. Yasir Qadri	Member	Executive Director
Ms. Naz Khan*	Member	Independent Director
Ms. Sadia Saeed	Member	Non-Executive Director
Syed Furrukh Zaeem	Member	Non-Executive Director

Board Risk and Compliance Committee

Name	Designation	Type of Directorship
Mr. Imran Sarwar	Chairman	Non-Executive Director
Mr. Azhar Hamid	Member	Independent Director
Mr. Arif Akmal Saifie**	Member	Non-Executive Director
Mr. Tauqeer Mazhar***	Member	Non-Executive Director
Mr. Yasir Qadri	Member	Executive Director
Syed Furrugh Zaeem	Member	Non-Executive Director

* Ms. Naz Khan has resigned dated July 20, 2020

** Mr. Arif Akmal Saifie was appointed as a director from March 20, 2020

*** Mr. Tauqeer Mazhar resigned as a director from January 30, 2020

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
14. The frequency of meetings of the committees was as follows:
 - a. The Board Audit Committee: quarterly - six meetings held
 - b. The Board Human Resource and Compensation Committee: quarterly - five meetings held
 - c. The Board Risk and Compliance Committee: quarterly - four meetings held
15. The Board has set up an effective internal audit function. The Function has suitably qualified and experienced staff for the purpose and they are conversant with the policies and procedures of the Management Company.
16. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and are registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the Partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of CEO, CFO, the Head of Internal Audit, the Company Secretary or directors of the Management Company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of Regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with.
19. We confirm that any other significant requirements of the Regulations have been complied with.

AZHAR HAMID
Chairman

Karachi.
Dated: **September 25, 2020**



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An instinct for growth

**Review report on the Statement of Compliance contained in
Listed Companies (Code of Corporate Governance) Regulations, 2019**

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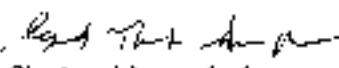
We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors (the Board) of UBL Fund Managers Limited (the Management Company) of UBL Stock Advantage Fund (the Fund) for the year ended June 30, 2020 in accordance with the requirement of regulation 38 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of the Management Company of the Fund. Our responsibility is to review, whether the Statement of Compliance reflects the status of the Management Company's compliance with the provisions of the Regulations in respect of the Fund and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls the Management Company's corporate governance procedures and risks.

The Regulations require the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for their review and approval, the Fund's related party transactions. We are only required and have ensured compliance of this requirement to the extent of approval of related party transactions by the Board upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance appropriately reflect the Management Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Fund for the year ended June 30, 2020.


Chartered Accountants
Dated: September 25, 2020
Karachi



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INDEPENDENT AUDITOR'S REPORT

To the Unit Holders of UBL Stock Advantage Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of UBL Stock Advantage Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2020, income statement, statement of comprehensive income, statement of movement in unit holders' fund and statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at June 30, 2020 and of its financial performance and its cash flows for the year then ended in accordance with approved accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current 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.

Key audit matter	How the matter was addressed in our audit
Net Asset Value (NAV) As disclosed in note 6 to the financial statements, investments amount to Rs 5,476,262 million as at June 30, 2020 constituting the most significant component of the NAV of the Fund. The valuation of investments for the determination of NAV as at June 30, 2020 was considered as a high risk area and therefore, we consider this as a key audit matter.	Our audit procedures among others included: • Obtained an understanding of design effectiveness of the key controls in respect of investments. • Obtained independent confirmation for verifying the existence of the investment portfolio as at June 30, 2020 and reconciled it with the books and records of the Fund. • Re-performed valuation to assess that the investments are carried as per valuation methodology specified in the accounting policies.

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Information Other than the Financial Statements and Auditor's Report Thereon

The Management Company is responsible for the other information. The other information comprises the information included in the annual report in respect of the fund, but does not include the financial statements and our auditor's report thereon and the information related to any other fund.

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

The Management Company is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and for such internal control as the Management Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management Company is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management Company either intends to liquidate the Fund or to cease operations or has no realistic alternative but to do so.

Board of Directors of the Management Company are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Management Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management Company.
- Conclude on the appropriateness of Management Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we

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conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors of the Management Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the Board of Directors of the Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

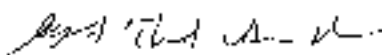
Report on Other Legal and Regulatory Requirements

In our opinion, the accompanying financial statements have been prepared, in all material respects in accordance with the relevant provisions of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008

Other Matter

The financial statements for the year ended June 30, 2019 were audited by another firm of auditors who expressed an unmodified opinion on those financial statements on September 24, 2019.

The engagement partner on the audit resulting in this independent auditor's report is Khuram Jameel.



Chartered Accountants
Place: Karachi
Date: September 24, 2020

UBL STOCK ADVANTAGE FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2020

	Note	2020 ----- (Rupees in '000) -----	2019 ----- (Rupees in '000) -----
ASSETS			
Bank balances	5	516,622	370,665
Investments	6	5,476,262	5,092,738
Dividend and profit receivable	7	12,304	32,378
Security deposits, advances and other receivables	8	7,205	20,902
Advance tax	9	3,004	2,938
Total assets		6,015,397	5,519,621
LIABILITIES			
Payable to UBL Fund Managers Limited - Management Company	10	41,618	17,811
Payable to Central Depository Company of Pakistan Limited - Trustee	12	633	620
Payable to Securities and Exchange Commission of Pakistan	13	1,098	6,348
Accrued expenses and other liabilities	14	213,293	97,181
Total liabilities		256,642	121,960
Net assets		5,758,755	5,397,661
Unit Holders' Fund (as per statement attached)		5,758,755	5,397,661
CONTINGENCIES AND COMMITMENTS			
	15	----- (Number of units) -----	
Number of units in issue	16	95,706,008	94,108,978
		----- (Rupees) -----	
Net asset value per unit		60.17	57.36
Face value per unit		100	100

The annexed notes 1 to 32 form an integral part of these financial statements.

FOR UBL FUND MANAGERS LIMITED
(Management Company)

SD
Chief Executive Officer

SD
Chief Financial Officer

SD
Director

**UBL STOCK ADVANTAGE FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020**

	Note	2020 ------(Rupees in '000)-----	2019
INCOME			
Profit on:			
- bank deposits		44,923	45,544
- government securities		1,043	6,372
Gain/(loss) on sale of investments - net		206,088	(159,570)
Dividend income		262,769	313,486
Other income		228	-
Unrealised loss on re-measurement of investments at fair value through profit or loss - net	6.1 & 6.2	(168,102)	(1,090,686)
		346,948	(884,854)
EXPENSES			
Remuneration of the Management Company	10.1	109,763	133,835
Sindh Sales Tax on remuneration of the Management Company	10.2	14,269	17,373
Allocated expenses	10.3	5,488	6,682
Allocated selling and marketing expenses	11	55,389	26,727
Remuneration of the Trustee	12.1	7,335	8,680
Annual fee - Securities and Exchange Commission of Pakistan	13.1	1,098	6,348
Auditor's remuneration	17	502	517
Brokerage and settlement charges		13,441	13,585
Listing fee		28	25
Legal and professional charges		212	208
Bank charges		127	196
Other expenses		5	3
		207,657	213,979
Net operating income/(loss) for the year		139,292	(1,098,833)
Provision for Sindh Workers' Welfare Fund	14.2	(2,745)	-
Net income/(loss) for the year before taxation		136,547	(1,098,833)
Taxation	18	-	-
Net income/(loss) for the year after taxation		136,547	(1,098,833)
Allocation of net income for the year			
Net income for the year after taxation		136,547	-
Income already paid on units redeemed		(5,712)	-
		130,835	-
Accounting income available for distribution			
- Relating to capital gains		32,502	-
- Excluding capital gains		98,333	-
		130,835	-
Earnings per unit	19		

The annexed notes 1 to 32 form an integral part of these financial statements.

FOR UBL FUND MANAGERS LIMITED
(Management Company)

SD

Chief Executive Officer

SD

Chief Financial Officer

SD

Director

UBL STOCK ADVANTAGE FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	-----{Rupees in '000}-----	
Net income / (loss) for the year after taxation	136,547	(1,098,833)
Other comprehensive income	-	-
Total comprehensive income / (loss) for the year	136,547	(1,098,833)

The annexed notes 1 to 32 form an integral part of these financial statements.

FOR UBL FUND MANAGERS LIMITED
(Management Company)

SD
Chief Executive Officer

SD
Chief Financial Officer

SD
Director

UBL STOCK ADVANTAGE FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	2020		2019
	Capital value	Undistributed income	Total
			Total
	(Rupees in '000)		
Net assets at the beginning of the year	5,211,407	186,254	5,397,661
Amount received on issue of 88,662,012 units (2019: 66,281,562 units)			
- capital value	5,085,653	-	5,085,653
- element of income/(loss)	499,663	-	499,663
Total amount received on issuance of units	5,585,316	-	5,585,316
Amount paid on redemption of 87,062,982 units (2019: 72,771,318 units)			
- capital value	(4,993,933)	-	(4,993,933)
- element of income/(loss)	(361,124)	(5,712)	(366,836)
Total amount paid on redemption of units	(5,360,769)	(5,712)	(5,360,769)
Total comprehensive income/(loss) for the year	-	136,547	136,547
Distribution during the year	-	-	-
Net income/(loss) for the year less distribution	-	136,547	136,547
Net assets at the end of the year	5,435,954	317,089	5,758,755
Undistributed income brought forward comprising of:			
- Realised	-	1,276,940	1,276,940
- Unrealised	-	(1,090,686)	(1,090,686)
	-	186,254	186,254
Accounting income available for distribution:			
- Relating to capital gains	-	32,502	32,502
- Excluding capital gains	-	98,333	98,333
	-	130,835	130,835
Net income/(loss) for the year after taxation	-	136,547	136,547
Undistributed income carried forward - net	-	317,089	317,089
Undistributed income carried forward comprising of:			
- Realised income	-	485,191	485,191
- Unrealised loss	-	(168,102)	(168,102)
	-	317,089	317,089
	----- Rupees -----		
Net assets value per unit at beginning of the year	57.36	68.51	
Net assets value per unit at end of the year	60.17	57.36	

The annexed notes 1 to 32 form an integral part of these financial statements.

FOR UBL FUND MANAGERS LIMITED
(Management Company)

SD
Chief Executive Officer

SD
Chief Financial Officer

SD
Director

**UBL STOCK ADVANTAGE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020**

	2020	2019
	------(Rupees in 000')-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income/(loss) for the year before taxation	136,547	(1,098,833)
Adjustments for non-cash charges and other items:		
Profit on bank deposits	(44,923)	(51,916)
Gain on sale of investments - net	(206,088)	159,570
Dividend income	(262,769)	(313,486)
Provision for Sindh Workers' Welfare Fund	2,745	-
Unrealised loss on re-measurement of investments at fair value through profit or loss - net	168,102	1,090,686
	(342,933)	884,854
Decrease / (increase) in assets		
Investments	(345,538)	70,223
Security deposits, advances and other receivables	13,697	(16,739)
	(331,841)	53,484
Increase / (decrease) in liabilities		
Payable to the Management Company	23,807	(4,336)
Payable to Trustee	13	(141)
Payable to Securities and Exchange Commission of Pakistan	(5,250)	(217)
Accrued expenses and other liabilities	113,367	(4,719)
	131,937	(9,413)
	(406,290)	(169,908)
Profit on bank deposits received	45,640	50,918
Dividend received	282,126	297,262
Tax paid	(66)	(44)
Net cash (used in)/generated from operating activities	(78,590)	178,228
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issuance of units	5,585,316	4,381,089
Payments against redemption of units	(5,360,769)	(4,770,617)
Net cash generated from/(used in) financing activities	224,547	(389,528)
Net increase/(decrease) in cash and cash equivalents	145,957	(211,300)
Cash and cash equivalents at the beginning of the year	370,665	581,965
Cash and cash equivalents at the end of the year	<u>516,622</u>	<u>370,665</u>

The annexed notes 1 to 32 form an integral part of these financial statements

FOR UBL FUND MANAGERS LIMITED
(Management Company)

SD

Chief Executive Officer

SD

Chief Financial Officer

SD

Director

UBL STOCK ADVANTAGE FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

UBL Stock Advantage Fund (the Fund) was established under the Trust Deed executed between UBL Fund Managers Limited (the Management Company - a wholly owned subsidiary company of United Bank Limited) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on June 5, 2006 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on June 27, 2006 in accordance with the requirements of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). The Fund commenced its operations from August 04, 2006.

The Management Company of the Fund is registered with the SECP as a Non-Banking Finance Company under the NBFC Rules, 2003. The registered office of the Management Company is situated at 4th Floor, STSM Building, Beaumont Road, Civil Lines, Karachi.

The Fund is an open ended mutual fund categorised as Equity Fund and is listed on the Pakistan Stock Exchange Limited. The units of the Fund are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holders.

The investment objective of the Fund is to provide investors long-term capital appreciation by investing primarily in a mix of equities that offer capital gains and dividend yield potential. The Fund mainly makes investments in a diversified portfolio of shares of listed companies and treasury bills not exceeding 90 days maturity.

JCR - VIS Credit Rating Company has assigned management quality rating of AM1 to the Management Company on December 31, 2019.

Title to the assets of the Fund is held in the name of the CDC as the Trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

UBL STOCK ADVANTAGE FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except that investments are measured at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Fund's functional and presentation currency.

2.4 Critical accounting estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets 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.

The estimates and judgments that have a significant effect on the financial statements are in respect of classification, valuation and impairment of financial assets.

3. NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO APPROVED ACCOUNTING STANDARD

3.1 Adoption of standards and amendments effective during the year

The Fund has adopted the following standards, amendments and interpretations which became effective during the year:

Standard or interpretation	Effective date (Annual periods beginning on or after)
IFRS 16 'Leases'	January 1, 2019
IAS 12 'Income tax consequences of payments on financial instruments classified as equity'	January 1, 2019
IAS 23 Borrowing costs eligible for capitalization	January 1, 2019
IFRS 3 Previously held interest in a joint operation	January 1, 2019
IFRS 9 Prepayment features with negative compensation	January 1, 2019
IFRS 11 Previously held interest in a joint operation	January 1, 2019
IFRIC 23 'Uncertainty over Income Tax Treatments'	January 1, 2019
IAS 28 'Long-term interests in Associates and Joint Ventures' (Amendments)	January 1, 2019
IAS 19 'Plan Amendment, Curtail or Settlement' (Amendments)	January 1, 2019
Annual improvements to IFRSs 2015 - 2017 Cycle	January 1, 2019

Adoption of the above standards and interpretations does not have material effect on the financial statements.

UBL STOCK ADVANTAGE FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

3.2 Standards not yet effective

The following standards and amendments are only effective for accounting periods, beginning on or after the date mentioned against each of them.

Standards	Effective from accounting period beginning on or after
IFRS 3 'Definition of a business' (Amendments)	January 1, 2020
IAS 1/IAS 8 'Definition of Material' (Amendments)	January 1, 2020
IFRS 7 and IFRS 9 - Interest Rate Benchmark Reform	January 1, 2020
Various Amendments to References to the Conceptual Framework in IFRS Standards	January 1, 2020

The above standards and interpretations are not expected to have any material impact on the Funds' financial statements in the period of initial application.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Financial instruments

4.1.1 Financial assets

IFRS 9 contains three principal classification categories for financial assets:

- Amortized cost,
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss (FVTPL)

Financial assets under FVTPL are recognised in the Fund's statement of assets and liabilities when the Fund becomes a party to the contractual provisions of the instrument. The fund classifies its financial assets under FVTPL category as financial assets are not held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Financial assets at FVTPL are initially measured at fair value and transaction costs, that are directly attributable to the acquisition of these assets, is immediately charged to income statement. Subsequently, all financial assets at FVTPL are measured at fair value with gains and losses arising from changes in fair value and on sale being recorded in the income statement.

The fair value of financial assets is determined as follows:

The fair value of shares of listed companies is based on their prices quoted on the Pakistan Stock Exchange Limited at the reporting date without any deduction for estimated future selling costs.

Debt securities are valued based on the rates determined and published by MUFAP in accordance with methodology prescribed by SECP for valuation of debt securities.

4.1.2 Impairment

The SECP through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore the Fund will not be subject to the impairment provisions of IFRS 9. Meanwhile, asset management companies shall continue to follow the requirements of Circular 33 of 2012.

UBL STOCK ADVANTAGE FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

For financial assets other than debt securities measured at amortised cost, IFRS 9 requires recognition of impairment based on expected credit loss (ECL) model rather than incurred credit loss model as previously required under IAS 39. Under IFRS 9, the Fund is required to measure loss allowance of an amount equal to lifetime ECL or 12 months ECL based on credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

4.1.3 Financial liabilities

Financial liabilities are recognised in the Fund's statement of assets and liabilities when the Fund becomes a party to the contractual provisions of the instrument. All financial liabilities are initially measured at fair value and subsequently at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

4.1.4 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the entity has transferred substantially all risks and rewards of ownership.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

4.1.5 Regular way contracts

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention are recognised at the trade date. Trade date is the date on which the Fund commits to purchase or sell assets.

4.2 Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the statement of assets and liabilities if the Fund has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

4.3 Derivatives

Derivative instruments are initially recognized at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the income statement. Derivatives with positive fair values (unrealised gains) are included in other assets and derivatives with negative fair values (unrealised losses) are included in other liabilities in the statement of assets and liabilities.

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4.4 Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

4.5 Collaterals

Cash collaterals provided by the Fund are identified in the statement of assets and liabilities as margin and are not included as a component of cash and cash equivalents. For collaterals other than cash, if the party to whom the collaterals are provided has a right by contract or custom to sell or re-pledge the collaterals, the Fund classifies those collaterals in the statement of assets and liabilities separately from other assets and identifies the assets as pledged collaterals. Where the party to whom the collaterals are provided does not have the right to sell or re-pledge, a disclosure of the collaterals provided is made in the notes to the financial statements.

4.6 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders (excluding distribution made by issuance of bonus units).

The Fund is also exempt from the Provisions of Section 113 (minimum tax) and section 113C (Alternative Corporate Tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

The Fund has not recognised any amount in respect of deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing in cash at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders.

4.7 Distributions

Dividend distribution to the Unit Holders is recognized in the period in which these are approved.

4.8 Issuance and redemption of units

Units issued are allocated at the offer price, prevalent on the day on which the applications for purchase of units are received, however, units are issued on the receipt of cash / realisation of cheques. The offer price represents the net asset value per unit as at the close of the business day plus the allowable front-end sales load and provision of any duties and charges, if applicable. The sales load is payable to the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the Fund receives redemption applications during the business hours of that day. The redemption price represents the net asset value per unit as at the close of the business day less any back-end load and an amount that the management company may consider to be an appropriate provision of duties and charges. Redemption of units is recorded on acceptance of application for redemption.

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4.9 Element of income / (loss) included in prices of units issued less those in units redeemed

Element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund.

4.10 Net asset value per unit

The Net Asset Value (NAV) per unit, as disclosed in the statement of assets and liabilities, is calculated by dividing the net assets of the Fund by the number of units in issue at year end.

4.11 Revenue recognition

- Dividend income on equity securities is recognised in the income statement when the right to receive the dividend is established.
- Realised capital gains / losses arising on sale of investments are included in the income statement on the date at which the sale transaction takes place.
- Profit on bank balances and government securities is recognised on a time proportionate.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are included in the income statement in the year in which they arise.

4.12 Cash and cash equivalents

Cash and cash equivalents comprise balances with banks and short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried in the statement of assets and liabilities at cost.

5	BANK BALANCES	Note	2020	2019
			-----Rupees in '000-----	
	- PLS accounts	5.1	516,622	370,578
	- Current accounts		-	89
			516,622	370,665

5.1 Profit rates on PLS accounts range between 3.75% to 11.25% (2019: 6.2% to 11.25%) per annum.

6.	INVESTMENTS	Note	2020	2019
			-----Rupees in '000-----	
	At fair value through profit or loss			
	Equity securities	6.1	5,476,262	5,092,738
	Government securities	6.2	-	-
			5,476,262	5,092,738

8.1 Equity securities

(Ordinary Shares of Rs. 10 each unless indicated otherwise)

Name of Investee Company	As at July 31, 2019	Purchased / Sold during the year	As at June 30, 2020	Total carrying value as at June 30, 2020	Total market value as at June 30, 2020	Appreciation / (depreciation) as at June 30, 2020	Market value as a percentage of net assets	Market value as a percentage of total value of investments	Investment as a percentage of paid up capital of investee company
Oil and Gas Marketing Companies									
Hafsa Petroleum Limited	37,300	-	(27,800)	-	-	-	-	-	-
Pakistan State Oil Company Limited	6.3 & 6.4	317,815	(40,380)	277,435	84,270	(1,195)	1.44	1.52	1.12
Attock Petroleum Limited	-	2,700	-	2,700	326	824	0.01	0.02	0.03
					84,596	(1,100)	1.45	1.54	
Oil and Gas Exploration Companies									
Oil & Gas Development Company Limited	6.3	2,408,112	(1,235,462)	1,172,650	3,488,888	(42,088)	0.57	0.58	0.01
Pakistan Petroleum Limited	-	1,238,817	(3,840,888)	(2,602,071)	2,977,438	(244,464)	4.25	4.48	1.04
Pakistan Oilfields Limited	-	427,548	(330,800)	(96,748)	148,243	168,879	2.80	2.74	1.51
National Refinery Limited	-	18,900	(18,900)	-	-	-	-	-	-
Mari Petroleum Company Limited	-	272,872	(102,817)	170,055	322,832	(449,055)	7.80	8.20	2.72
					1,233,673	1,221,696	(12,107)	22.32	22.38
GLASS MANUFACTURING COMPANIES									
Tariq Glass Industries Limited	-	1,132,800	(1,132,800)	-	-	-	-	-	-
FERTILIZER									
Egro Corporation Limited	-	1,000,425	(817,113)	(183,308)	1,308,938	388,855	8.74	7.08	2.30
Egro Fertilizers Limited	-	1,811,304	(2,840,888)	(1,029,584)	2,744,449	(167,510)	2.87	3.02	2.06
Fauji Fertilizer Company Limited	-	1,888,838	(1,786,827)	(1,000,000)	1,188,338	113,322	18.15	2.28	0.94
Fauji Fertilizer Bin Qasim Limited	-	2,000,004	(2,420,000)	(419,996)	391,000	7,642	0.91	6.11	0.41
Fabrics Fertilizer Company Limited	-	80,800	(15,000)	24,500	570	(55)	0.01	0.01	-
					878,211	691,858	21,447	12.01	12.63
CHEMICALS									
Egro Polymer & Chemicals Limited	-	4,243,388	(1,808,800)	(3,397,000)	2,714,388	88,285	(11,500)	1.18	1.05
Loba Chemical Pakistan Limited	-	1,220,000	(860,800)	(359,200)	-	-	-	-	-
Sharda Chemicals Industries	-	-	(25,070)	(25,070)	8,989	8,928	1.04	0.14	1.35
Sharda Chemicals Limited	-	-	(75,258)	(75,258)	1,355	1,883	0.02	0.04	0.88
ICI Pakistan Limited	-	85,800	(85,800)	-	46,538	45,904	(0.4)	0.03	0.71
Ajko Nohel Pakistan Limited	-	55,000	(55,000)	-	-	-	-	-	-
					104,186	124,320	(2,894)	3.15	2.28
CEMENT									
Chenab Cement Company Limited	-	693,000	(45)	(693,000)	88	(44)	0.00	0.00	-
Majda Leaf Cement Factory	-	190,000	(190,000)	-	-	-	-	-	-
Rohat Cement Company Limited	-	2,020,712	(1,400,212)	(620,500)	1,400,462	88,295	223.423	133.121	8.09
Lucky Cement Limited	6.3	300,384	(400,000)	(99,616)	491,688	163,885	213.171	19.218	3.79
Power Cement Limited	-	880,000	(880,000)	-	-	-	-	-	-
					284,250	435,575	(151,325)	7.58	7.97
PAPER AND BOARD									
Century Paper and Board Mills	-	1,494,073	(830,918)	(663,155)	1,280,988	42,343	(87,900)	45,028	1.53
Packages Limited	-	127,000	(25,818)	(101,182)	86,978	12,698	18,186	3,527	0.28
					54,998	104,152	(49,154)	1.87	1.91
INSURANCE									
Adams Insurance Company Limited	-	4,780,010	(1,874,344)	(3,905,666)	9,341,780	220,100	208,875	(20,180)	3.65
ICI Holdings Limited	-	-	(147,300)	(147,300)	107,800	19,284	19,453	(411)	0.34
					250,000	228,429	(21,571)	3.88	4.19
COMMERCIAL BANKS									
Bank Alfalah Limited	-	6,080,588	(1,879,327)	(4,201,261)	6,281,836	272,804	218,881	(51,923)	3.88
Hafsa Bank Limited	-	3,590,088	(2,160,554)	(1,429,536)	2,432,587	415,730	331,343	(81,187)	9.78
National Bank of Pakistan	-	80,000	(80,000)	-	320	11	9	(2)	0.00
MCB Bank Limited	-	1,888	(212,000)	(210,112)	1,888	318	275	(45)	0.00
United Bank Limited	-	3,127,091	(1,079,462)	(2,047,629)	2,340,273	331,020	282,180	(48,840)	4.55
Faysal Bank Limited	6.4	44,364	-	44,364	44,364	938	818	(337)	0.01
Allied Bank Limited	-	2,884,228	(800,300)	(2,083,928)	3,897,726	344,015	286,185	(57,830)	4.52
Bank Al Habib Limited	-	7,086	(4,008,967)	(4,001,881)	4,881,780	322,332	234,388	(87,944)	4.07
					1,884,217	1,326,100	(558,117)	22.57	23.72
TEXTILE COMPOSITE									
Nishat Mills Limited	-	1,095,001	(400,300)	(694,701)	870,721	89,130	78,165	(10,965)	1.30
Gul Ahmed Textile Mills Limited	-	2,428,121	(878,724)	(1,549,397)	1,862,345	72,940	58,755	(14,185)	0.06
Mohsin Textile Mills Limited	6.4	788,888	(818,174)	(29,286)	4,813,280	129,438	153,185	23,877	2.86
Synthetic Products Ltd	-	650,000	(15,000)	(635,000)	645,000	25,060	28,819	1,758	0.47
					316,008	312,834	(3,174)	5.44	3.72
POWER GENERATION AND DISTRIBUTION									
The Hub Power Company Limited	6.3	4,836,854	(1,525,788)	(3,311,066)	4,103,037	326,264	268,738	(57,526)	8.18
Saf Power Limited	-	1,682,318	(1,682,318)	-	3,118,218	58,164	58,164	(0.00)	0.07
Lahore Power Limited	-	3,001,540	(1,280,086)	(1,721,454)	3,203,228	36,888	57,582	20,694	0.68
Pak Gen Power Limited	-	3,885,888	(3,885,888)	-	4,231,804	18,209	58,622	(7,413)	0.88
K-Electric Limited (face value Rs. 5 per share)	-	6,786,847	(38,907)	(6,825,754)	1,913,489	7,830	8,450	(620)	0.03
					489,546	442,402	(47,144)	7.88	8.89
AUTOMOBILE PARTS AND ACCESSORIES									
Thal Limited (face value Rs. 5 per share)	-	280,800	(280,800)	-	444,420	152,424	144,410	(8,014)	2.51
Millat Tractors Limited	-	-	(15,000)	(15,000)	-	-	-	-	-
					152,424	144,410	(8,014)	2.51	2.84
ENGINEERING									
Amtek Steels Limited	-	87	(87)	-	-	-	-	-	-
International Steels Limited	-	17,400	(17,400)	-	-	-	-	-	-
Pak Electronics Limited	-	488,800	(488,800)	-	-	-	-	-	-
International Industries Limited	-	240,880	(188,230)	(52,650)	-	-	-	-	-
FOOD AND PERSONAL CARE PRODUCTS									
Al-Sharqee Corporation	6.4	2,280,418	(4,987,196)	(2,706,778)	3,822,330	33,704	30,262	(3,442)	0.88
Al-Sharqee Corporation Limited (R)	-	-	(1,888,881)	(1,888,881)	-	-	-	-	-
					33,704	30,262	(3,442)	0.88	0.88
PHARMACEUTICALS									
The Searle Company Limited	6.4	288,426	(244,180)	(44,246)	880,808	75,748	77,864	2,116	1.30
Glen Swifeline Consumer Healthcare	-	-	(30,000)	(30,000)	5,930	5,434	(496)	0.09	0.12
					81,348	83,298	(1,950)	1.44	1.52
TECHNOLOGY & COMMUNICATION									
Systems Limited	-	1,075,100	(287,280)	(787,820)	1,228,800	118,869	226,988	107,388	5.92
Service Industries Limited	-	-	(71,880)	(71,880)	21,500	23,114	17,528	(5,586)	0.30
					138,477	240,502	104,730	4.22	4.44

Name of Investor Company	As at July 01, 2018	Purchased / bonus received during the year	Sold during the year	As at June 30, 2020	Total carrying value as at June 30, 2020	Total market value as at June 30, 2020	Appreciation / (depreciation) as at June 30, 2020	Market value as a percentage of net assets	Market value as a percentage of total value of Investment	Investment as a percentage of paid up capital of investor company
Quoted Investments	Note	Number of shares			Rupees in '000			Percentage (%)		
BROKERAGE										
Auf Habo Limited	-	518,000	(7,500)	517,000	27,248	19,819	(7,430)	0.29	0.31	8.70
					27,248	19,819	(7,430)	0.29	0.31	
LEASING COMPANY										
CRIC Leasing Pakistan Limited	-	327,000	(327,000)	-	-	-	-	-	-	-
					-	-	-	-	-	
MOGARABA COMPANY										
Ora Moderate	-	208,000	(208,000)	-	-	-	-	-	-	-
					-	-	-	-	-	
SUGAR INDUSTRY										
JDW Sugar Mills Limited	-	18,000	(18,000)	-	-	-	-	-	-	-
Shahmud Sugar Mills Ltd	-	17,000	(17,000)	-	-	-	-	-	-	-
					-	-	-	-	-	
MISCELLANEOUS										
Ti-pak Film	-	190,000	(10,000)	180,000	8,427	9,108	681	0.10	0.17	2.68
					8,427	9,108	681	0.10	0.17	
Total June 30, 2019					8,644,385	8,476,262	(168,123)			
Total June 30, 2018					6,183,424	6,362,738	(1,079,314)			

6.2 Government securities

Issue Date	Tenor	Face value				Market value as at June 30, 2020	Market Value as a percentage of	
		As at July 01, 2019	Purchased during the year	Sold / matured during the year	As at June 30, 2020		Net assets	Market value of total investments

------(Rupees in '000)----- Rs in '000'

Market treasury bills

09-Jan-2020	3 months	-	250,000	250,000	-	-	-	-
18-Jul-2019	3 months	-	300,000	300,000	-	-	-	-
12-Nov-2019	3 months	-	300,000	300,000	-	-	-	-
07-Nov-2019	3 months	-	300,000	300,000	-	-	-	-
		-	1,150,000	1,150,000	-	-	-	-

Cost of investment at June 30, 2020

- 6.3 The above equity securities include 0.71 million shares (2019: 1.641 million shares) pledged with National Clearing Company of Pakistan Limited (NCCPL) having market value of Rs.83.8023 million (2019: Rs. 117.475 million) for guaranteeing settlement of the Fund's trades in accordance with circular No. 11 dated October 23, 2007 issued by the SECP.
- 6.4 This includes gross bonus shares as per Fund's entitlement declared by the investee company. The Finance Act, 2014 had brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by shareholders were to be treated as income and a tax at the rate of 5 percent was to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other Asset Management Companies (AMCs) and Mutual Fund Association of Pakistan (MUFAP), filed a petition in Honourable Sindh High Court (SHC) to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under clause 47B and 99 of Second schedule of the Income Tax Ordinance, 2001. SHC has granted stay order till the final outcome of the case. However, the investee company(s) has withheld shares equivalent to 5% of bonus entitlement of the Fund having fair market value of Rs. 11.057 million (2019: Rs. 8.792 million) at year end. Such shares have not been deposited in the CDC account of the department of Income tax. The Management Company is of the view that the decision will be in its favour and accordingly has recorded the bonus shares on gross basis. Through Finance Act, 2018, the tax on bonus shares was withdrawn.

2020 2019
------(Rupees in '000)-----

7. DIVIDEND AND PROFIT RECEIVABLE

Dividend receivable	9,098	28,455
Accrued profit on bank accounts	3,206	3,923
	12,304	32,378

8. SECURITY DEPOSITS, PREPAYMENTS ADVANCES AND OTHER RECEIVABLES

Security deposits with:		
- National Clearing Company of Pakistan Limited	2,500	3,500
- Central Depository Company of Pakistan Limited	100	100
Advance against exposure margin to NCCPL	4,600	4,600
Receivable against unit issuance	5	563
Receivable against sale of investments	-	12,139
	7,205	20,902

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9 ADVANCE TAX

The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001. Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of Income Tax Ordinance, 2001 from withholding of tax under section 150, 150A, 151 and 233 of Income Tax Ordinance, 2001. The Federal Board of Revenue (FBR), through a circular "C.No.1 (43) DG (WHT) / 2008-Vol.II- 66417-R" dated May 12, 2015, made it mandatory to obtain exemption certificates under section 159 (1) of the Income Tax Ordinance, 2001 from Commissioner Inland Revenue (CIR). Prior to receiving tax exemption certificate(s) from CIR various withholding agents had deducted advance tax under section 150, 150A and 151 of Income Tax Ordinance, 2001. The Management Company has filed refund application and is confident that the same shall be refunded.

10	PAYABLE TO UBL FUND MANAGERS LIMITED - MANAGEMENT COMPANY	Note	2020	2019
			------(Rupees in '000)-----	-----
	Management fee (including Sindh sales tax there against)	10.1 & 10.2	10,611	10,522
	Sales load and conversion charges		2,433	516
	Allocated expenses	10.3	1,487	999
	Selling and marketing expenses	11	27,070	5,757
	Other payable		17	17
			<u>41,618</u>	<u>17,811</u>

10.1 As per the amended NBFC Regulations dated November 25, 2015 the Management Company is entitled to remuneration of an amount not exceeding 2% of average daily net assets of the Fund. The Management Company has charged remuneration at the rate of 2% (2019: 2%) of average annual net assets of the Fund.

10.2 The Provincial Government of Sindh has levied Sindh Sales Tax at the rate of 13% (2019: 13%) on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.

10.3 As per regulation 60(3)(s) of the amended NBFC Regulations dated November 25, 2015, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the scheme, maximum up to 0.1% of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged 0.1% of the average annual net assets, being the lower amount to the Fund.

11. ALLOCATED SELLING AND MARKETING EXPENSES

SECP vide circular no. 04 SCD/Circular/04/2019 dated July 05, 2019, removed the limit on selling and marketing expenses and allowed the AMCs to charge selling and marketing expense to all categories of open end mutual funds except for fund of fund subject to verification of Trustee and approval of Board of Directors (BOD). During the year, the management company has charged selling and marketing expense at the rate 1.01% from July 01, 2019 to April 08, 2020 and at 2.01% from April 09, 2020 to June 30, 2020 on the average annual net assets of the Fund calculated on daily basis.

12.	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2020	2019
			------(Rupees in '000)-----	-----
	Trustee fee (including Sindh sales tax there against)	12.1	<u>633</u>	<u>620</u>

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- 12.1** As per the Trust Deed and Offering Document, the tariff structure applicable to the Fund in respect of the trustee fee for the year ended June 30, 2020 is as follows:

Net Assets	Tariff per annum
Upto Rs 1,000 million	Rs 0.7 million or 0.20% p.a. of NAV, whichever is higher
On an amount exceeding Rs 1,000 million	Rs 2.0 million plus 0.10% p.a of NAV

13. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

	Note	2020 ------(Rupees in '000)-----	2019
Annual fee	13.1	<u>1,098</u>	<u>6,348</u>

- 13.1** Under the provisions of the NBFC Regulations, a CIS classified as equity scheme is required to pay annual fee to the SECP equivalent to 0.02% of the average annual net assets of the Fund.

14. ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	2020 ------(Rupees in '000)-----	2019
Auditor's remuneration		465	359
Zakat deducted at source		47	244
Brokerage and settlement charges		8,708	1,652
Capital gain tax		1,565	6
Provision for Federal Excise Duty (FED)	14.1	45,195	45,195
Provision for Sindh Workers' Welfare Fund	14.2	52,134	49,389
Payable against purchase of investments		104,428	-
Others		751	336
		<u>213,293</u>	<u>97,181</u>

- 14.1** As per the requirements of the Finance Act 2013, FED at the rate of 16% on the remuneration of the Management Company was applied with effect from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED results in double taxation, which does not appear to be the spirit of the law. The matter was collectively taken up by the Management Company jointly with other AMCs and Trustees of respective CISs, through a Constitutional Petition filed in the SHC during September 2013. In this respect, the SHC had issued a stay order against the recovery of FED due to which the Fund has not made any payments for FED.

Through Finance Act, 2016, FED on services rendered by Non-Banking Financial Institutions (NBFIs) including AMCs, which are already subject to provincial sales tax, has been withdrawn. Therefore, no provision for FED has been recorded after June 30, 2016.

On June 30, 2016, SHC had passed a Judgment that after 18th amendment in the Constitution of Pakistan, the Provinces alone have the legislative power to levy a tax on rendering or providing services, therefore, chargeability and collection of FED after July 01, 2011 is ultra vires to the Constitution of Pakistan. On September 23, 2016, the Federal Board of Revenue (FBR) filed an appeal in the Supreme Court of Pakistan against above judgement, which is pending adjudication. Management Company, as a matter of abundant caution, has maintained full provision for FED aggregating to Rs. 45,195 million until the matter is resolved. Had the provision not been made, the net asset value per unit of the Fund as at June 30, 2020 would have been higher by Rs. 0.47 (2019: Rs. 0.48) per unit.

14.2 Sindh Workers' Welfare Fund (SWWF) and Workers' Welfare Fund (WWF)

The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) as a result of which it was construed that all CISSs whose income exceeded Rs. 500,000/- in a tax year were brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever was higher.

The amendments introduced in the WWF Ordinance were challenged in various High Courts of Pakistan and ultimately in the Supreme Court of Pakistan. On November 10, 2016, the Supreme Court of Pakistan passed a judgment declaring the insertion of amendments introduced through Finance Act, 2008 pertaining to WWF as unlawful for the reason that the WWF is not in the nature of tax and therefore, could not be introduced through money bill under the Constitution. Subsequently, the FBR has filed a review petition in the Supreme Court of Pakistan against the said judgment, which is pending adjudication.

Further, as a consequence of the 18th amendment to the Constitution, levy for the WWF was also introduced by the Government of Sindh through the SWWF Act 2014 which was enacted on May 21, 2015, requires every Industrial Establishment located in the province of Sindh and having total income of Rs. 500,000/- or more in any year of account commencing on or after the date of closing of account on or after December 31, 2013, to pay two percent of so much of its total income declared to SWWF. The said Act includes any concern engaged in the Banking or Financial Institution in the definition of "Industrial Undertaking" but does not define Financial Institution. The Management Company, based on an opinion obtained by the MUFAP, believes that Mutual Funds are not liable to pay Sindh WWF under the said law, for the reason that the Mutual Funds are not financial institutions and rather an investment vehicle. However, the Sindh Revenue Board has not accepted the said position of MUFAP and as a result, MUFAP has taken up this matter with the Sindh Finance Ministry for resolution.

In view of the above developments regarding the applicability of Federal and Sindh WWF on Mutual Funds, the MUFAP obtained a legal opinion on these matters during financial year ended June 30, 2017. Based on such legal advice (which also stated that even if a review petition is filed by any party, such petition can only be based on very limited grounds and the chances of any major change in the Supreme Court of Pakistan judgement are very limited), MUFAP had recommended to all its members to reverse the Federal WWF and start recording of Sindh WWF. Consequently, the Fund has recorded provision of Rs. 2.745 million (June 2019: Nil) for the year and Rs. 52.134 million (June 2019: Rs. 49.389 million) in aggregate in respect of SWWF. Had the provision not been made, it would have resulted in an increase in the net assets value per unit by Rs. 0.54 per unit (2019: Rs. 0.52 per unit).

15. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2020 and as at June 30, 2019.

	2020	2019
16. NUMBER OF UNITS IN ISSUE	-----Number of units-----	
At the beginning of the year	94,106,978	100,596,734
Units issued	(87,062,982)	66,281,562
Units redeemed	88,662,012	(72,771,318)
At the end of the year	95,706,008	94,106,978

16.1 The par value of each unit is Rs. 100/-. The Management Company has set a minimum investment of Rs. 500/-.

16.2 All units carry equal rights and are entitled to dividend and share in the net asset value of the Fund.

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	2020	2019
	----- (Rupees in '000) -----	
17. AUDITOR'S REMUNERATION		
Annual audit fee	263	263
Half yearly review	131	131
Review of compliance with the requirements of the Code of Corporate Governance	40	40
Other certifications	36	34
Out of pocket expenses	31	49
	<u>502</u>	<u>517</u>

18. TAXATION

According to Regulation 63 of NBFC regulations, Management Company is required to distribute, by way of dividend, more than 90 percent of accounting income received or derived from sources other than capital gains (both realised and unrealised) during the year. Since the Fund has incurred net loss (excluding realized and unrealized gain) during the year ended.

19. EARNINGS PER UNIT

Earnings per unit has not been disclosed as in the opinion of the Management Company, the determination of the cumulative weighted average number of outstanding units is not practicable.

20. TOTAL EXPENSE RATIO

As per Directive 23 of 2016 dated July 20, 2016 issued by the SECP, the total expense ratio of the Fund is 3.84% as on June 30, 2020 (2019: 3.20%) and this includes 0.38% (2019: 0.4%) representing government levy and SECP fee.

21. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets and liabilities carried on the statement of assets and liabilities are categorised as follows:

Particulars	As at June 30, 2020		
	Amortised cost	Financial assets at fair value through profit or loss	Total
	----- (Rupees in '000) -----		
Financial assets			
Bank balances	516,622	-	516,622
Investments	-	5,476,262	5,476,262
Dividend and profit receivable	12,304	-	12,304
Security deposits, advances and other receivables	7,205	-	7,205
	<u>536,131</u>	<u>5,476,262</u>	<u>6,012,393</u>
Financial liabilities - amortised cost			
Payable to Management Company			41,618
Payable to Trustee			633
Accrued expenses and other liabilities			9,924
			<u>52,175</u>

2020
Rupees in '000

UBL STOCK ADVANTAGE FUND
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Particulars	As at June 30, 2019		
	Amortised cost	Financial assets at fair value through profit or loss	Total
(Rupees in '000)			
Financial assets			
Bank balances	370,665	-	370,665
Investments	-	5,092,738	5,092,738
Dividend and profit receivable	32,378	-	32,378
Security deposits, advances and other receivables	20,902	-	20,902
	<u>423,945</u>	<u>5,092,738</u>	<u>5,516,683</u>
2019			
Rupees in '000			
Financial liabilities - amortised cost			
Payable to UBL Fund Managers Limited - Management Company			17,811
Payable to the Central Depository Company of Pakistan Limited - Trustee			620
Accrued expenses and other liabilities			2,347
			<u>20,778</u>

22 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between the market participants at the measurement date. Consequently, differences can arise between carrying value and the fair value estimates.

Fair value of investments classified as 'at fair value through profit or loss' which are tradable in an open market is based on the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from the carrying value as the items are short-term in nature.

The Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- Fair value measurements using inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

As at June 30, 2020 all of the Funds financial instruments fall under level 1 category of the fair value hierarchy (2019: level 1 hierarchy).

23 FINANCIAL RISK MANAGEMENT

The Fund's overall risk management programme seeks to maximise the returns derived for the level of risks to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance.

Monitoring and controlling risks are primarily set up to be performed based on the limits established by the internal controls set on different activities of the Fund by the Board of Directors. These controls and limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. In addition, the Fund monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risks type and activities.

The Fund primarily invests in a portfolio of equity securities of listed companies. The Fund's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk.

23.1 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 market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and the regulations laid down by the SECP.

Market risk comprises of two types of risks: interest rate risk and other price risk.

23.1.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

a) Cash flow interest rate risk

The Fund's interest rate risk arises from the balances in savings accounts. For the year, income would have increased / (decreased) by Rs. 5.166 million (2019: Rs. 3.706 million), had the interest rates on savings accounts with banks increased / (decreased) by 100 basis points.

b) Fair value interest rate risk

Since the Fund currently does not have any fixed rate instruments that are impacted by market interest rates, therefore, it is not exposed to fair value interest rate risk.

23.1.2 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all similar financial instruments traded in the market.

The Fund's equity securities are primarily exposed to equity price risk because of investments held and classified by the Fund on the statement of assets and liabilities as 'financial assets at fair value through profit or loss'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks prescribed in the Fund's constitutive documents. The Fund's constitutive documents / NBFC Regulations also limit investment in individual equity securities to not more than 15% of its net assets, or 15% of the issued capital of the investee company and the sector exposure limit to 35% of net assets.

In case of 5% increase / decrease in the fair value of the Fund's equity securities at fair value through profit or loss on June 30, 2019, net income for the year would increase / decrease by Rs. 273.813 million (2019: Rs. 254.637 million) and net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities at fair value through profit or loss.

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The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the PSX 100 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KMI index, is expected to change over the time. Accordingly, the sensitivity analysis prepared as of June 30, 2020 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of PSX 100 Index.

23.2 Credit risk

Credit risk represents the risk of a loss if the counterparties fail to perform as contracted. The Fund's credit risk mainly arises from deposits with banks and credit exposure arising as a result of dividend receivable (if any) on equity securities. For banks, the Fund keeps deposits with reputed financial institutions with reasonably high credit ratings. Credit risk on account of dividend receivable is minimal due to the statutory protection. The maximum exposure to credit risk before considering any collateral as at June 30, 2020 is the carrying amount of the financial assets. None of these assets are 'impaired' nor 'past due but not impaired'.

Concentration of credit risk

Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

- 23.2.1** The analysis below summarises the credit quality of the balances in deposit accounts with banks with which the Fund has kept such balances as at June 30, 2020:

Bank balances by rating category

Name of bank	Balances held by the Fund	Rating agency	Latest available published rating
	(Rupees in '000)		
Samba Bank Limited	152,631	JCR-VIS	AA
MCB Bank Limited	3,178	PACRA	AAA
United Bank Limited	12,841	JCR-VIS	AAA
Bank Alfalah Limited	203,697	PACRA & JCR-VIS	AA+
Sindh Bank Limited	24	JCR-VIS	A+
National Bank of Pakistan	1,960	PACRA & JCR-VIS	AAA
The Bank of Punjab	123	PACRA	AA
Silkbank Limited	23	JCR-VIS	A-
Habib Bank Limited	9	JCR-VIS	AAA
Soneri Bank Limited	142,126	PACRA	AA-
Habib Metro Bank	10	PACRA	AA+
	<u>516,622</u>		

**UBL STOCK ADVANTAGE FUND
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23.3 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset or such obligations will have to be settled in a manner disadvantageous to the Fund.

The Fund is exposed to the daily settlement of equity securities and to daily cash redemption requests on a regular basis. Units are redeemable at the holders' option based on the Fund's net asset value per unit, at the time of redemption, calculated in accordance with the Fund's constitutive document and guidelines laid down by the SECP.

Management of liquidity risk

The Fund's 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. The Fund's policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily realised.

In order to manage the Fund's overall liquidity, the Fund also has the option to withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue.

Further, the Fund has the ability to suspend redemptions of units with the approval of the Board of Directors of the Management Company in extraordinary circumstances. The Fund can also borrow, with prior approval of the Trustee, for meeting redemption requests. The maximum amount available to the Fund from borrowings is limited to the extent of 15% of total net assets at the time of borrowing with repayment within 90 days of such borrowings. No such borrowings were made during the year. As of June 30, 2020, all financial liabilities of the Fund will mature within 3 months.

24. 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. These unit holders of the Fund are entitled to distributions and to payment of a proportionate share based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in unit holders' fund.

The Fund's objective when managing 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 adjust the amount of distributions the Fund pays to the unit holders;
- Redeem and issue units in accordance with the constitutive documents of the Fund. This includes the Fund's ability to restrict redemptions; and
- The Fund Manager / Investment Committee members and the Chief Executive Officer of the Management Company critically track the movement of 'Assets under Management'. The Board of Directors is updated regarding key performance indicators, e.g., yield and movement of NAV and total Fund size at the end of each quarter.

The Fund has maintained and complied with the requirements of minimum fund size during the current year.

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25 TOP TEN BROKERS / DEALERS BY PERCENTAGE OF THE COMMISSION CHARGED

	2020		2019
	Percentage		Percentage
1 Taurus Securities Limited	16.51	Next Capital Limited	7.52
2 Insight Securities (Private) Limited	9.95	TAURUS Securities Limited	7.32
3 Foundation Securities (Private) Limited	5.35	Al-Falah Securities (Private) Limited	6.92
4 Habib Metropolitan Financial Services Limited	5.33	Inter Market Securities Limited	5.67
5 Inter Market Securities Limited	4.78	Topline Securities (Private) Limited	5.38
6 Topline Securities (Private) Limited	4.63	Arif Habib Limited	5.1
7 Al-Falah Securities (Private) Limited	4.58	Elixir Securities Pakistan (Private) Limited	4.64
8 Aba Ali Habib Securities Limited	4.11	Insight Securities (Private) Limited	4.35
9 BMA Capital Management Limited	4.02	Optimus Capital Management (Private) Limited	4.31
10 DJM Securities (Private) Limited	3.85	IGI Securities Limited	3.92

26. BRIEF PARTICULARS OF THE INVESTMENT COMMITTEE AND THE FUND MANAGER

Details of the members of the investment committee of the Fund are as follows:

S. No	Name	Designation	Experience in years	Qualification
1	Yasir Qadri	Chief Executive Officer	24	MBA
2	Syed Suleman Akhtar	Chief Investment Officer	19	CFA, MBA
3	Muhammad Imran	Head of Investment advisory	20	MBA
4	Irfan Nepal	Chief Dealer & Fund Manager	25	EMBA
5	Hadi Hassan Muki	Head of Compliance	20	BCOM
6	Syed Shabbir Sardar Zaidi	Fund Manager & Senior Analyst	11	MAS, CFA
7	Syed Sheeraz Ali	Fund Manager & Senior Analyst	10	MBA
8	Mubashir Anis	Fund Manager Equity	8	BS, CFA
9	Muhammad Waseem	Head Research	6	BBA, CFA

26.1 Mr. Mubashir Anis is fund manager of the Fund. He is also fund manager of UBL Dedicated Equity Fund.

27 PATTERN OF UNIT HOLDING

Category	June 30, 2020		
	Number of unit holders	Number of units held	Percentage of units held
Associated Company and Key Executives	5	782,010	0.01
Individuals	4,374	22,558,166	0.24
Insurance companies	8	10,206,472	0.11
NBFC	2	3,286,322	0.03
Others	25	8,189,819	0.09
Public limited companies	8	2,151,853	0.02
Retirement funds	47	48,531,366	0.51
	4,469	95,706,008	1.00

Category	June 30, 2019		
	Number of unit holders	Number of units held	Percentage of units held
Individuals	4,543	21,110,705	0.22
Associated companies and directors	8	228,421	0.00
Insurance companies	9	11,104,511	0.12
Banks, NBFCs & DFIs	2	3,054,301	0.03
Retirement Funds	57	48,800,621	0.52
Public limited companies	6	1,356,910	0.01
Others	21	8,451,509	0.09
	4,646	94,106,978	1.00

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28 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties comprise of United Bank Limited (Holding Company of the Management Company), UBL Fund Managers Limited (Management Company), Al-Ameen Islamic Financial Services (Private) Limited (Subsidiary of the Management Company), entities under common management or directorships, Central Depository Company of Pakistan Limited (Trustee) and the Directors and Officers of the Management Company.

- 28.1 Transactions with connected persons are in the normal course of business, at agreed /contracted rates.
- 28.2 Remuneration of the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.
- 28.3 Remuneration of the Trustee is determined in accordance with the provisions of the Trust Deed.
- 28.4 Details of transactions with related parties / connected persons and balances held with them including transactions and balances involving related parties at the year end are as follows:

Management Company	Associated companies and others * & **	Trustee	Funds under common management	Directors and Key Executives***	Other connected persons / related parties

June 30, 2020

(Units in '000)

Transactions during the period

Units issued	8,641	54	-	-	1,519	6,297
Units redeemed	8,409	70	-	-	859	-

(Rupees in '000)

Profit on bank deposits	-	40,054	-	-	-	-
Bank charges	-	94	-	-	-	-
Value of units issued	520,032	3,400	-	-	96,780	383,000
Value of units redeemed	518,095	4,534	-	-	54,959	-
Purchase of securities	-	2,906,016	-	-	-	-
Sale of securities	-	3,088,097	-	-	-	-
Dividend received	-	151,930	-	-	-	-
Remuneration (including sales tax)	124,032	-	7,335	-	-	-
Allocation of expenses	5,488	-	-	-	-	-
CDS expenses	-	-	219	-	-	-
Selling and marketing expense	55,389	-	-	-	-	-

Balances held

Units held (Units in '000)	3,286	-	-	-	782	35,276

(Rupees in '000)

Units held	197,738	-	-	-	47,054	2,122,545
Bank balances	-	372,113	-	-	-	-
Deposits	-	-	100	-	-	-
Investments	-	3,104	-	-	-	-
Profit receivable	-	1,179	-	-	-	-
Remuneration payable	10,611	-	633	-	-	-
Sales load payable	2,348	54	-	-	-	-
Conversion charges payable	84	-	-	-	-	-
Allocated expenses payable	1,487	-	-	-	-	-
Selling and marketing expense payable	27,070	-	-	-	-	-
Other Payable	17	-	-	-	-	-

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Management Company	Associated companies and others * & **	Trustee	Funds under common management	Directors and Key Executives***	Other connected persons / related parties

As at June 30, 2019

(Units in '000)

Transactions during the period

Units issued	4,854	-	-	-	90	12,734
Units redeemed	5,532	53	-	-	80	-

(Rupees in '000)

Profit on saving accounts	-	3,375	-	-	-	-
Bank charges	-	48	-	-	-	-
Value of units issued	307,704	-	-	-	5,885	850,000
Value of units redeemed	357,913	3,600	-	-	5,166	-
Purchase of securities	-	373,539	-	-	-	-
Sale of securities	-	262,772	-	-	-	-
Dividend received	-	34,544	-	-	-	-
Remuneration (including sales tax)	151,008	-	8,680	-	-	-
Allocation of expenses	6,682	-	-	-	-	-
Selling and marketing expense	26,727	-	-	-	-	-
CDS expenses	-	-	349	-	-	-
Listing fee	-	25	-	-	-	-

Balances held

Units held (Units in '000)	3,054	16	-	-	230	20,528

(Rupees in '000)

Units held	175,177	918	-	-	13,193	1,177,486
Bank balances	-	15,567	-	-	-	-
Deposits	-	-	100	-	-	-
Investments	-	460,989	-	-	-	-
Profit receivable	-	403	-	-	-	-
Remuneration payable	10,522	-	620	-	-	-
Sales load and conversion charges payable	516	19	-	-	-	-
Allocated expenses payable	999	-	-	-	-	-
Selling and marketing expense payable	5,757	-	-	-	-	-
Other Payable	17	-	-	-	-	-

* This represents parent (including the related subsidiaries of the parent) of the Management Company, associated companies / undertakings of the Management Company.

** These include transactions and balance in relation to those directors and key executives that existed as at year end. However, it does not include the transactions and balances whereby director and key executive have resigned from the management company during the year.

*** This represents the person having 10% or more holding in each period.

28.5 Units pertaining to parties that were related at the beginning of the year but ceased to be so related during any part of the current year are not reflected as part of the closing balance of the current year. The same are accounted for through the movement presented above.

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29. ATTENDANCE AT THE MEETINGS OF THE BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

During the year, six meetings of the Board of Directors of the Management Company were held. The details of the attendance are as under:

	August 30, 2019	September 17, 2019	October 29, 2019	December 9, 2019	February 26, 2020	April 20, 2020	Total meetings attended
Directors:							
Mr. Arif Akmal Saffie *	N/A	N/A	N/A	N/A	N/A	0	1
Mr. Azhar Hamid	√	√	√	√	√	√	6
Mr. Imran Sarwar	√	√	√	√	x	√	5
Mr. Yaseen Qadi	√	√	√	√	√	√	6
Ms. Naz Khan **	√	√	√	√	√	√	6
Ms. Sadia Saeed	x	√	√	√	√	√	5
Syed Furukh Zaem	√	√	√	√	x	√	5
Mr. Tauqeer Mazhar ***	√	√	√	√	N/A	N/A	4
Key Executives:							
Mr. Bilal Javid ****	N/A	N/A	N/A	√	√	√	3
Mr. Umar Ahmed	√	√	√	√	√	√	6
S.M. Ali Osman *****	√	√	√	N/A	N/A	N/A	3

* Mr. Arif Akmal appointed as Director with effect from March 20, 2020

** Ms. Naz Khan resigned as Director with effect from July 20, 2020

*** Mr. Tauqeer Mazhar resigned as Director with effect from January 30, 2020

**** Mr. Bilal Javid appointed as Company Secretary with effect from February 26, 2020

***** S.M. Ali Osman resigned as Company Secretary with effect from November 30, 2019

30. GENERAL

Figures have been rounded off to the nearest thousand rupees unless otherwise specified.

31. IMPACT OF COVID 19

On March 11, 2020, the World Health Organisation made an assessment that the outbreak of a coronavirus (COVID-19) can be characterised as a pandemic. As a result, businesses have subsequently been affected amongst others with temporary suspension of travel, and closure of recreation and public facilities.

To alleviate the negative impact of the COVID-19 pandemic, the Government, Central Banks including financial institutions affiliated to those banks, and regulators have taken measures and issued directives to support businesses, including extensions of deadlines, facilitating continued business through social-distancing and easing pressure on credit and liquidity in the market.

The Management Company has made an assessment in order to evaluate the impact of COVID-19 pandemic over the financial performance of the Fund as well as the going concern assessment. As a result of such assessment, the management has not identified any material adverse impact on its financial performance due to COVID-19 pandemic situation.

32. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 24, 2020 by the Board of Directors of the Management Company.

FOR UBL FUND MANAGERS LIMITED
(Management Company)

SD
Chief Executive Officer

SD
Chief Financial Officer

SD
Director

USSF II

UBL Special Savings Fund II

INVESTMENT OBJECTIVE

UBL Special Savings Fund shall be an open-end Capital Protected Fund that aims to not only provide its unitholders capital preservation but competitive regular returns from a portfolio of fixed income investments in line with the risk tolerance of the Investor.

Management Company	UBL Fund Managers Limited
Trustee	Central Depository Company of Pakistan Limited 99-B, Block-B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi. Tel: (9221) 111-111-500
Distribution Company	United Bank Limited (for detail of others, please visit our website: www.ublfunds.com.pk)
Auditor	KPMG - Taseer Hadi & Co
Bankers	Soneri Bank Limited
Management Co.Rating	AM1 (JCR-VIS)

Fund Manager's Report – UBL Financial Planning Fund

UBL UBL Special Savings Plan - VIII (USSP-VIII)

i) **Description of the Collective Investment Scheme category and type**

Capital protected Scheme / Open-end

i) **Statement of Collective Investment Scheme's investment objective**

The "UBL Special Savings Plan VIII (USSP VIII)" is an Allocation Plan under "UBL Special Savings Fund". The objective is to earn competitive regular return with capital preservation for unit holders who hold their investment for twenty four (24) Months from commencement of life of plan.

ii) **Explanation as to whether the Collective Investment Scheme achieved its stated objective**

The fund achieved its stated objective

iii) **Statement of benchmark(s) relevant to the Collective Investment Scheme**

Average of 6M PKRV rates.

iv) **Comparison of the Collective Investment Scheme's performance during the period compared with the said benchmarks**

Monthly Yield*	Jul'19	Aug'19	Sep'19	Oct'19	Nov'19	Dec'19	Jan'20	Feb'20	Mar'20	Apr'20	May'20	Jun'20	FYTD
USSP-VIII	-	-	-	-	-	-	-	11.57%	11.92%	80.52%	-0.53%	4.77%	19.17%
Benchmark	-	-	-	-	-	-	-	13.39%	12.21%	9.18%	7.82%	7.64%	9.81%

v) **Description of the strategies and policies employed during the period under review in relation to the Collective Investment Scheme's performance**

The "UBL Special Savings Plan VIII (USSP-VIII)" is an Allocation Plan under "UBL Special Savings Fund - II". The objective is to earn competitive regular return with capital preservation for unit holders who hold their investment for thirty (30) Months from commencement of life of plan. Since inception, USSP-VIII yielded return of 19.17% as compared to benchmark return of 9.81% thus outperformed the benchmark by 9.36%. The net assets of the plan were PKR 154 mn as at 30 June 2020.

Disclosure of the Collective Investment Scheme's asset allocation as at the date of the report and particulars of significant changes in asset allocation since the last report (if applicable)

Asset Allocation (% of Total Assets)	Jun-19	Jun-20
Placements with banks	0%	0%
PIB	0%	64%
GOP Ijarah Sukuk	0%	0%
Reverse Repo	0%	0%
T-Bills	0%	2%

Cash	0%	30%
Others	0%	3%
Leverage	0%	0%

vi) **Analysis of the Collective Investment Scheme's performance**

FY'20 Return: 19.17%

Standard Deviation (12m trailing): n/a

Sharpe Ratio (12m trailing): n/a

vii) **Changes in total NAV and NAV per unit since the last review period or since commencement (in case of newly established Collective Investment Schemes)**

Net Asset Value			NAV per unit		
30-Jun-20	10-Feb-20	Change	30-Jun-20	10-Feb-20	Change
Rupees (000)		%	Rupees		%
154,286	100,105	54	101.6827	100.1052	2

viii) **Disclosure on the markets that the Collective investment Scheme has invested in including - review of the market(s) invested in and returns during the period**

The fund is an Allocation Plan under the "UBL Financial Planning Fund" that actively invests between Conventional Equities and Money Market/ Income funds based on the Fund Manager's outlook on the asset classes. Thus, the underlying assets of UAPPP-I are equity and money-market CIS and the market reviews are as follows:

Debt Market Review for FY20

In twelve PIB auctions for FY19 conducted during the year, the government raised PKR ~871bn (PKR ~102 bn in FY18) against target of PKR 800bn. Consequently, outstanding amount for the PIBs in the market increased to PKR 769 bn. Participation in the auctions was largely skewed towards three and five year paper. Cut off yields in June auction increased to 13.69%, 13.80% and 13.70% for three, five and ten year PIB instruments respectively.

The yield curve based on government securities of various maturities has shifted upwards in line with the ongoing increasing discounts rates. Yield on 3M, 6M and 12M T-Bills increased by 5.97%, 5.95% and 5.94%, respectively. Similarly, yield on 3-year, 5-year and 10-year bonds increased 5.56%, 5.10% and 4.69%, respectively. Given the flat yield curve environment, spread between annualized yields of 1-year T-bills (13.13% p.a.) and 10-year PIBs (13.72% p.a.) narrowed at 0.59% as of 30 June 2019.

- ix) **Disclosure on distribution (if any), comprising:-**
 - particulars of income distribution or other forms of distribution made and proposed during the period; and
 - statement of effects on the NAV before and after distribution is made

Distribution			Per unit	
Declared on	Cash	Per Unit	Cum NAV	Ex NAV
	Rupees (000)		----- Rupees -----	
June 25, 2020	8,026	5.3660	105.3660	100

- x) **Description and explanation of any significant changes in the state of affairs of the Collective Investment Scheme during the period and up till the date of the manager's report, not otherwise disclosed in the financial statements.**

There were no significant changes in state of affairs of the scheme.

- xi) **Breakdown of unit holdings by size**

Range of Units	Number of Investors
	USSP-VIII
0.0001 - 9,999.9999	11
10,000.0000 - 49,999.9999	14
50,000.0000 - 99,999.9999	2
100,000.0000 - 499,999.9999	0
500,000.0000 & Above	1
Total	28

- xii) **Disclosure on unit split (if any), comprising:-**

There were no unit splits during the period.

- xiii) **Disclosure of circumstances that materially affect any interests of unit holders**

Investment are subject to credit and market risk.

- xiv) **Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker(s) or dealer(s) by virtue of transactions conducted by the Collective Investment Scheme.**

No soft commissions are received by the AMC from its brokers or dealers by virtue of transactions conducted by the Collective Investment Scheme.

PERFORMANCE TABLE

UBL Special Savings Fund (USSP VIII)

2020

NET ASSETS AS AT 30 JUNE - Rupees in '000

154,286

NET ASSETS VALUE PER UNIT AT 30 JUNE - Rupees

Class A units - Offer *

101.6827

- Redemption

99.9592

RETURN OF THE FUND - %

Total Return of the Fund

18.15

Capital Growth (per unit)

12.78

Date of Income Distribution

24-Jun-20

Income Distribution

5.37

AVERAGE ANNUAL RETURN - %

Since Launch/ One Year

18.15

OFFER / REPURCHASE DURING THE YEAR- Rupees

Highest price per unit - Class A units - Offer

106.8308

Highest price per unit - Class A units - Redemption

105.0200

Lowest price per unit - Class A units - Offer

100.1052

Lowest price per unit - Class A units - Redemption

98.4084

* Front-end load upto Nil% is applicable

Back End Load 1.5% during 1st Year, 1.0% during 2nd Year,

Contingent Load 0.75% after 2nd Year, Nil after 30 months.

PORTFOLIO COMPOSITION - %

Percentage of Net Assets as at 30 June

PORTFOLIO COMPOSITION BY CATEGORY - %

Bank Balances

30.00

PIBs

64.00

Tbills

2.00

others

4.00

PORTFOLIO COMPOSITION BY MARKET - %

Debt Market

100.00

Equity Market

0.00

Note:

- The Launch date of Fund is 10 FEB 2020

DISCLAIMER

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

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S.M.C.H.S. Main Shah-e-Faisal
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Email: info@cdcpak.com



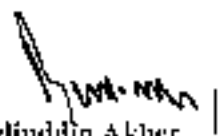
TRUSTEE REPORT TO THE UNIT HOLDERS

UBL SPECIAL SAVINGS FUND II

Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of UBL Special Savings Fund-II (the Fund) are of the opinion that UBL Fund Managers Limited being the Management Company of the Fund has in all material respects managed the Fund during the period from February 10, 2020 to June 30, 2020 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.


Badiuddin Akher
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 25, 2020



STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 BY UBL FUND MANAGERS LIMITED

NAME OF FUND: UBL SPECIAL SAVINGS FUND - II

YEAR ENDED: JUNE 30, 2020

The Securities and Exchange Commission of Pakistan (SECP) has exempted open-end collective investment schemes from the requirements of the Listed Companies (Code of Corporate Governance) Regulations (the Regulations). However, the Board of Directors (the Board) of UBL Fund Managers Limited [the Management Company of UBL Special Savings Fund - II (the Fund)], for the purpose of establishing a framework of good governance has voluntarily opted to comply with the relevant provisions of the Regulations.

The Management Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven as per the following:
 - a. Male: Five Directors; and
 - b. Female: Two Directors.
2. The composition of the Board is as follows:

Category	Name
Independent Directors	Mr. Azhar Hamid Ms. Naz Khan*
Executive Directors	Mr. Yasir Qadri
Non-Executive Directors	Mr. Imran Sarwar Ms. Sadia Saeed Mr. Arif Akmal Saifie** Syed Furrukh Zaeem
Female Director	Ms. Naz Khan* Ms. Sadia Saeed

* Ms. Naz Khan has resigned dated July 20, 2020

** Mr. Arif Akmal Saifie was appointed as a director from March 20, 2020

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including the Management Company.
4. The Management Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures.
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Management Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Management Company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.



8. The Board has a formal policy and transparent procedures for remuneration of its directors in accordance with the Act and these Regulations.
9. The following directors and executives have acquired the prescribed Directors' Training Program (DTP) certification:

Directors

- a. Mr. Imran Sarwar
- b. Mr. Yasir Qadri
- c. Ms. Naz Khan
- d. Ms. Sadia Saeed
- e. Syed Furrukh Zaeem

Executives

- a. Mr. Amin Gulamani (Head of Human Resources)
 - b. Mr. Hadi Hassan Mukhi (Head of Compliance and Risk)
 - c. Mr. Umair Ahmed (Chief Financial Officer)
 - d. Mr. Zeeshan Quddus (Chief Business Development Officer)
10. The Board has approved appointment of the Chief Financial Officer (CFO), the Company Secretary and the Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with the relevant requirements of the Regulations.
 11. The Chief Executive Officer (CEO) and CFO duly endorsed the financial statements of the Fund before approval of the Board.
 12. The Board has formed committees comprising of members given below.

Board Audit Committee

Name	Designation	Type of Directorship
Ms. Naz Khan*	Chairman	Independent Director
Mr. Arif Akmal Saifie**	Member	Non-Executive Director
Mr. Imran Sarwar	Member	Non-Executive Director
Ms. Sadia Saeed	Member	Non-Executive Director
Mr. Tauqeer Mazhar***	Member	Non-Executive Director

Board Human Resource and Compensation Committee

Name	Designation	Type of Directorship
Mr. Azhar Hamid	Chairman	Independent Director
Mr. Yasir Qadri	Member	Executive Director
Ms. Naz Khan*	Member	Independent Director
Ms. Sadia Saeed	Member	Non-Executive Director
Syed Furrukh Zaeem	Member	Non-Executive Director

Board Risk and Compliance Committee

Name	Designation	Type of Directorship
Mr. Imran Sarwar	Chairman	Non-Executive Director
Mr. Azhar Hamid	Member	Independent Director
Mr. Arif Akmal Saifie**	Member	Non-Executive Director
Mr. Tauqeer Mazhar***	Member	Non-Executive Director
Mr. Yasir Qadri	Member	Executive Director
Syed Furrugh Zaeem	Member	Non-Executive Director

* Ms. Naz Khan has resigned dated July 20, 2020

** Mr. Arif Akmal Saifie was appointed as a director from March 20, 2020

*** Mr. Tauqeer Mazhar resigned as a director from January 30, 2020

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
14. The frequency of meetings of the committees was as follows:
 - a. The Board Audit Committee: quarterly - six meetings held
 - b. The Board Human Resource and Compensation Committee: quarterly - five meetings held
 - c. The Board Risk and Compliance Committee: quarterly - four meetings held
15. The Board has set up an effective internal audit function. The Function has suitably qualified and experienced staff for the purpose and they are conversant with the policies and procedures of the Management Company.
16. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and are registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the Partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of CEO, CFO, the Head of Internal Audit, the Company Secretary or directors of the Management Company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of Regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with.
19. We confirm that any other significant requirements of the Regulations have been complied with.

SD

AZHAR HAMID
Chairman

Karachi.
Dated: **September 25, 2020**

INDEPENDENT AUDITOR'S REVIEW REPORT

To the unit holders of UBL Special Saving Fund II

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of UBL Fund Managers Limited (the Management Company) for UBL Special Saving Fund II for the period from February 10, 2020 to June 30, 2020 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Management Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Management Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

The Regulations require the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Fund for the period from February 10, 2020 to June 30, 2020.

Deloitte Yousuf Adil

Chartered Accountants

Place: Karachi

Date: September 30, 2020

INDEPENDENT AUDITOR'S REPORT

To The Unit Holders of UBL Special Saving Fund II

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **UBL Special Saving Fund II** (the Fund), which comprise the statement of assets and liabilities as at June 30, 2020, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and statement of cash flows for the period from February 10, 2020 to June 30, 2020, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2020, and of its financial performance and its cash flows for the period from February 10, 2020 to June 30, 2020 in accordance with accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current 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 is the key audit matter:

S. No.	Key audit matter	How the matter was addressed in our audit
1.	Valuation and existence of investments As disclosed in note 6 to the financial statements, investments amounted to Rs. 108.143 million as at June 30, 2020. The total investment amount is the significant account balance on the statement of assets and liabilities. This is	In auditing the valuation and existence of investments, we reviewed the processes and key controls relating to existence and valuation and evaluated the design and implementation of such controls.

S. No.	Key audit matter	How the matter was addressed in our audit
	one of the main driver of the Fund's performance and thus risk exists on this balance. The Fund invests primarily in government securities (i.e. Market Treasury Bills) and there is a risk that these investments are incorrectly valued. In addition, there is a risk that the Fund may have included investments in its financial statements which are not in the ownership of the Fund and thereby increasing the uncertainty in respect of existence of investments recorded as at year end. The disclosure regarding the investments are included in notes 4.2 and 6 to the financial statements.	In addition, (1) we performed valuation testing on sample of investments held as at June 30, 2020 by verifying the average rates quoted on a widely used electronic quotation system (PKRV rates), and (2) we performed existence testing of investments held as at June 30, 2020 by independently matching the securities held by the Fund as per internal records with the securities appearing in the Investor Portfolio Services (IPS) account statement and examined reconciling items, if any.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report in respect of the fund, but does not include the financial statements and our auditor's report thereon and the information related to any other fund.

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 of the Management Company 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 the 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.

Board of Directors of the Management Company is responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors of the Management Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the Board of Directors of the Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accompanying financial statements have been prepared, in all material respects, in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is Nadeem Yousuf Adil.

Nadeem Yousuf Adil
Chartered Accountants

Date: September 30, 2020

Place: Karachi

**UBL SPECIAL SAVINGS FUND II
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2020**

		USSP-VIII June 30, 2020 (Rupees in '000')
ASSETS	Note	
Bank balances	5	43,426
Investments - net	6	108,143
Mark-up receivable	7	2,918
Advance income tax	8	1,562
Preliminary expenses and floatation costs	9	853
Other receivable		8
Total assets		156,910
LIABILITIES		
Payable to UBL Fund Managers Limited - Management Company	10	1,145
Payable to Central Depository Company of Pakistan Limited - Trustee	11	9
Payable to the Securities and Exchange Commission of Pakistan	12	10
Accrued expenses and other liabilities	13	1,460
Total liabilities		2,624
Net Assets		154,286
Unit Holders' Fund (as per statement attached)		154,286
CONTINGENCIES AND COMMITMENTS	14	(Number of units)
Number of Units in Issue	15	1,517,331
		------(Rupees)-----
Net Asset Value per Unit		101.6827
Face Value per Unit		100.0000

The annexed notes 1 to 31 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)

SD
Chief Executive Officer

SD
Chief Financial Officer

SD
Director

UBL SPECIAL SAVINGS FUND II
INCOME STATEMENT
FOR THE PERIOD FROM FEBRUARY 10, 2020 TO JUNE 30, 2020

		USSP-VIII
		For the Period from
		February 10, 2020
		to
		June 30, 2020
		(Rupees in '000')
INCOME	Note	
Financial income	16	5,091
Gain on sale of investments - net		1,921
Total income		7,012
EXPENSES		
Remuneration of UBL Fund Managers Limited - Management Company	10.1	377
Sindh Sales Tax on Management Company's remuneration	10.3	49
Remuneration of Central Depository Company of Pakistan Limited - Trustee	11.1	34
Annual fee of Securities and Exchange Commission of Pakistan	12.1	10
Legal and professional charges		97
Auditors' remuneration	17	270
Allocated expenses	10.4	50
Amortisation of preliminary expenses and floatation costs		147
Bank charges		3
Listing fee		28
Total expenses		1,065
Net operating income for the period		5,947
Provision for Sindh Workers' Welfare Fund	13.1	(117)
Net income for the period before taxation		5,830
Taxation	18	-
Net income for the period after taxation		5,830
Allocation of net income for the period		
- Net income for the period after taxation		5,830
- Income already paid on units redeemed		(253)
Net income for the period available for distribution		5,577
Accounting income available for distribution		
- Relating to capital gains		1,445
- Excluding capital gains		4,132
		5,577
Earnings per unit	19	

The annexed notes 1 to 31 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)

SD
Chief Executive Officer

SD
Chief Financial Officer

SD
Director

**UBL SPECIAL SAVINGS FUND II
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM FEBRUARY 10, 2020 TO JUNE 30, 2020**

**USSP-VIII
For the Period from
February 10, 2020
to
June 30, 2020
(Rupees in '000')**

Net income for the period after taxation	5,830
Other comprehensive income	
Items that may be reclassified subsequently to income statement	
Unrealised gain on re-measurement of investments classified at fair value through other comprehensive income	2,501
Items that will not be reclassified subsequently to income statement	-
Total comprehensive income for the period	8,331

The annexed notes 1 to 31 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)

SD

Chief Executive Officer

SD

Chief Financial Officer

SD

Director

UBL SPECIAL SAVINGS FUND II
STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND
FOR THE PERIOD FROM FEBRUARY 10, 2020 TO JUNE 30, 2020

USSP-VIII			
For the period from February 10, 2020 to June 30, 2020			
Capital value	Undistributed income	Unrealised diminution on revaluation of fair value through OCI	Total
----- (Rupees. in '000) -----			
Net assets at beginning of the period	-	-	-
Amount received on issuance of 1,686,380 units			
- Capital value	168,638	-	168,638
- Element of income			
- relating to other comprehensive income for the period	1,307	-	1,307
- relating to net income for the period after taxation	2,027	-	2,027
Total amount received on issuance of units	171,972	-	171,972
Amount paid on redemption of 169,049 units			
- Capital value	(16,905)	-	(16,905)
- Element of income			
- relating to other comprehensive income for the period	(418)	-	(418)
- relating to net income for the period after taxation	(415)	(253)	(668)
Total amount paid on redemption of units	(17,738)	(253)	(17,991)
Total comprehensive income for the period	-	5,830	8,331
Interim distribution:			
Rs. 5.3660 per unit paid on June 25, 2020	(2,202)	(5,824)	(8,026)
Net income for the period less distribution	(2,202)	6	305
Net assets at the end of the period	152,032	(247)	154,286
Undistributed income brought forward comprising of:			
- Realised	-		
- Unrealised	-		
	-		
Accounting income available for distribution			
- Related to capital gain	1,445		
- Excluding capital gain	4,132		
	5,577		
Distribution during the period:			
Rs. 5.3660 per unit paid on June 25, 2020	(5,824)		
Undistributed Income carried forward - net	(247)		
Undistributed Income carried forward comprising of:			
- Realised	(2,748)		
- Unrealised	2,501		
	(247)		
----- (Rupees) -----			
Net asset value per unit at the end of the period			101.6827

The annexed notes 1 to 31 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)

SD
Chief Executive Officer

SD
Chief Financial Officer

SD
Director

UBL SPECIAL SAVINGS FUND II
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM FEBRUARY 10, 2020 TO JUNE 30, 2020

USSP-VIII
For the Period from
February 10, 2020
to
June 30, 2020
(Rupees in '000)

CASH FLOWS FROM OPERATING ACTIVITIES

Net income for the period before taxation 5,830

Adjustments for:

Gain on sale of investments - net	(1,921)
Financial income	(5,091)
Amortisation of preliminary expenses and floatation costs	147
Provision for Sindh Workers' Welfare Fund	117
	(6,748)

Cash used in operations before working capital changes (918)

Increase in assets

Investment - net	(103,721)
Preliminary expenses and floatation costs	(1,000)
Other receivable	(8)
	(104,729)

Increase in liabilities

Payable to UBL Fund Managers Limited - Management Company	1,145
Payable to Central Depository Company of Pakistan Limited - Trustee	9
Payable to the Securities and Exchange Commission of Pakistan	10
Accrued expenses and other liabilities	1,343
	2,507

Cash used in operations (103,140)

Profit received during the period	2,173
Income tax paid	(1,562)

Net cash used in operating activities (102,529)

CASH FLOWS FROM FINANCING ACTIVITIES

Receipts from issuance of units	171,972
Payments against redemption of units	(17,991)
Dividend paid	(8,026)

Net cash generated from financing activities 145,955

Net increase in cash and cash equivalents during the period 43,426

Cash and cash equivalents at the beginning of the period -

Cash and cash equivalents at the end of the period 43,426

The annexed notes 1 to 31 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)

SD
Chief Executive Officer

SD
Chief Financial Officer

SD
Director

UBL SPECIAL SAVINGS FUND II
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM FEBRUARY 10, 2020 TO JUNE 30, 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

UBL Special Savings Fund II was established under the Trust Deed executed between UBL Fund Managers Limited (the Management Company - a wholly owned subsidiary company of United Bank Limited), as the Management Company, and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on June 17, 2019 and was approved by the Securities and Exchange Commission of Pakistan (SECP) for registration on June 19, 2019 in accordance with the requirements of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations). The Fund commenced its operations from February 10, 2020. Accordingly these financial statements have been prepared from February 10, 2020 to June 30, 2020.

The Management Company of the Fund is registered with the SECP as a Non-Banking Finance Company under the NBFC Rules, 2003. The registered office of the Management Company is situated at 4th Floor, STSM Building, Beaumont Road, Civil Lines, Karachi.

The Fund is an open ended mutual fund. The Fund currently comprises of one plan namely, UBL Special Savings Plan VIII (USSP VIII) (the "Plan") which is listed on the Pakistan Stock Exchange Limited. The Plan is categorised as open-end Capital Protected Fund that aims to not only provide its unit-holders capital preservation but competitive regular returns from a portfolio of fixed income investments in line with the risk tolerance of the Investor. Capital preservation is for the units held within Plan till thirty (30) months & beyond from commencement of Life of Plan.

Class A units are the capital preserved units which are issued in Pre-IPO, IPO and subscription period of the Plan. As per the first supplement to the offering document of the Fund dated December 4, 2019, the subscription period of the plan was for 60 days until April 3, 2020. The subscription period was extended to June 2, 2020 vide third supplement to the offering document dated March 30, 2020. Back end load is applicable after the subscription period until the completion of 30 months of life of the Plan.

VIS Credit Rating Company has assigned management quality rating of AM1 to the Management Company as on December 31, 2019.

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. BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprises of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

2.1.2 The SECP/Commission through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Currently, the Asset Management Companies are required to continue to follow the requirements of Circular 33 of 2012 for impairment of debt securities.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except that certain financial assets are measured at fair value.

2.3 Functional and presentation currency

These Financial Statements is presented in Pakistani Rupees which is the Fund's functional and presentation currency.

2.4 Critical accounting estimates and judgements

The preparation of these financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires management to make estimates, judgements and assumptions that affect the reported amount of assets, liabilities, income and expenses. It also requires management to exercise judgement in application of its accounting policies. The estimates, judgements and associated assumptions are based on the historical experience and various other factors that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements as a whole are as follows:

- (i) classification and measurement of financial assets (notes 4.2.1, 4.2.2 and 4.2.3);
- (ii) impairment of financial assets (note 4.2.5);
- (iii) provision for taxation (notes 4.6 and 18); and
- (iv) provision for Sindh Workers' Welfare Fund (note 13.1).

3. NEW ACCOUNTING STANDARDS / AMENDMENTS AND IFRS INTERPRETATIONS

3.1 New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

	Effective from accounting periods beginning on or after:
Amendments to the conceptual framework for financial reporting, including amendments to references to the conceptual framework in IFRS	January 01, 2020
Amendments to IFRS 3 'Business Combinations' - amendments regarding definition of a business	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - amendments regarding definition of material	January 01, 2020
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - amendments regarding Interest rate benchmark reform	January 01, 2020
Amendment to IFRS 16 'Leases' - amendments regarding Covid-19 related rent concessions	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' - amendments regarding classification of liabilities as current or non-current	January 01, 2023
Amendments to IFRS 3 'Business Combinations' - amendments regarding reference to the conceptual framework	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - amendments regarding proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — amendments regarding cost of fulfilling a contract	January 01, 2022

Certain annual improvements have also been made to a number of IFRSs which are also not expected to have material impact on financial reporting of the Fund.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the SECP:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial Statements are set out below.

4.1 Cash and cash equivalents

Cash and cash equivalents comprise balances with banks and short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried in the statement of assets and liabilities at cost.

4.2 Financial instruments

4.2.1 Classification of financial assets

IFRS 9 contains three principal classification categories for financial assets:

- Measured at amortized cost (“AC”),
- Fair value through other comprehensive income (“FVOCI”) and
- Fair value through profit or loss (“FVTPL”).

Financial assets at amortised cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- 1) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- 2) 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.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Financial assets at FVOCI

A financial asset is measured at FVOCI only if it meets both of the following conditions and is not designated as FVTPL.

- 1) the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- 2) 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.

FVOCI financial assets are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI.

Financial assets at FVTPL

All other financial assets are classified at FVTPL (for example: equity held for trading and debt securities not classified either as AC or FVOCI).

In addition, on initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Fund changes its business model for managing financial assets.

4.2.2 Recognition and initial measurement of financial instruments

Financial assets and financial liabilities are recognised in the Fund's statement of assets and liabilities when the Fund becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

4.2.3 Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured at amortised cost. Amortised cost is calculated using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Financial assets at FVOCI

All financial assets at FVOCI are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in other comprehensive income.

For debt instruments classified as financial assets at FVOCI, the amounts in other comprehensive income are reclassified to income statement on derecognition of financial assets. This treatment is in contrast to equity instruments classified as financial assets at FVOCI, where there is no reclassification on derecognition.

Financial assets at FVTPL

All financial assets designated at fair value through profit or loss are subsequently carried at fair value, with gains and losses arising from changes in fair value recorded in the income statement.

4.2.4 Fair value measurement principles and provision

The fair value of financial instruments is determined as follows:

Basis of valuation of government securities:

The government securities not listed on stock exchange and traded in the interbank market are valued at the average rates quoted on a widely used electronic quotation system (PKRV) rates which are based on the remaining tenor of the security.

4.2.5 Impairment

Under expected credit loss (ECL) model of IFRS 9, the Fund recognises loss allowances for ECLs on financial assets other than debt securities. The Fund measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Financial assets that are determined to have low credit risk at the reporting date; and
- Other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

As disclosed in note 2.1.2 of these financial statements, the Fund follows requirements of circular 33 of 2012 (the "circular") for impairment of debt securities. Under the circular, Provision for non performing debt securities is made on the basis of time based criteria as prescribed under the circular. Impairment losses recognised on debt securities can be reversed through the income statement.

As allowed under circular no. 13 of 2009 dated May 04, 2009 issued by the SECP, the Management Company may also make provision against debt securities over and above minimum provision requirement prescribed in aforesaid circular, in accordance with the provisioning policy approved by the Board of Directors and disseminated by the Management Company on its website.

4.2.6 Classification and measurement of financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

4.2.7 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the entity has transferred substantially all risks and rewards of ownership.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

4.2.8 Regular way contracts

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention are recognised at the trade date. Trade date is the date on which the Fund commits to purchase or sell assets.

4.2.9 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or realize the assets and settle the liabilities simultaneously.

4.3 Derivatives

Derivative instruments are initially recognized at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the income statement. Derivatives with positive fair values (unrealised gains) are included in other assets and derivatives with negative fair values (unrealised losses) are included in other liabilities in the statement of assets and liabilities.

4.4 Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

4.5 Collaterals

Cash collaterals provided by the Fund are identified in the statement of assets and liabilities as margin and are not included as a component of cash and cash equivalents. For collaterals other than cash, if the party to whom the collaterals are provided has a right by contract or custom to sell or re-pledge the collaterals, the Fund classifies those collaterals in the statement of assets and liabilities separately from other assets and identifies the assets as pledged collaterals. Where the party to whom the collaterals are provided does not have the right to sell or re-pledge, a disclosure of the collaterals provided is made in the notes to the financial statements.

4.6 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the period, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders (excluding distribution made by issuance of bonus units).

The Fund is also exempt from the Provisions of Section 113 (minimum tax) and section 113C (Alternative Corporate Tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

The Fund has not recognised any amount in respect of deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future periods by distributing in cash at least ninety percent of its accounting income for the period as reduced by capital gains, whether realised or unrealised, to its unit holders.

4.7 Distributions

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared. Based on MUFAP's guidelines (duly consented upon by SECP) distributions for the year is deemed to comprise of the portion of amount of income already paid on units redeemed and the amount of cash distribution for the year.

The distribution per unit is announced based on units that were held for the entire period. The rate of distribution is adjusted with effect of refund of capital if any based on the period of investment made during the year. Resultantly, the rate of distribution per unit may vary depending on the year of investment.

4.8 Issuance and redemption of units

Units issued are allocated at the offer price, prevalent on the day on which the applications for purchase of units are received, however, units are issued on the receipt of cash / realisation of cheques. The offer price represents the net asset value per unit as at the close of the business day plus the allowable front-end sales load and provision of any duties and charges, if applicable. The sales load is payable to the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the Fund receives redemption applications during the business hours of that day. The redemption price represents the net asset value per unit as at the close of the business day less any back-end load and an amount that the management company may consider to be an appropriate provision of duties and charges. Redemption of units is recorded on acceptance of application for redemption.

4.9 Element of income / (loss) included in prices of units issued less those in units redeemed

Element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

4.10 Net asset value per unit

The Net Asset Value (NAV) per unit, as disclosed in the statement of assets and liabilities, is calculated by dividing the net assets of the Fund by the number of units in issue at period end.

4.11 Revenue recognition

- Realised capital gains / losses arising on sale of investments are included in the income statement on the date at which the sale transaction takes place.
- Unrealised gains / (losses) arising on re-measurement 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.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through other comprehensive income' are included in the equity through other comprehensive income in the period in which they arise.
- Mark-up / return on investments in government securities is recognised using effective yield method.
- Income on bank balances and placements is recognised on time proportionate basis.

4.12 Expenses

All expenses including Management fee, Trustee fee and Securities and Exchange Commission of Pakistan fee are recognised in the Income Statement on accrual basis.

4.13 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represents expenditure incurred prior to the commencement of operations of the Fund and include underwriting commission, commission to the bankers to the issue, brokerage paid to the members of the stock exchange and other expenses. These costs are amortised over a period of thirty months starting from the commencement of life of the Plan as per the requirements set out in the Trust Deed of the Fund and NBFC regulations.

5. BANK BALANCES

Note

In local currency:

- Profit and loss sharing accounts

5.1

43,426

5.1 Mark-up rates on these profit and loss sharing accounts range between 7% to 9% per annum.

6. INVESTMENTS

Financial asset at fair value through other comprehensive income

Government Securities

- Market Treasury Bills

6.1

3,884

- Pakistan Investment Bonds

6.2

104,259

108,143

6.1 Investment in Market Treasury Bills - At fair value through other comprehensive Income

Issue date	Tenor	Face value			Carrying Value as at June 30, 2020	Market Value as at June 30, 2020	Unrealized Appreciation	Market value as a percentage of	
		Purchased during the period	Sold / Matured during the period	As at June 30, 2020				Total Investments	Net Assets
----- (Rupees in '000) -----									
T-Bills									
December 5, 2019	1 Year	4,000	-	4,000	3,832	3,884	52	3.59%	2.52%
March 26, 2020	1 Year	100,000	100,000	-	-	-	-	-	-
As at June 30, 2020		104,000	100,000	4,000	3,832	3,884	52	3.59%	2.52%

6.2 Investment in Pakistan Investment Bonds - At fair value through other comprehensive Income

Issue Date	Note	Tenor	Face value			Carrying Value as at June 30, 2020	Market Value as at June 30, 2020	Unrealized Appreciation	Market value as a percentage of	
			Purchased during the period	Sold / Matured during the period	As at June 30, 2020				Total Investments	Net Assets
----- (Rupees in '000) -----										
September 19, 2019	6.2.1	3 Year	50,000	-	50,000	50,455	51,644	1,189	47.76%	33.47%
September 19, 2019	6.2.2	5 Year	50,000	-	50,000	51,355	52,615	1,260	48.65%	34.10%
As at June 30, 2020			100,000	-	100,000	101,810	104,259	2,449	96.41%	67.57%

6.2.1 This Pakistan Investment Bonds carry coupon interest at the rate of 9% per annum.

6.2.2 This Pakistan Investment Bonds carry coupon interest at the rate of 9.5% per annum.

		USSP-VIII June 30, 2020 (Rupees in '000)
7. MARK-UP RECEIVABLE	Note	
Mark-up accrued on:		
- Profit and loss sharing accounts		304
- Pakistan Investment Bonds		2,614
		<u>2,918</u>
8. ADVANCE INCOME TAX		
The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under section 150, 151 and 233 of ITO 2001. The Federal Board of Revenue (FBR), through a circular "C.No.1 (43) DG (WHT) / 2008-Vol.II- 66417-R" dated May 12, 2015, made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). During the current period, prior to receiving tax exemption certificate(s) from CIR, withholding agent had deducted advance tax under section 151 of ITO 2001. Management is confident that the same shall be refunded after filing of Income Tax Return for Tax Year 2020.		
		USSP-VIII June 30, 2020 (Rupees in '000)
9. PRELIMINARY EXPENSES AND FLOATATION COSTS	Note	
Deferred formation cost		1,000
Amortisation during the period	9.1	(147)
Unamortised formation cost at end of the period		<u>853</u>
9.1 The provisions of the Trust Deed and NBFC Regulations require the amortisation of preliminary expenses and floatation costs up to 1.5% of the net assets at the close of IPO capital of the fund. This cost is amortised over 30 months period.		
		USSP-VIII June 30, 2020 (Rupees in '000)
10. PAYABLE TO UBL FUND MANAGERS LIMITED - MANAGEMENT COMPANY	note	
Management fee payable	10.1, 10.2 and 10.3	109
Allocated expenses payable	10.4	26
Payable against formation cost		1,010
		<u>1,145</u>
10.1 SECP vide S.R.O. 639 (I) / 2019 dated June 20, 2019, has amended Regulation 61 of NBFC Regulations whereby an Asset Management Company may charge variable fee or fixed fee or the combination of both which shall not exceed the limit disclosed in the Offering Document. Moreover it shall disclose in the Offering Document the maximum rate of management fee chargeable to Collective Investment Scheme within allowed expense ratio limit.		
10.2 The remuneration is payable to the Management Company on monthly basis in arrears. During the period, the Management Company has charged remuneration at the rate of 0.75% per annum of daily net assets.		
10.3 The Provincial Government of Sindh has levied Sindh Sales Tax at the rate of 13% on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.		
10.4 Allocated Expenses represents fee for registrar services, accounting, operations and valuation services. In accordance with Regulation 60 of the NBFC Regulations and S.R.O. 639 (I) / 2019 dated June 20, 2019, the Management Company is entitled to charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS). Pursuant to the above mentioned SRO, the Management Company can charge allocated expenses to the CIS based on its discretion provided the Total Expense Ratio (refer note 29) prescribed by the SECP vide S.R.O. 639 (I) / 2019 dated June 20, 2019 is complied with.		
The Management Company has charged allocated expenses of Rs. 0.0505 million related to registrar services, accounting, operations and valuation services during the period ended June 30, 2020 by charging allocated expense at 0.1% per annum of the daily net assets of the Fund.		

		USSP-VIII June 30, 2020 (Rupees in '000)
11. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	
Trustee's remuneration	11.1	<u><u>9</u></u>
11.1	The Trustee is entitled to a remuneration for services rendered to the Fund under the provisions of the Trust Deed and Offering Document as per the tariff specified therein, based on the daily net assets value of the Fund. The remuneration is paid to the Trustee on monthly basis in arrears. The tariff structure applicable to the Fund in respect of the trustee fee is 0.06% of net assets.	
		USSP-VIII June 30, 2020 (Rupees in '000)
12. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	
Annual fee	12.1	<u><u>10</u></u>
12.1	In accordance with NBFC Regulations a collective investment scheme classified as open end scheme is required to pay to the SECP an amount equal to 0.02% of the average annual net assets of the Fund as annual fee.	
		USSP-VIII June 30, 2020 (Rupees in '000)
13. ACCRUED EXPENSES AND OTHER LIABILITIES	Note	
Auditors' remuneration payable		270
Legal and professional fee payable		97
Listing fee		28
Provision for Sindh Workers' Welfare Fund	13.1	117
Withholding tax payable		874
Other payable		74
		<u><u>1,460</u></u>
13.1	As a consequence of the 18th amendment to the Constitution, levy for the WWF was also introduced by the Government of Sindh through the Sindh Workers Welfare Fund (SWWF) Act 2014. SWWF Act 2014, enacted on May 21, 2015, requires every Industrial Establishment located in the province of Sindh and having total income of Rs. 500,000 or more in any year of account commencing on or after the date of closing of account on or after December 31, 2013, to pay two percent of so much of its total income declared to SWWF. The said Act includes any concern engaged in the Banking or Financial Institution in the definition of "Industrial Undertaking" but does not define Financial Institution. The Management Company, based on an opinion obtained by the Mutual Funds Association of Pakistan (MUFAP), believes that Mutual Funds are not liable to pay Sindh WWF under the said law, for the reason that the Mutual Funds are not financial institutions and rather an investment vehicle. However, the Sindh Revenue Board has not accepted the said position of MUFAP and as a result, MUFAP has taken up this matter with the Sindh Finance Ministry for resolution.	
	In view of the above, the MUFAP obtained a legal opinion on these matters during financial year ended June 30, 2017. Based on such legal advice (which also stated that even if a review petition is filed by any party, such petition can only be based on very limited grounds and the chances of any major change in the SCP judgement are very limited), MUFAP had recommended to all its members to start recording Sindh WWF. Consequently, the Fund has recorded provision of Rs. 0.12 million for the period in respect of SWWF.	
	Had the provision not been made, it would have resulted in an increase in the net assets value per unit by Rs. 0.0771 per unit.	
14. CONTINGENCIES AND COMMITMENTS		
	There are no contingencies and commitments outstanding as at June 30, 2020.	

USSP-VIII
For the Period from
February 10, 2020
to
June 30, 2020
--Number of units--

15. NUMBER OF UNITS IN ISSUE

Total units in issue at the beginning of the period	-
Units issued	1,686,380
Units redeemed	(169,049)
Total units in issue at the end of the period	<u>1,517,331</u>

USSP-VIII
For the Period from
February 10, 2020
to
June 30, 2020
(Rupees in '000)

16. FINANCIAL INCOME

Markup / interest income on:

- Profit and loss sharing accounts	2,626
- Market Treasury Bills	759
- Pakistan Investment Bonds	1,706
	<u>5,091</u>

17. AUDITORS' REMUNERATION

Annual audit fee	160
Fee for review of compliance with the requirements of the	
Code of Corporate Governance	45
Fee for other certifications / services	45
Out of pocket expenses and sales tax	20
	<u>270</u>

18. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed to the unit holders in cash. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. During the period ended June 30, 2020, the Fund has distributed by way of cash dividend at minimum 90 percent of the aforementioned accounting income to the unit holders. Accordingly, no provision for taxation has been recognised in these financial statements.

19. EARNINGS PER UNIT

Earnings per unit (EPU) has not been disclosed as in the opinion of management determination of cumulative weighted average number of outstanding units is not practicable.

20. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets and liabilities carried on the statement of assets and liabilities are categorised as follows:

Financial assets

At fair value through other comprehensive income

Investments - net	108,143

At amortized cost

Bank balances	43,426
Mark-up receivable	2,918
Other receivable	8
	154,495

Financial liabilities

At amortized cost

Payable to UBL Fund Managers Limited - Management Company	1,145
Payable to Central Depository Company of Pakistan Limited - Trustee	9
Accrued expenses and other liabilities	469
Net assets attributable to redeemable units	154,286
	155,909

21. FINANCIAL RISK MANAGEMENT

The Fund's overall risk management programme seeks to maximise the returns derived for the level of risks to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance.

Monitoring and controlling risks are primarily set up to be performed based on the limits established by the internal controls set on different activities of the Fund by the Board of Directors. These controls and limits reflect the business strategy and market environment of the Fund as well as the level of risk that the Fund is willing to accept. In addition, the Fund monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risk type and activities.

The Fund primarily invests in a portfolio of money market investments and government securities. These activities are exposed to a variety of financial risks i.e. market risks (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

21.1 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 market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and the regulations laid down by the SECP.

Market risk comprises of three types of risk; currency risk, interest rate risk and other price risk.

21.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates.

The Fund has no exposure to foreign exchange risk as at June 30, 2020 as there are no financial assets or financial liabilities denominated in foreign currencies.

21.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2020, the Fund is exposed to such risk on bank balances and investments in government securities. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Cash flow interest rate risk

The Fund's cash flow interest rate risk arises from the bank balances.

In case of 100 basis points increase / decrease in interest rates on June 30, 2020, with all other variables held constant, the net income for the period and the net assets would have been lower / higher by Rs. 0.434 million.

b) Fair value interest rate risk

The Fund is exposed to Fair value interest rate risk for investment in government securities.

In case of 100 basis points increase / decrease in interest rates on June 30, 2020, with all other variables held constant, the net income for the period and the net assets would have been lower / higher by Rs. 1.081 million.

Yield / interest rate sensitivity position for on balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

USSP-VIII

Particulars	Effective yield / interest rate	Total	Exposed to Yield / Interest rate risk			Not exposed to Yield / Interest rate risk
			Upto three months	More than three months and upto one year	More than one year	
On-balance sheet financial instruments	%	----- (Rupees in '000) -----				
Financial assets						
Bank balances	7 - 13.55	43,426	43,426	-	-	-
Investments	8.53 - 10.6	108,143	-	3,884	104,259	-
Accrued mark-up		2,918	-	-	-	2,918
Other receivables		8	-	-	-	8
		154,495	43,426	3,884	104,259	2,926
Financial liabilities						
Payable to UBL Fund Managers Limited - Management Company		1,145	-	-	-	1,145
Payable to Central Depository Company of Pakistan Limited - Trustee		9	-	-	-	9
Accrued expenses and other liabilities		469	-	-	-	469
Net assets attributable to redeemable units		154,286	-	-	-	154,286
		155,909	-	-	-	155,909
On-balance sheet gap (a)		(1,414)	43,426	3,884	104,259	(152,983)
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a) + (b)			43,426	3,884	104,259	(152,983)
Cumulative interest rate sensitivity gap			43,426	3,884	104,259	(152,983)

21.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market 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. Currently, the Fund does not hold any security which exposes the Fund to price risk.

21.2 Credit risk

Credit risk represents the risk of loss if the counterparties fail to perform as contracted. The Fund's credit risk mainly arises from bank balances and mark-up receivable.

The Fund keeps deposits and performs transactions with reputed financial institutions with reasonably high credit ratings. All transactions in listed securities are settled / paid for upon delivery using the system of National Clearing Company of Pakistan Limited. The risk of default in these transactions is considered minimal due to inherent systematic measures taken therein. The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed and the requirements of the NBFC rules and the regulations and the guidelines given by the SECP from time to time.

The maximum exposure to credit risk before considering any related collateral as at June 30, 2020 is the carrying amount of the financial assets. None of these are 'impaired' nor 'past due but not impaired'. Investment in government securities are not exposed to credit risk as they are guaranteed by the Government of Pakistan.

The analysis below summarises the credit quality of the Fund's financial assets as at June 30, 2020:

Name of Financial Institution	Balances held by the Fund as at June 30, 2020	Latest available published ratings at June 30, 2020	Rating Agency

Bank balances and Mark- up receivable

Soneri Bank Limited	43,730	AA-	PACRA

Concentration of credit risk

Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Fund's transactions are entered into with credit worthy counterparties thereby mitigating any significant concentration of credit risk.

21.3 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset or such obligations will have to be settled in a manner disadvantageous to the Fund.

The Fund is mainly exposed to the daily cash redemption requests on a regular basis. Units are redeemable at the holders' option based on the Fund's net asset value per unit, at the time of redemption, calculated in accordance with the Fund's constitutive document and guidelines laid down by the SECP.

Management of liquidity risk

The Fund's 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. The Fund's policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily realised.

In order to manage the Fund's overall liquidity, the Fund also has the option to withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. Further, the Fund also has the ability to suspend redemptions of units with the approval of the Board of Directors of the Management Company in extraordinary circumstances.

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.

Particulars	USSP-VIII			
	----- As at June 30, 2020 -----			
	Total	Upto three months	Over three months and upto one year	Over one year
----- (Rupees in '000) -----				

Financial liabilities at amortised cost

Payable to UBL Fund Managers Limited - Management Company	1,145	1,145	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	9	9	-	-
Accrued expenses and other liabilities	469	469	-	-
Net assets attributable to redeemable units	154,286	154,286		
	155,909	155,909	-	-

22. UNITS 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. These unit holders of the Fund are entitled to distributions and to payment of a proportionate share based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in unit holders' fund.

The Fund's objective when managing 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 adjust the amount of distributions the Fund pays to the unit holders;
- Redeem and issue units in accordance with the constitutive documents of the Fund. This includes the Fund's ability to restrict redemptions; and
- The Fund Manager / Investment Committee members and the Chief Executive Officer of the Management Company critically track the movement of 'Assets under Management'. The Board of Directors of the Management Company is updated regarding key performance indicators, e.g., yield and movement of NAV and total Fund size at the end of each quarter.

The Fund has maintained and complied with the requirements of minimum fund size during the current period.

23. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between the market participants at the measurement date. Consequently, differences can arise between carrying value and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Fair value of investments classified as 'at fair value through other comprehensive income' which are tradable in an open market is based on the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from the carrying value as the items are short-term in nature.

The Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- Fair value measurements using Inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

The table below provides information on financial assets carried at fair values, by valuation methods.

ASSETS	As at June 30, 2020			
	Level 1	Level 2	Level 3	Total
----- Rupees in '000-----				
Investment in securities - financial assets at fair value through other comprehensive income				
- Government securities	-	108,143	-	108,143
	-	108,143	-	108,143

There were no transfers between various levels of fair value hierarchy during the period.

24. PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

Details of members of the investment committee of the Fund are as follow:

S.No.	Name	Designation	Qualification	Experience in years
1	Yasir Qadri	Chief Executive Officer	MBA	24
2	Syed Suleman Akhtar	Chief Investment Officer	CFA, MBA	19
3	Muhammad Imran	Head of Investment advisory	MBA	20
4	Irfan Nepal	Chief Dealer & Fund Manager	EMBA	26
5	Hadi Hassan Muki	Head of Compliance	BCOM	20
6	Syed Shabbir Sardar Zaidi	Fund Manager & Senior Analyst	MAS, CFA	11
7	Syed Sheeraz Ali	Fund Manager & Senior Analyst	MBA	10
8	Mubashir Anis	Fund Manager Equity	BS, CFA	8
9	Muhammad Waseem	Head Research	BBA, CFA	*

- 24.1** Syed Sheeraz Ali is the Fund manager of the Fund. He is also the Fund Manager of UBL Money Market Fund, UBL Cash Fund, UBL Liquidity Plus Fund, UBL Government Securities Fund, UBL Income Opportunity Fund, UBL Growth and Income Fund, UBL Asset Allocation Fund, UBL Financial Planning Fund, UBL Special Savings Fund, UBL Retirement Savings Fund, Al-Ameen Islamic Cash Fund, Al-Ameen Islamic Aggressive Income Fund, Al-Ameen Islamic Financial Planning Fund, Al-Ameen Islamic Special Saving Fund, Al-Ameen Islamic Cash Plan and Al-Ameen Islamic Retirement Saving Fund.

25. PATTERN OF UNIT HOLDING

USSP-VIII

----- As at June 30, 2020 -----

Category	Number of units holders	Number of units held	Unit holding or investment amount	Percentage of total
Rupees in '000'				
Individuals	27	517,331	52,608	34.10%
NBFC	1	1,000,000	101,683	65.90%
	28	1,517,331	154,290	100%

26. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties comprise United Bank Limited (Holding Company of the Management Company), UBL Fund Managers Limited (Management Company), Al-Ameen Islamic Financial Services (Private) Limited (Subsidiary of the Management Company), entities under common management or directorships, the Central Depository Company of Pakistan Limited (Trustee), Directors and Officers of Management Company, persons having 10% or more beneficial ownership of the units of the Fund and other collective investment schemes managed by the Management Company.

Transactions with the connected persons are at agreed / contracted rates.

Remuneration payable to Management Company and Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

26.1 Details of transactions with related parties / connected persons and balances held with them as at the period end are as follows:

-----USSP-VIII-----						
Particulars	Management Company	Associated Companies and others	Trustee	Funds under Common Management	Directors and Key Executives	Other Connected persons / related parties
----- For the period ended June 30, 2020 -----						
<u>Transactions during the period</u>	----- (Units in '000) -----					
Units issued	1,000	-	-	-	-	-
----- (Rupees in '000) -----						
Value of units issued	100,000	-	-	-	-	-
Dividend paid	4,561	-	-	-	-	-
Remuneration (including Sindh Sales Tax)	426	-	34	-	-	-
Allocated expenses	50	-	-	-	-	-
Preliminary expenses and						
Floatation cost incurred	1,000	-	-	-	-	-
----- As at June 30, 2020 -----						
<u>Balances held</u>	----- (Units in '000) -----					
Units held	1,000	-	-	-	-	-
----- (Rupees in '000) -----						
Value of units held	101,683	-	-	-	-	-
Remuneration payable	109	-	9	-	-	-
Allocated expenses payable	26	-	-	-	-	-
Payable against formation cost	1,010	-	-	-	-	-

27. ATTENDANCE AT THE MEETINGS OF THE BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

During the period, six meetings of the Board of Directors of the Management Company were held. The details of the attendance are as under:

No. 120	No. 121	No. 122	No. 123	No. 124	No. 125	Total meetings attended
August 30, 2019	September 17, 2019	October 29, 2019	December 9, 2019	February 25, 2020	April 30, 2020	

Directors:

Mr. Arif Akmal Saifie *	-	-	-	-	✓	1
Mr. Azhar Hamid	✓	✓	✓	✓	✓	6
Mr. Imran Sarwar	✓	✓	✓	✓	x	5
Mr. Yasir Qadri	✓	✓	✓	✓	✓	6
Ms. Naz Khan **	✓	✓	✓	✓	✓	6
Ms. Sadia Saeed	x	✓	✓	✓	✓	5
Mr. Syed Furrukh Zaeem	✓	✓	✓	✓	x	5
Mr. Tauqeer Mazhar ***	✓	✓	✓	✓	-	4

Key Executives:

Mr. Bilal Javaid ***	-	-	-	✓	✓	3
Mr. Umair Ahmed	✓	✓	✓	✓	✓	6
S.M. Aly Osman ****	✓	✓	✓	-	-	3

* Mr. Arif Akmal appointed as Director with effect from March 20, 2020

** Ms. Naz Khan resigned as Director with effect from July 20, 2020

*** Mr. Tauqeer Mazhar resigned as Director with effect from January 30, 2020

**** Mr. Bilal Javaid appointed as Company Secretary with effect from February 25, 2020

***** S.M. Aly Osman resigned as Company Secretary with effect from November 30, 2019

The Board of Directors of the Management Company has overall responsibility for the establishment and oversight of the Fund's risk management framework. The Board is also responsible for developing and monitoring the Fund's risk management policies.

28. TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID

The Fund has not engaged any broker during the period. All of the investments transactions have been directly executed.

29. TOTAL EXPENSE RATIO

On June 20, 2019, SECP wide SRO 639(I)/2019 has made certain amendments in Non-Banking Finance Companies and Notified Entities Regulations, 2008. As per said amendments capping of expense ratio of the Fund is 2.5%.

As per Directive 23 of 2016 dated July 20, 2016 issued by SECP, the Total Expense Ratio of the Fund is 0.90% for the period ended June 30, 2020 and this includes 0.14% representing government levy, sindh worker's welfare fund and SECP fee.

30. GENERAL

30.1 Figures have been rounded off to the nearest thousand rupees unless otherwise specified.

30.2 On March 11, 2020, the World Health Organisation made an assessment that the outbreak of a coronavirus (COVID-19) can be characterised as a pandemic. As a result, businesses have subsequently been affected amongst others with temporary suspension of travel, and closure of recreation and public facilities.

To alleviate the negative impact of the COVID-19 pandemic, the Government, Central Banks including financial institutions affiliated to those banks, and regulators have taken measures and issued directives to support businesses, including extensions of deadlines, facilitating continued business through social-distancing and easing pressure on credit and liquidity in the market.

The Management Company has made an assessment in order to evaluate the impact of COVID-19 pandemic over the financial performance of the Fund as well as the going concern assessment. As a result of such assessment, the management has not identified any material adverse impact on its financial performance due to COVID-19 pandemic situation.

31. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company in their meeting held on September 24, 2020.

For UBL Fund Managers Limited
(Management Company)

SD
Chief Executive Officer

SD
Chief Financial Officer

SD
Director

USSF

UBL Special Savings Fund

INVESTMENT OBJECTIVE

UBL Special Savings Fund shall be an open-end Capital Protected Fund that aims to not only provide its unitholders capital preservation but competitive regular returns from a portfolio of fixed income investments in line with the risk tolerance of the Investor.

Management Company	UBL Fund Managers Limited
Trustee	Central Depository Company of Pakistan Limited 99-B, Block-B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi. Tel: (9221) 111-111-500
Distribution Company	United Bank Limited (for detail of others, please visit our website: www.ublfunds.com.pk)
Auditor	KPMG - Taseer Hadi & Co
Bankers	Allied Bank Limited JS Bank Limited Soneri Bank Limited Habib Metropolitan Bank Limited
Management Co.Rating	AM1 (VIS)

Fund Manager's Report – UBL Special Savings Fund

UBL Special Savings Plan - I (USSP-I)

i) **Description of the Collective Investment Scheme category and type**

Capital protected Scheme / Open-end

i) **Statement of Collective Investment Scheme's investment objective**

The "UBL Special Savings Plan-I (USSP-I)" is an Allocation Plan under "UBL Special Savings Fund". The objective is to earn competitive regular return with capital preservation for unit holders who hold their investment for thirty six (36) Months from commencement of life of plan

ii) **Explanation as to whether the Collective Investment Scheme achieved its stated objective**

The fund achieved its stated objective

iii) **Statement of benchmark(s) relevant to the Collective Investment Scheme**

Average of 6M PKRV rates.

iv) **Comparison of the Collective Investment Scheme's performance during the period compared with the said benchmarks**

Monthly Yield*	Jul'19	Aug'19	Sep'19	Oct'19	Nov'19	Dec'19	Jan'20	Feb'20	Mar'20	Apr'20	May'20	Jun'20	FYTD
USSP-I	9.69%	20.87%	33.33%	33.32%	3.74%	13.65%	6.61%	11.53%	74.26%	77.74%	-1.58%	11.62%	22.33%
Benchmark	13.37%	13.93%	13.79%	13.40%	13.37%	13.35%	13.33%	13.39%	12.21%	9.18%	7.82%	7.64%	12.07%

v) **Description of the strategies and policies employed during the period under review in relation to the Collective Investment Scheme's performance**

The "UBL Special Savings Plan-I (USSP-I)" is an Allocation Plan under "UBL Special Savings Fund". The objective is to earn competitive regular return with capital preservation for unit holders who hold their investment for thirty-six (36) Months from commencement of life of plan. During period under review, USSP-I yielded return of 22.33% p.a. as compare to benchmark return of 12.07% thus outperformed the benchmark by massive 10.26%. Major exposure was maintained in PIBs at the end of Jun20, thus maintaining high portfolio quality. The net assets of the plan were PKR 331mn at the end of Jun'20.

Disclosure of the Collective Investment Scheme's asset allocation as at the date of the report and particulars of significant changes in asset allocation since the last report (if applicable)

Asset Allocation (% of Total Assets)	Jun-19	Jun-20
Placements with banks	0%	0%
PIB	91%	90%
GOP Ijarah Sukuk	0%	0%

Reverse Repo	0%	0%
T-Bills	0%	0%
Cash	5%	7%
Others	4%	3%
Leverage	0%	0%

vi) Analysis of the Collective Investment Scheme's performance

FY'20 Return:	22.33%
Standard Deviation (12m trailing):	3.17%
Sharpe Ratio (12m trailing):	3.23

vii) Changes in total NAV and NAV per unit since the last review period or since commencement (in case of newly established Collective Investment Schemes)

Net Asset Value			NAV per unit		
30-Jun-20	30-Jun-19	Change	30-Jun-20	30-Jun-19	Change
Rupees (000)		%	Rupees		%
330,953	459,720	(28.01)	107.0617	97.6060	9.69

viii) Disclosure on the markets that the Collective investment Scheme has invested in including - review of the market(s) invested in and returns during the period:

Debt Market Review for FY20

During FY20, market appetite for the government securities remained strong. In twelve PIB auctions in FY20, heavy participation amounting to PKR ~5 trillion was observed. Out of these Government preemptively accepted PKR ~1.9 trillion. Strong participation was mainly on the back of interest rate's peaked-out expectation in the beginning of the financial year along with the overall improvement in the fiscal position and estimates of higher external financing. Due to momentous demand, Government leveraged its position by slashing the cut off rates by 628, 536 and 456 bps for 3Y, 5Y and 10Y PIBs, respectively during the Fiscal year 2020

In case of floating rate PIBs, Government introduced 3Y floater PIB and 5Y floater PIB in addition to the existing 10Y floater PIB from June'20. Total participation of PKR ~1,578 billion was observed in the floating rate PIB against the target of PKR ~900 billion. While Government accepted PKR ~818 billion during FY'20.

Government has started issuance of 5-Years floating rate Ijara Sukuk since April'20 and successfully conducted 3 auctions and accepted PKR 197 billion against the target of PKR 225 billion.

- ix) **Disclosure on distribution (if any), comprising:-**
 - particulars of income distribution or other forms of distribution made and proposed during the period; and
 - statement of effects on the NAV before and after distribution is made

Distribution				Per unit	
Declared on	Bonus	Cash	Per Unit	Cum NAV	Ex NAV
	Rupees (000)			----- Rupees -----	
28-Dec-2019	-	16,958	4.50	106.3640	101.8640
24-June-2020	-	22,645	7.31	113.8813	106.5681

- x) **Description and explanation of any significant changes in the state of affairs of the Collective Investment Scheme during the period and up till the date of the manager's report, not otherwise disclosed in the financial statements**

There were no significant changes in state of affairs of the scheme.

- xi) **Breakdown of unit holdings by size**

Range of Units	Number of Investors
	USSP-I
0.0001 - 9,999.9999	111
10,000.0000 - 49,999.9999	60
50,000.0000 - 99,999.9999	6
100,000.0000 - 499,999.9999	6
500,000.0000 & Above	-
Total	183

- xii) **Disclosure on unit split (if any), comprising:-**

There were no unit splits during the period.

- xiii) **Disclosure of circumstances that materially affect any interests of unit holders**

Investment are subject to credit and market risk.

- xiv) **Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker(s) or dealer(s) by virtue of transactions conducted by the Collective Investment Scheme.**

No soft commissions are received by the AMC from its brokers or dealers by virtue of transactions conducted by the Collective Investment Scheme.

Fund Manager's Report – UBL Special Savings Fund

UBL Special Savings Plan - II (USSP-II)

i) **Description of the Collective Investment Scheme category and type**

Capital protected Scheme / Open-end

i) **Statement of Collective Investment Scheme's investment objective**

The "UBL Special Savings Plan II (USSP II)" is an Allocation Plan under "UBL Special Savings Fund". The objective is to earn competitive regular return with capital preservation for unit holders who hold their investment for thirty six (36) Months from commencement of life of plan.

ii) **Explanation as to whether the Collective Investment Scheme achieved its stated objective**

The fund achieved its stated objective

iii) **Statement of benchmark(s) relevant to the Collective Investment Scheme**

Average of 6M PKRV rates.

iv) **Comparison of the Collective Investment Scheme's performance during the period compared with the said benchmarks**

Monthly Yield*	Jul'19	Aug'19	Sep'19	Oct'19	Nov'19	Dec'19	Jan'20	Feb'20	Mar'20	Apr'20	May'20	Jun'20	FYTD
USSP-II	9.74%	20.80%	33.20%	33.09%	4.17%	15.20%	7.11%	12.22%	72.03%	77.35%	-0.93%	12.50%	22.59%
Benchmark	13.37%	13.93%	13.79%	13.40%	13.37%	13.35%	13.33%	13.39%	12.21%	9.18%	7.82%	7.64%	12.07%

v) **Description of the strategies and policies employed during the period under review in relation to the Collective Investment Scheme's performance**

The "UBL Special Savings Plan-II (USSP-II)" is an Allocation Plan under "UBL Special Savings Fund". The objective is to earn competitive regular return with capital preservation for unit holders who hold their investment for thirty-six (36) Months from commencement of life of plan. During the period under review, USSP-II yielded return of 22.59% vs the benchmark return of 12.07% thus outperformed the benchmark by massive 10.52%. Major exposure was maintained in PIB at the end of Jun'20. The net assets of the plan were PKR 743mn at the end of Jun'20.

Disclosure of the Collective Investment Scheme's asset allocation as at the date of the report and particulars of significant changes in asset allocation since the last report (if applicable)

Asset Allocation (% of Total Assets)	Jun-19	Jun-20
Placements with banks	0%	0%
PIB	90%	91%
GOP Ijarah Sukuk	0%	0%
Reverse Repo	0%	0%

T-Bills	0%	0%
Cash	4%	6%
Others	6%	3%
Leverage	0%	0%

vi) **Analysis of the Collective Investment Scheme's performance**

FY'20 Return:	22.59%
Standard Deviation (12m trailing):	3.09%
Sharpe Ratio (12m trailing):	3.39

vii) **Changes in total NAV and NAV per unit since the last review period or since commencement (in case of newly established Collective Investment Schemes)**

Net Asset Value			NAV per unit		
30-Jun-20	30-Jun-19	Change	30-Jun-20	30-Jun-19	Change
Rupees (000)		%	Rupees		%
743,144	901,819	(17.59)	107.0269	97.4116	9.87

viii) **Disclosure on the markets that the Collective investment Scheme has invested in including - review of the market(s) invested in and returns during the period**

Debt Market Review for FY20

During FY20, market appetite for the government securities remained strong. In twelve PIB auctions in FY20, heavy participation amounting to PKR ~5 trillion was observed. Out of these Government preemptively accepted PKR ~1.9 trillion. Strong participation was mainly on the back of interest rate's peaked-out expectation in the beginning of the financial year along with the overall improvement in the fiscal position and estimates of higher external financing. Due to momentous demand, Government leveraged its position by slashing the cut off rates by 628, 536 and 456 bps for 3Y, 5Y and 10Y PIBs, respectively during the Fiscal year 2020

In case of floating rate PIBs, Government introduced 3Y floater PIB and 5Y floater PIB in addition to the existing 10Y floater PIB from June'20. Total participation of PKR ~1,578 billion was observed in the floating rate PIB against the target of PKR ~900 billion. While Government accepted PKR ~818 billion during FY'20.

Government has started issuance of 5-Years floating rate Ijara Sukuk since April'20 and successfully conducted 3 auctions and accepted PKR 197 billion against the target of PKR 225 billion.

- ix) **Disclosure on distribution (if any), comprising:-**
- particulars of income distribution or other forms of distribution made and proposed during the period; and
- statement of effects on the NAV before and after distribution is made

Distribution				Per unit	
Declared on	Bonus	Cash	Per Unit	Cum NAV	Ex NAV
	Rupees (000)			----- Rupees -----	
28-Dec-19		42,254	5.50	106.1741	100.6741
24-June-20		43,281	6.23	112.7700	106.5378

- x) **Description and explanation of any significant changes in the state of affairs of the Collective Investment Scheme during the period and up till the date of the manager's report, not otherwise disclosed in the financial statements**

There were no significant changes in state of affairs of the scheme.

- xi) **Breakdown of unit holdings by size**

Range of Units	Number of Investors
	USSP-II
0.0001 - 9,999.9999	237
10,000.0000 - 49,999.9999	98
50,000.0000 - 99,999.9999	8
100,000.0000 - 499,999.9999	18
500,000.0000 & Above	1
Total	362

- xii) **Disclosure on unit split (if any), comprising:-**

There were no unit splits during the period.

- xiii) **Disclosure of circumstances that materially affect any interests of unit holders**

Investment are subject to credit and market risk.

- xiv) **Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker(s) or dealer(s) by virtue of transactions conducted by the Collective Investment Scheme.**

No soft commissions are received by the AMC from its brokers or dealers by virtue of transactions conducted by the Collective Investment Scheme.

Fund Manager's Report – UBL Special Savings Fund

UBL Special Savings Plan - III (USSP-III)

i) **Description of the Collective Investment Scheme category and type**

Capital protected Scheme / Open-end

i) **Statement of Collective Investment Scheme's investment objective**

The "UBL Special Savings Plan III (USSP III)" is an Allocation Plan under "UBL Special Savings Fund". The objective is to earn competitive regular return with capital preservation for unit holders who hold their investment for thirty six (36) Months from commencement of life of plan.

ii) **Explanation as to whether the Collective Investment Scheme achieved its stated objective**

The fund achieved its stated objective

iii) **Statement of benchmark(s) relevant to the Collective Investment Scheme**

Average of 6M PKRV rates.

iv) **Comparison of the Collective Investment Scheme's performance during the period compared with the said benchmarks**

Monthly Yield*	Jul'19	Aug'19	Sep'19	Oct'19	Nov'19	Dec'19	Jan'20	Feb'20	Mar'20	Apr'20	May'20	Jun'20	FYTD
USSP-III	11.50%	22.03%	34.56%	34.86%	4.48%	21.32%	7.12%	12.26%	89.18%	84.65%	-1.66%	10.77%	24.85%
Benchmark	13.37%	13.93%	13.79%	13.40%	13.37%	13.35%	13.33%	13.39%	12.21%	9.18%	7.82%	7.64%	12.07%

v) **Description of the strategies and policies employed during the period under review in relation to the Collective Investment Scheme's performance**

The "UBL Special Savings Plan-III (USSP-III)" is an Allocation Plan under "UBL Special Savings Fund". The objective is to earn competitive regular return with capital preservation for unit holders who hold their investment for thirty-six (36) Months from commencement of life of plan. During FY20, USSP-III yielded return of 24.85% as compared to benchmark return of 12.07% thus outperformed the benchmark by 12.78%. Major exposure was maintained in PIB at the end of Jun'20. The net assets of the plan were PKR 122mn at the end of Jun'20.

Disclosure of the Collective Investment Scheme's asset allocation as at the date of the report and particulars of significant changes in asset allocation since the last report (if applicable)

Asset Allocation (% of Total Assets)	Jun-19	Jun-20
Placements with banks	0%	0%
PIB	96%	90%
GOP Ijarah Sukuk	0%	0%
Reverse Repo	0%	0%

T-Bills	0%	0%
Cash	0%	6%
Others	4%	3%
Leverage	0%	0%

vi) **Analysis of the Collective Investment Scheme's performance**

FY'20 Return:	24.85%
Standard Deviation (12m trailing):	3.57%
Sharpe Ratio (12m trailing):	3.57

vii) **Changes in total NAV and NAV per unit since the last review period or since commencement (in case of newly established Collective Investment Schemes)**

Net Asset Value			NAV per unit		
30-Jun-20	30-Jun-19	Change	30-Jun-20	30-Jun-19	Change
Rupees (000)		%	Rupees		%
122,480	264,825	(53.75)	111.3854	98.8607	12.67

viii) **Disclosure on the markets that the Collective investment Scheme has invested in including - review of the market(s) invested in and returns during the period**

Debt Market Review for FY20

During FY20, market appetite for the government securities remained strong. In twelve PIB auctions in FY20, heavy participation amounting to PKR ~5 trillion was observed. Out of these Government preemptively accepted PKR ~1.9 trillion. Strong participation was mainly on the back of interest rate's peaked-out expectation in the beginning of the financial year along with the overall improvement in the fiscal position and estimates of higher external financing. Due to momentous demand, Government leveraged its position by slashing the cut off rates by 628, 536 and 456 bps for 3Y, 5Y and 10Y PIBs, respectively during the Fiscal year 2020

In case of floating rate PIBs, Government introduced 3Y floater PIB and 5Y floater PIB in addition to the existing 10Y floater PIB from June'20. Total participation of PKR ~1,578 billion was observed in the floating rate PIB against the target of PKR ~900 billion. While Government accepted PKR ~818 billion during FY'20.

Government has started issuance of 5-Years floating rate Ijara Sukuk since April'20 and successfully conducted 3 auctions and accepted PKR 197 billion against the target of PKR 225 billion.

- ix) **Disclosure on distribution (if any), comprising:-**
- particulars of income distribution or other forms of distribution made and proposed during the period; and
- statement of effects on the NAV before and after distribution is made

Distribution				Per unit	
Declared on	Bonus	Cash	Per Unit	Cum NAV	Ex NAV
	Rupees (000)		----- Rupees -----		
28-Dec-2019	-	7,843	5.50	108.6666	103.1666
24-June-2020	-	6,397	5.8172	116.6497	110.8325

- x) **Description and explanation of any significant changes in the state of affairs of the Collective Investment Scheme during the period and up till the date of the manager's report, not otherwise disclosed in the financial statements**

There were no significant changes in state of affairs of the scheme.

- xi) **Breakdown of unit holdings by size**

Range of Units	Number of Investors
	AIPPF-III
0.0001 - 9,999.9999	70
10,000.0000 - 49,999.9999	27
50,000.0000 - 99,999.9999	2
100,000.0000 - 499,999.9999	-
500,000.0000 & Above	-
Total	99

- xii) **Disclosure on unit split (if any), comprising:-**

There were no unit splits during the period.

- xiii) **Disclosure of circumstances that materially affect any interests of unit holders**

Investment are subject to credit and market risk.

- xiv) **Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker(s) or dealer(s) by virtue of transactions conducted by the Collective Investment Scheme.**

No soft commissions are received by the AMC from its brokers or dealers by virtue of transactions conducted by the Collective Investment Scheme.

Fund Manager's Report – UBL Special Savings Fund

UBL UBL Special Savings Plan - IV (USSP-IV)

i) **Description of the Collective Investment Scheme category and type**

Capital protected Scheme / Open-end

i) **Statement of Collective Investment Scheme's investment objective**

The "UBL Special Savings Plan IV (USSP IV)" is an Allocation Plan under "UBL Special Savings Fund". The objective is to earn competitive regular return with capital preservation for unit holders who hold their investment for twenty four (24) Months from commencement of life of plan.

ii) **Explanation as to whether the Collective Investment Scheme achieved its stated objective**

The fund achieved its stated objective

iii) **Statement of benchmark(s) relevant to the Collective Investment Scheme**

Average of 6M PKRV rates.

iv) **Comparison of the Collective Investment Scheme's performance during the period compared with the said benchmarks**

Monthly Yield*	Jul'19	Aug'19	Sep'19	Oct'19	Nov'19	Dec'19	Jan'20	Feb'20	Mar'20	Apr'20	May'20	Jun'20	FYTD
USSP-IV	8.75%	16.49%	27.75%	26.80%	3.76%	13.37%	9.10%	11.84%	51.86%	64.07%	-0.31%	13.90%	19.30%
Benchmark	13.37%	13.93%	13.79%	13.40%	13.37%	13.35%	13.33%	13.39%	12.21%	9.18%	7.82%	7.64%	12.07%

v) **Description of the strategies and policies employed during the period under review in relation to the Collective Investment Scheme's performance**

The "UBL Special Savings Plan-IV (USSP-IV)" is an Allocation Plan under "UBL Special Savings Fund". The objective is to earn competitive regular return with capital preservation for unit holders who hold their investment for twenty four (24) Months from commencement of life of plan. Since inception, USSP-IV yielded return of 19.30% as compared to benchmark return of 12.07% thus outperformed the benchmark by 7.23%. Major exposure was maintained in PIB at the end of Jun'20. The net assets of the plan were PKR 200mn at the end of Jun'20.

Disclosure of the Collective Investment Scheme's asset allocation as at the date of the report and particulars of significant changes in asset allocation since the last report (if applicable)

Asset Allocation (% of Total Assets)	Jun-19	Jun-20
Placements with banks	0%	0%
PIB	71%	89%
GOP Ijarah Sukuk	0%	0%
Reverse Repo	0%	0%

T-Bills	0%	1%
Cash	20%	6%
Others	9%	3%
Leverage	0%	0%

vi) **Analysis of the Collective Investment Scheme's performance**

FY'20 Return: 19.30%

Standard Deviation (12m trailing): n/a

Sharpe Ratio (12m trailing): n/a

vii) **Changes in total NAV and NAV per unit since the last review period or since commencement (in case of newly established Collective Investment Schemes)**

Net Asset Value			NAV per unit		
30-Jun-20	30-Jun-19	Change	30-Jun-20	30-Jun-19	Change
Rupees (000)		%	Rupees		%
200,280	182,787	9.57	106.1967	99.6688	6.55

viii) **Disclosure on the markets that the Collective investment Scheme has invested in including - review of the market(s) invested in and returns during the period**

Debt Market Review for FY20

During FY20, market appetite for the government securities remained strong. In twelve PIB auctions in FY20, heavy participation amounting to PKR ~5 trillion was observed. Out of these Government preemptively accepted PKR ~1.9 trillion. Strong participation was mainly on the back of interest rate's peaked-out expectation in the beginning of the financial year along with the overall improvement in the fiscal position and estimates of higher external financing. Due to momentous demand, Government leveraged its position by slashing the cut off rates by 628, 536 and 456 bps for 3Y, 5Y and 10Y PIBs, respectively during the Fiscal year 2020

In case of floating rate PIBs, Government introduced 3Y floater PIB and 5Y floater PIB in addition to the existing 10Y floater PIB from June'20. Total participation of PKR ~1,578 billion was observed in the floating rate PIB against the target of PKR ~900 billion. While Government accepted PKR ~818 billion during FY'20.

Government has started issuance of 5-Years floating rate Ijara Sukuk since April'20 and successfully conducted 3 auctions and accepted PKR 197 billion against the target of PKR 225 billion.

- ix) **Disclosure on distribution (if any), comprising:-**
- particulars of income distribution or other forms of distribution made and proposed during the period; and
- statement of effects on the NAV before and after distribution is made

Distribution				Per unit	
Declared on	Bonus	Cash	Per Unit	Cum NAV	Ex NAV
	Rupees (000)		----- Rupees -----		
28-Dec-19		11,157	5.5000	107.2277	101.7277
24-June-20		12,517	6.6367	112.4182	105.7815

- x) **Description and explanation of any significant changes in the state of affairs of the Collective Investment Scheme during the period and up till the date of the manager's report, not otherwise disclosed in the financial statements**

There were no significant changes in state of affairs of the scheme.

- xi) **Breakdown of unit holdings by size**

Range of Units	Number of Investors
	USSP-IV
0.0001 - 9,999.9999	42
10,000.0000 - 49,999.9999	28
50,000.0000 - 99,999.9999	2
100,000.0000 - 499,999.9999	2
500,000.0000 & Above	1
Total	75

- xii) **Disclosure on unit split (if any), comprising:-**

There were no unit splits during the period.

- xiii) **Disclosure of circumstances that materially affect any interests of unit holders**

Investment are subject to credit and market risk.

- xiv) **Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker(s) or dealer(s) by virtue of transactions conducted by the Collective Investment Scheme.**

No soft commissions are received by the AMC from its brokers or dealers by virtue of transactions conducted by the Collective Investment Scheme.

Fund Manager's Report – UBL Special Savings Fund

UBL Special Savings Plan - V (USSP-V)

I. Description of the Collective Investment Scheme category and type

Capital protected Scheme / Open-end

II. Statement of Collective Investment Scheme's investment objective

The "UBL Special Savings Plan V (USSP V)" is an Allocation Plan under "UBL Special Savings Fund". The objective is to earn competitive regular return with capital preservation for unit holders who hold their investment for twenty four (24) Months from commencement of life of plan.

III. Explanation as to whether the Collective Investment Scheme achieved its stated objective

The fund achieved its stated objective

IV. Statement of benchmark(s) relevant to the Collective Investment Scheme

Average of 6M PKRV rates.

V. Comparison of the Collective Investment Scheme's performance during the period compared with the said benchmarks

Monthly Yield*	Jul'19	Aug'19	Sep'19	Oct'19	Nov'19	Dec'19	Jan'20	Feb'20	Mar'20	Apr'20	May'20	Jun'20	FYTD
USSP-V	-	-	16.67%	20.40%	9.24%	12.59%	12.03%	13.70%	31.88%	38.56%	3.41%	11.45%	16.56%
Benchmark	-	-	13.74%	13.40%	13.37%	13.35%	13.33%	13.39%	12.21%	9.18%	7.82%	7.64%	11.66%

VI. Description of the strategies and policies employed during the period under review in relation to the Collective Investment Scheme's performance

The "UBL Special Savings Plan V (USSP-V)" is an Allocation Plan under "UBL Special Savings Fund". The objective is to earn competitive regular return with capital preservation for unit holders who hold their investment for twenty-four (24) Months from commencement of life of plan. Since inception, USSP-V yielded return of 16.56% as compared to benchmark return of 11.66% thus outperformed the benchmark by 490bps. The net assets of the plan were PKR 5,165mn at the end of Jun'20.

VII. Disclosure of the Collective Investment Scheme's asset allocation as at the date of the report and particulars of significant changes in asset allocation since the last report (if applicable)

Asset Allocation (% of Total Assets)	Jun-19	Jun-20
Placements with banks	0%	0%
PIB	0%	16%
GOP Ijarah Sukuk	0%	0%
Reverse Repo	0%	0%
T-Bills	0%	82%

Cash	0%	1%
Others	1%	1%
Leverage	0%	0%

VIII. Analysis of the Collective Investment Scheme's performance

FY'20 Return: 16.56%

Standard Deviation (12m trailing): n/a

Sharpe Ratio (12m trailing): n/a

IX. Changes in total NAV and NAV per unit since the last review period or since commencement (in case of newly established Collective Investment Schemes)

Net Asset Value			NAV per unit		
30-Jun-20	13-Sep-19	Change	30-Jun-20	13-Sep-19	Change
Rupees (000)		%	Rupees		%
5,164,633	2,705,753	90.88	101.0475	100.2131	0.83

X. Disclosure on the markets that the Collective investment Scheme has invested in including - review of the market(s) invested in and returns during the period

Debt Market Review for FY20

During FY20, market appetite for the government securities remained strong. In twelve PIB auctions in FY20, heavy participation amounting to PKR ~5 trillion was observed. Out of these Government preemptively accepted PKR ~1.9 trillion. Strong participation was mainly on the back of interest rate's peaked-out expectation in the beginning of the financial year along with the overall improvement in the fiscal position and estimates of higher external financing. Due to momentous demand, Government leveraged its position by slashing the cut off rates by 628, 536 and 456 bps for 3Y, 5Y and 10Y PIBs, respectively during the Fiscal year 2020

In case of floating rate PIBs, Government introduced 3Y floater PIB and 5Y floater PIB in addition to the existing 10Y floater PIB from June'20. Total participation of PKR ~1,578 billion was observed in the floating rate PIB against the target of PKR ~900 billion. While Government accepted PKR ~818 billion during FY'20.

Government has started issuance of 5-Years floating rate Ijara Sukuk since April'20 and successfully conducted 3 auctions and accepted PKR 197 billion against the target of PKR 225 billion

- XI. Disclosure on distribution (if any), comprising:-**
- particulars of income distribution or other forms of distribution made and proposed during the period; and
- statement of effects on the NAV before and after distribution is made

Distribution				Per unit	
Declared on	Bonus	Cash	Per Unit	Cum NAV	Ex NAV
	Rupees (000)			----- Rupees -----	
10-Feb-2020	-	352,603	5.4336	105.4336	100
24-June-2020	-	298,679	6.1474	106.8448	100.6974

- XII. Description and explanation of any significant changes in the state of affairs of the Collective Investment Scheme during the period and up till the date of the manager's report, not otherwise disclosed in the financial statements**

There were no significant changes in state of affairs of the scheme.

- XIII. Breakdown of unit holdings by size**

Range of Units	Number of Investors
	USSP-V
0.0001 - 9,999.9999	1
10,000.0000 - 49,999.9999	5
50,000.0000 - 99,999.9999	1
100,000.0000 - 499,999.9999	4
500,000.0000 & Above	1
Total	12

- XIV. Disclosure on unit split (if any), comprising:-**

There were no unit splits during the period.

- XV. Disclosure of circumstances that materially affect any interests of unit holders**

Investment are subject to credit and market risk.

- XVI. Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker(s) or dealer(s) by virtue of transactions conducted by the Collective Investment Scheme.**

No soft commissions are received by the AMC from its brokers or dealers by virtue of transactions conducted by the Collective Investment Scheme.

Fund Manager's Report – UBL Special Savings Fund

UBL Special Savings Plan - VI (USSP-VI)

I. Description of the Collective Investment Scheme category and type

Capital protected Scheme / Open-end

II. Statement of Collective Investment Scheme's investment objective

The "UBL Special Savings Plan VI (USSP VI)" is an Allocation Plan under "UBL Special Savings Fund". The objective is to earn competitive regular return with capital preservation for unit holders who hold their investment for twenty four (24) Months from commencement of life of plan.

III. Explanation as to whether the Collective Investment Scheme achieved its stated objective

The fund achieved its stated objective

IV. Statement of benchmark(s) relevant to the Collective Investment Scheme

Average of 6M PKRV rates.

V. Comparison of the Collective Investment Scheme's performance during the period compared with the said benchmarks

Monthly Yield*	Jul'19	Aug'19	Sep'19	Oct'19	Nov'19	Dec'19	Jan'20	Feb'20	Mar'20	Apr'20	May'20	Jun'20	FYTD
USSP-VI	-	10.75%	11.47%	9.53%	4.37%	12.28%	9.56%	12.55%	52.68%	74.87%	0.07%	13.68%	17.64%
Benchmark	-	13.93%	13.79%	13.40%	13.37%	13.35%	13.33%	13.39%	12.21%	9.18%	7.82%	7.64%	11.92%

VI. Description of the strategies and policies employed during the period under review in relation to the Collective Investment Scheme's performance

The "UBL Special Savings Plan VI (USSP-VI)" is an Allocation Plan under "UBL Special Savings Fund". The objective is to earn competitive regular return with capital preservation for unit holders who hold their investment for twenty-four (24) Months from commencement of life of plan. USSP-VI yielded return of 17.64% as compared to benchmark return of 11.92% since inception. The net assets for the plan were PKR 171 mn as at 30 June 2020.

VII. Disclosure of the Collective Investment Scheme's asset allocation as at the date of the report and particulars of significant changes in asset allocation since the last report (if applicable)

Asset Allocation (% of Total Assets)	Jun-19	Jun-20
Placements with banks	0%	0%
PIB	71%	69%
GOP Ijarah Sukuk	0%	0%
Reverse Repo	0%	0%
T-Bills	0%	21%

Cash	20%	8%
Others	9%	2%
Leverage	0%	0%

VIII. Analysis of the Collective Investment Scheme's performance

FY'20 Return:	17.64%
Standard Deviation (12m trailing):	n/a
Sharpe Ratio (12m trailing):	n/a

IX. Changes in total NAV and NAV per unit since the last review period or since commencement (in case of newly established Collective Investment Schemes)

Net Asset Value			NAV per unit		
30-Jun-20	09-Aug-19	Change	30-Jun-20	09-Aug-19	Change
Rupees (000)		%	Rupees		%
171,117	4,051	4,124	103.2856	100.0329	3.25

X. Disclosure on the markets that the Collective investment Scheme has invested in including - review of the market(s) invested in and returns during the period

Debt Market Review for FY20

During FY20, market appetite for the government securities remained strong. In twelve PIB auctions in FY20, heavy participation amounting to PKR ~5 trillion was observed. Out of these Government preemptively accepted PKR ~1.9 trillion. Strong participation was mainly on the back of interest rate's peaked-out expectation in the beginning of the financial year along with the overall improvement in the fiscal position and estimates of higher external financing. Due to momentous demand, Government leveraged its position by slashing the cut off rates by 628, 536 and 456 bps for 3Y, 5Y and 10Y PIBs, respectively during the Fiscal year 2020

In case of floating rate PIBs, Government introduced 3Y floater PIB and 5Y floater PIB in addition to the existing 10Y floater PIB from June'20. Total participation of PKR ~1,578 billion was observed in the floating rate PIB against the target of PKR ~900 billion. While Government accepted PKR ~818 billion during FY'20.

Government has started issuance of 5-Years floating rate Ijara Sukuk since April'20 and successfully conducted 3 auctions and accepted PKR 197 billion against the target of PKR 225 billion.

- XI. Disclosure on distribution (if any), comprising:-**
- particulars of income distribution or other forms of distribution made and proposed during the period; and
- statement of effects on the NAV before and after distribution is made

Distribution				Per unit	
Declared on	Bonus	Cash	Per Unit	Cum NAV	Ex NAV
	Rupees (000)		----- Rupees -----		
24-June-20	-	22,064	12.4815	115.3174	102.8359

- XII. Description and explanation of any significant changes in the state of affairs of the Collective Investment Scheme during the period and up till the date of the manager's report, not otherwise disclosed in the financial statements**
There were no significant changes in state of affairs of the scheme.

- XIII. Breakdown of unit holdings by size**

Range of Units	Number of Investors
	USSP_VI
0.0001 - 9,999.9999	69
10,000.0000 - 49,999.9999	29
50,000.0000 - 99,999.9999	4
100,000.0000 - 499,999.9999	2
500,000.0000 & Above	-
Total	104

- XIV. Disclosure on unit split (if any), comprising:-**
There were no unit splits during the period.
- XV. Disclosure of circumstances that materially affect any interests of unit holders**
Investment are subject to credit and market risk.
- XVI. Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker(s) or dealer(s) by virtue of transactions conducted by the Collective Investment Scheme.**
No soft commissions are received by the AMC from its brokers or dealers by virtue of transactions conducted by the Collective Investment Scheme.

PERFORMANCE TABLE

UBL Special Savings Fund (USSP I)

	2020	2019
NET ASSETS AS AT 30 JUNE - Rupees in '000	330,953	459,720
NET ASSETS VALUE PER UNIT AT 30 JUNE - Rupees		
Class A units - Offer	107.0617	97.6060
- Redemption *	106.1822	96.5411
 RETURN OF THE FUND - %		
Total Return of the Fund	22.34	5.46
Capital Growth (per unit)	10.24	(0.38)
Date of Income Distribution	28-Dec-19	21-Dec-18
Income Distribution	4.50	0.85
Date of Income Distribution	24-Jun-20	24-Jun-19
Income Distribution	7.3132	4.99
 AVERAGE ANNUAL RETURN - %		
Since Launch/ One Year	22.34	5.46
 OFFER / REPURCHASE DURING THE YEAR- Rupees		
Highest price per unit - Class A units - Offer	113.8782	104.3738
Highest price per unit - Class A units - Redemption	112.9427	103.2351
 Lowest price per unit - Class A units - Offer	97.6377	97.5379
Lowest price per unit - Class A units - Redemption	96.8356	96.4738

* Front End Load Upto 1.00%

Back-end load 1% during 1st Year, 0.75% during 2nd Year

PORTFOLIO COMPOSITION - %

Percentage of Net Assets as at 30 June

PORTFOLIO COMPOSITION BY CATEGORY - %

Bank Balances	7.00	5.00
PIBs	90.00	91.00
others	3.00	4.00

PORTFOLIO COMPOSITION BY MARKET - %

Debt Market	100.00	100.00
Equity Market	0.00	0.00

Note:

- The Launch date of Fund is 28 December 2018

DISCLAIMER

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

PERFORMANCE TABLE

UBL Special Savings Fund (USSP II)

	2020	2019
NET ASSETS AS AT 30 JUNE - Rupees in '000	743,144	901,819
NET ASSETS VALUE PER UNIT AT 30 JUNE - Rupees		
Class A units - Offer	107.0269	97.4116
- Redemption *	106.1477	96.3488
RETURN OF THE FUND - %		
Total Return of the Fund	22.59	3.56
Capital Growth (per unit)	10.55	(0.44)
Date of Income Distribution	28-Dec-19	24-Jun-19
Income Distribution	5.50	4.00
Date of Income Distribution	24-Jun-20	-
Income Distribution	6.23	-
AVERAGE ANNUAL RETURN - %		
One Year	22.59	3.56
Second Year	13.08	-
OFFER / REPURCHASE DURING THE YEAR- Rupees		
Highest price per unit - Class A units - Offer	112.7453	103.13
Highest price per unit - Class A units - Redemption	111.8191	102.00
Lowest price per unit - Class A units - Offer	97.4378	97.34
Lowest price per unit - Class A units - Redemption	96.6374	96.28

* Front End Load Upto 1.50%

Back-end load 1% during 1st Year, 0.75% during 2nd Year

PORTFOLIO COMPOSITION - %

Percentage of Net Assets as at 30 June

PORTFOLIO COMPOSITION BY CATEGORY - %

Bank Balance	6.00	4.00
PIBs	91.00	90.00
others	3.00	6.00

PORTFOLIO COMPOSITION BY MARKET - %

Debt Market	100.00	100.00
Equity Market	0.00	0.00

Note:

- The Launch date of Fund is 05 April 2019

DISCLAIMER

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

PERFORMANCE TABLE

UBL Special Savings Fund (USSP III)

	2020	2019
NET ASSETS AS AT 30 JUNE - Rupees in '000	122,480	264,825
NET ASSETS VALUE PER UNIT AT 30 JUNE - Rupees		
Class A units - Offer	111.3854	98.8607
- Redemption *	110.4704	97.7821
RETURN OF THE FUND - %		
Total Return of the Fund	24.86	2.52
Capital Growth (per unit)	13.41	0.87
Date of Income Distribution	28-Dec-19	28-Jun-19
Income Distribution	5.50	1.65
Date of Income Distribution	24-Jun-20	-
Income Distribution	5.82	-
AVERAGE ANNUAL RETURN - %		
One Year	24.86	2.52
Second Year	13.69	-
OFFER / REPURCHASE DURING THE YEAR- Rupees		
Highest price per unit - Class A units - Offer	116.6676	100.76
Highest price per unit - Class A units - Redemption	115.7092	99.66
Lowest price per unit - Class A units - Offer	98.8667	98.79
Lowest price per unit - Class A units - Redemption	98.0545	97.71

* Back-end load @ 1.091% is applicable

PORTFOLIO COMPOSITION - %

Percentage of Net Assets as at 30 June

PORTFOLIO COMPOSITION BY CATEGORY - %

Bank Balances	6.00	0.00
PIBs	90.00	96.00
others	4.00	4.00

PORTFOLIO COMPOSITION BY MARKET - %

Debt Market	100.00	100.00
Equity Market	0.00	0.00

Note:

- The Launch date of Fund is 19 June 2019

DISCLAIMER

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

PERFORMANCE TABLE

UBL Special Savings Fund (USSP IV)

	2020	2019
NET ASSETS AS AT 30 JUNE - Rupees in '000	200,280	182,787
NET ASSETS VALUE PER UNIT AT 30 JUNE - Rupees		
Class A units - Offer *	106.1967	101.3582
- Redemption	105.3843	99.6688

RETURN OF THE FUND - %

Total Return of the Fund	19.31	7.85
Capital Growth (per unit)	7.34	6.87
Date of Income Distribution	28-Dec-19	28-Jun-19
Income Distribution	5.50	0.98
Date of Income Distribution	24-Jun-20	-
Income Distribution	6.64	-

AVERAGE ANNUAL RETURN - %

One Year	19.31	7.85
Second Year	13.58	-

OFFER / REPURCHASE DURING THE YEAR- Rupees

Highest price per unit - Class A units - Offer	112.4007	102.4114
Highest price per unit - Class A units - Redemption	111.5408	100.7045
Lowest price per unit - Class A units - Offer	99.6996	101.2953
Lowest price per unit - Class A units - Redemption	98.9369	99.6070

* Front-end load upto 2% is applicable

Back End Load 0.7% during 1st Year, 0.6% during 2nd Year, NIL

PORTFOLIO COMPOSITION - %

Percentage of Net Assets as at 30 June

PORTFOLIO COMPOSITION BY CATEGORY - %

Bank Balances	6.00	20.00
PIBs	89.00	71.00
Tbills	1.00	
others	4.00	9.00

PORTFOLIO COMPOSITION BY MARKET - %

Debt Market	100.00	100.00
Equity Market	0.00	0.00

Note:

- The Launch date of Fund is 06 August 2019

DISCLAIMER

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

PERFORMANCE TABLE

UBL Special Savings Fund (USSP V)

2020

NET ASSETS AS AT 30 JUNE - Rupees in '000

5,164,633

NET ASSETS VALUE PER UNIT AT 30 JUNE - Rupees

Class A units - Offer *

101.0475

- Redemption

98.7638

RETURN OF THE FUND - %

Total Return of the Fund

16.31

Capital Growth (per unit)

4.73

Date of Income Distribution

10-Feb-2020 & 24-June-2020

Income Distribution

11.58

AVERAGE ANNUAL RETURN - %

Since Launch/ One Year

16.31

OFFER / REPURCHASE DURING THE YEAR- Rupees

Highest price per unit - Class A units - Offer

106.8253

Highest price per unit - Class A units - Redemption

104.4110

Lowest price per unit - Class A units - Offer

100.0000

Lowest price per unit - Class A units - Redemption

97.7400

* Front-end load upto 1% is applicable

Back End Load (0% to 2%)

PORTFOLIO COMPOSITION - %

Percentage of Net Assets as at 30 June

PORTFOLIO COMPOSITION BY CATEGORY - %

Bank Balances

1.00

PIBs

16.00

Tbills

82.00

others

1.00

PORTFOLIO COMPOSITION BY MARKET - %

Debt Market

100.00

Equity Market

0.00

Note:

- The Launch date of Fund is 20 Nov 2019

DISCLAIMER

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

PERFORMANCE TABLE

UBL Special Savings Fund (USSP VI)

2020

NET ASSETS AS AT 30 JUNE - Rupees in '000

171,117

NET ASSETS VALUE PER UNIT AT 30 JUNE - Rupees

Class A units - Offer *

103.2856

- Redemption

102.4955

RETURN OF THE FUND - %

Total Return of the Fund

17.50

Capital Growth (per unit)

5.02

Date of Income Distribution

24-Jun-20

Income Distribution

12.48

AVERAGE ANNUAL RETURN - %

Since Launch/ One Year

17.50

OFFER / REPURCHASE DURING THE YEAR- Rupees

Highest price per unit - Class A units - Offer

115.2963

Highest price per unit - Class A units - Redemption

114.4143

Lowest price per unit - Class A units - Offer

100.0329

Lowest price per unit - Class A units - Redemption

99.2676

* Front-end load upto 2% is applicable

Back End Load 0.7% during 1st Year, 0.6% during 2nd Year, NIL,

Contingent Load after 2nd Year

PORTFOLIO COMPOSITION - %

Percentage of Net Assets as at 30 June

PORTFOLIO COMPOSITION BY CATEGORY - %

Bank Balances

8.00

PIBs

69.00

Tbills

21.00

others

2.00

PORTFOLIO COMPOSITION BY MARKET - %

Debt Market

100.00

Equity Market

0.00

Note:

- The Launch date of Fund is 24 Oct 2019

DISCLAIMER

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

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TRUSTEE REPORT TO THE UNIT HOLDERS

UBL SPECIAL SAVINGS FUND

Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of UBL Special Savings Fund (the Fund) are of the opinion that UBL Fund Managers Limited being the Management Company of the Fund has in all material respects managed the Fund for the period ended June 30, 2020 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.


Badinuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 25, 2020



STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 BY UBL FUND MANAGERS LIMITED

NAME OF FUND: UBL SPECIAL SAVINGS FUND

YEAR ENDED: JUNE 30, 2020

The Securities and Exchange Commission of Pakistan (SECP) has exempted open-end collective investment schemes from the requirements of the Listed Companies (Code of Corporate Governance) Regulations (the Regulations). However, the Board of Directors (the Board) of UBL Fund Managers Limited [the Management Company of UBL Special Savings Fund (the Fund)], for the purpose of establishing a framework of good governance has voluntarily opted to comply with the relevant provisions of the Regulations.

The Management Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven as per the following:
 - a. Male: Five Directors; and
 - b. Female: Two Directors.
2. The composition of the Board is as follows:

Category	Name
Independent Directors	Mr. Azhar Hamid Ms. Naz Khan*
Executive Directors	Mr. Yasir Qadri
Non-Executive Directors	Mr. Imran Sarwar Ms. Sadia Saeed Mr. Arif Akmal Saifie** Syed Furrukh Zaeem
Female Director	Ms. Naz Khan* Ms. Sadia Saeed

* Ms. Naz Khan has resigned dated July 20, 2020

** Mr. Arif Akmal Saifie was appointed as a director from March 20, 2020

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including the Management Company.
4. The Management Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures.
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Management Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Management Company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.

8. The Board has a formal policy and transparent procedures for remuneration of its directors in accordance with the Act and these Regulations.
9. The following directors and executives have acquired the prescribed Directors' Training Program (DTP) certification:

Directors

- a. Mr. Imran Sarwar
- b. Mr. Yasir Qadri
- c. Ms. Naz Khan
- d. Ms. Sadia Saeed
- e. Syed Furrukh Zaeem

Executives

- a. Mr. Amin Gulamani (Head of Human Resources)
 - b. Mr. Hadi Hassan Mukhi (Head of Compliance and Risk)
 - c. Mr. Umair Ahmed (Chief Financial Officer)
 - d. Mr. Zeeshan Quddus (Chief Business Development Officer)
10. The Board has approved appointment of the Chief Financial Officer (CFO), the Company Secretary and the Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with the relevant requirements of the Regulations.
 11. The Chief Executive Officer (CEO) and CFO duly endorsed the financial statements of the Fund before approval of the Board.
 12. The Board has formed committees comprising of members given below.

Board Audit Committee

Name	Designation	Type of Directorship
Ms. Naz Khan*	Chairman	Independent Director
Mr. Arif Akmal Saifie**	Member	Non-Executive Director
Mr. Imran Sarwar	Member	Non-Executive Director
Ms. Sadia Saeed	Member	Non-Executive Director
Mr. Tauqeer Mazhar***	Member	Non-Executive Director

Board Human Resource and Compensation Committee

Name	Designation	Type of Directorship
Mr. Azhar Hamid	Chairman	Independent Director
Mr. Yasir Qadri	Member	Executive Director
Ms. Naz Khan*	Member	Independent Director
Ms. Sadia Saeed	Member	Non-Executive Director
Syed Furrukh Zaeem	Member	Non-Executive Director

Board Risk and Compliance Committee

Name	Designation	Type of Directorship
Mr. Imran Sarwar	Chairman	Non-Executive Director
Mr. Azhar Hamid	Member	Independent Director
Mr. Arif Akmal Saifie**	Member	Non-Executive Director
Mr. Tauqeer Mazhar***	Member	Non-Executive Director
Mr. Yasir Qadri	Member	Executive Director
Syed Furrugh Zaeem	Member	Non-Executive Director

* Ms. Naz Khan has resigned dated July 20, 2020

** Mr. Arif Akmal Saifie was appointed as a director from March 20, 2020

*** Mr. Tauqeer Mazhar resigned as a director from January 30, 2020

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
14. The frequency of meetings of the committees was as follows:
 - a. The Board Audit Committee: quarterly - six meetings held
 - b. The Board Human Resource and Compensation Committee: quarterly - five meetings held
 - c. The Board Risk and Compliance Committee: quarterly - four meetings held
15. The Board has set up an effective internal audit function. The Function has suitably qualified and experienced staff for the purpose and they are conversant with the policies and procedures of the Management Company.
16. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and are registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the Partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of CEO, CFO, the Head of Internal Audit, the Company Secretary or directors of the Management Company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of Regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with.
19. We confirm that any other significant requirements of the Regulations have been complied with.

SD

AZHAR HAMID
Chairman

Karachi.
Dated: **September 25, 2020**



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INDEPENDENT AUDITOR'S REVIEW REPORT

To the Unit Holders of UBL Special Savings Fund

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Regulations") prepared by the Board of Directors of UBL Fund Managers Limited ("the Management Company") for the year ended 30 June 2020 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Management Company of the Fund. Our responsibility is to review whether the Statement of Compliance reflects the status of the Management Company's compliance with the provisions of the Regulations in respect of the Fund and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Regulations.

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

The Regulations require the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Management Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.



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Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Fund for the year ended 30 June 2020.

A handwritten signature in blue ink, appearing to read 'KPMG Taseer Hadi & Co.', written over a horizontal line.

KPMG Taseer Hadi & Co.
Chartered Accountants

Date: 29 September 2020

Karachi



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Independent Auditors' Report

To the Unit holders of UBL Special Savings Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **UBL Special Savings Fund** ("the Fund"), which comprise the statement of assets and liabilities as at 30 June 2020, income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

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. We have determined that there are no key audit matters to communicate in our report.



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Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2020, 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.

Board of Directors are responsible for overseeing the Fund's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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



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expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and 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 auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation Rules, 2003) and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditors' report is Zeeshan Rashid.

Date: 29 September 2020

Karachi

**KPMG Taseer Hadi & Co.
Chartered Accountants**

UBL Special Savings Fund
Statement of Assets and Liabilities
As at 30 June 2020

		2020						
		USSP-I	USSP-II	USSP-III	USSP-IV	USSP-V	USSP-VI	Total
	Note	(Rupees in '000)						
Assets								
Bank balances	4	7,125	14,078	2,905	3,676	47,493	11,749	87,026
Investments	5	321,618	719,304	117,833	193,417	5,150,623	172,820	6,675,715
Profits receivable	6	11,159	24,993	4,214	6,531	27,344	4,094	78,335
Deposits, prepayments and other receivables	7	5	77	5	74	-	-	161
Preliminary expenses and floatation cost	8	512	-	-	-	-	-	512
Advance tax	9	214	108	112	4	-	-	438
Total assets		340,633	758,560	125,069	203,702	5,225,460	188,763	6,842,187
Liabilities								
Payable to the Management Company	10	3,368	2,431	563	339	1,388	487	8,576
Payable to Central Depository Company of Pakistan Limited - Trustee	11	19	44	7	12	294	11	387
Payable to Securities and Exchange Commission of Pakistan	12	77	162	40	42	912	32	1,265
Dividend payable		-	-	-	-	-	-	-
Accrued expenses and other payables	13	6,216	12,779	1,979	3,029	58,233	17,116	99,352
Total liabilities		9,680	15,416	2,589	3,422	60,827	17,646	109,580
Net assets		330,953	743,144	122,480	200,280	5,164,633	171,117	6,732,607
Unit holders' fund (as per statement attached)		330,953	743,144	122,480	200,280	5,164,633	171,117	6,732,607
Contingencies and commitments								
	17	(Number of units)						
Number of units in issue		3,091,238	6,943,525	1,099,609	1,885,931	51,110,917	1,656,741	
		(Rupees)						
Net assets value per unit	3.13	107.0517	107.0269	111.3854	106.1967	101.0475	103.2856	

The annexed notes 1 to 31 form an integral part of these financial statements.

Signature

For UBL Fund Managers Limited
(Management Company)

SD

Chief Executive Officer

SD

Director

SD

Chief Financial Officer

UBL Special Savings Fund
Statement of Assets and Liabilities
As at 30 June 2019

	2019				
	USSP-I	USSP-II	USSP-III	USSP-IV	Total
Note	(Rupees in '000)				
Assets					
Bank balances	4 23,311	39,497	543	37,274	100,825
Investments	5 428,850	840,705	255,564	130,003	1,653,122
Profits receivable	6 16,294	33,486	11,179	6,212	67,171
Prepayments and other receivables	7 -	22,152	191	9,894	32,237
Preliminary expenses and floatation cost	8 890	-	-	-	890
Advance tax	9 214	39	36	3	292
Total assets	467,559	935,879	267,513	183,386	1,854,337
Liabilities					
Payable to the Management Company	10 2,447	983	1,957	219	5,806
Payable to Central Depository Company of Pakistan Limited - Trustee	11 40	77	22	14	153
Payable to Securities and Exchange Commission of Pakistan	12 229	213	23	10	475
Dividend payable	-	627	-	-	627
Accrued expenses and other payables	13 5,123	32,160	686	356	38,325
Total liabilities	7,839	34,060	2,688	599	45,186
Net assets	459,720	901,819	264,825	182,787	1,809,151
Unit holders' fund (as per statement attached)	459,720	901,819	264,825	182,787	1,809,151
Contingencies and commitments	17				
	(Number of units)				
Number of units in issue	4,709,959	9,257,824	2,678,767	1,833,947	
	(Rupees)				
Net assets value per unit	3.13 97.8060	97.4116	98.8607	99.6688	

The annexed notes 1 to 31 form an integral part of these financial statements.

[Signature]

For UBL Fund Managers Limited
(Management Company)

SD

Chief Executive Officer

SD

Director

SD

Chief Financial Officer

UBL Special Savings Fund
Income Statement
For the year / period ended 30 June 2020

		Year ended 30 June 2020				For the period from 13 Sept 2019 to 30 June 2020	For the period from 09 August 2019 to 30 June 2020	Total
	Note	USSP-I	USSP-II	USSP-III	USSP-IV	USSP-V	USSP-VI	
		(Rupees in '000)						
Income								
Profit on bank deposits and profit / return on investments calculated using the effective interest method	14	48,927	97,263	25,547	27,126	564,278	19,385	790,466
Realised gain on sale of investments	15	2,741	5,546	4,513	910	78,145	5,098	98,953
Other income		425	882	516	45	4	180	1,846
Total Income		50,093	103,421	32,576	28,081	642,427	24,663	891,265
Expenses								
Remuneration of the Management Company	10.1	3,854	8,124	2,826	2,089	4,558	1,615	22,768
Sindh sales tax on the Management Company's remuneration		501	1,056	263	272	553	216	2,895
Allocation of expenses relating to the Fund		-	-	-	-	4,565	-	4,565
Selling and marketing expenses	10.2	1,543	-	-	-	-	-	1,543
Remuneration of Central Depository Company of Pakistan Limited - Trustee	11.1 & 11.2	261	651	137	142	3,050	109	4,290
Annual fee of Securities and Exchange Commission of Pakistan	12	77	162	41	42	912	32	1,266
Auditors' remuneration	16	123	89	74	68	38	48	441
Formation cost		378	-	-	-	-	-	378
Bank charges		33	31	17	14	22	12	129
Listing fees		5	5	5	5	4	4	28
Legal and professional charges		34	34	34	34	20	21	177
Brokerage expenses		31	27	28	13	258	9	366
Other expenses		5	4	4	1	34	2	50
Total operating expenses		6,847	10,083	2,829	2,690	14,054	2,063	38,396
Net income for the year / period from operating activities		43,246	93,348	29,941	25,401	628,333	22,600	842,869
Provision for Sindh Workers' Welfare Fund (SWWF)	13.1	(848)	(1,831)	(587)	(498)	(12,321)	(443)	(16,528)
Net income for the year / period before taxation		42,398	91,517	29,354	24,903	616,012	22,157	826,341
Taxation	20	-	-	-	-	-	-	-
Net income for the year / period after taxation		42,398	91,517	29,354	24,903	616,012	22,157	826,341
Allocation of net income for the year / period after taxation								
Net income for the year / period after taxation		42,398	91,517	29,354	24,903	616,012	22,157	826,341
Income already paid on units redeemed		(2,289)	(5,490)	(9,763)	(621)	(12,699)	(1,687)	(32,550)
		40,118	86,027	19,591	24,272	603,313	20,470	793,791
Accounting income available for distribution								
- Relating to capital gains		2,741	5,535	4,927	967	75,993	4,547	95,650
- Excluding capital gains		37,377	80,492	14,664	23,305	529,329	15,523	698,141
		40,118	86,027	19,591	24,272	603,313	20,470	793,791
Earnings per unit	3.16							

The annexed notes 1 to 31 form an integral part of these financial statements.



SD

Chief Executive Officer

For UBL Fund Managers Limited
(Management Company)

SD

Director

SD

Chief Financial Officer

UBL Special Savings Fund
Income Statement
For the period from 09 November 2018 to 30 June 2019

Income

Profit on bank deposits and profit / return on investments calculated using the effective interest method
Realised loss on sale of investments
Other income

Expenses

Remuneration of the Management Company
Sindh sales tax on the Management Company's remuneration
Selling and marketing expenses
Remuneration of Central Depository Company of Pakistan Limited - Trustee
Annual fee of Securities and Exchange Commission of Pakistan
Auditors' remuneration
Formation cost
Bank charges
Listing fees
Legal and professional charges
Brokerage expenses
Other expenses

Total operating expenses

Net income from operating activities

Provision for Sindh Workers' Welfare Fund

Net income for the period before taxation

Taxation

Net income for the period after taxation

Allocation of net income for the period after taxation

Net income for the period after taxation
Income already paid on units redeemed
Accounting income available for distribution

Accounting income available for distribution

- Relating to capital gains
- Excluding capital gains

Earnings per unit

The annexed notes 1 to 31 form an integral part of these financial statements.

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SD

Chief Executive Officer

For UBL Fund Managers Limited
(Management Company)

SD

Director

SD

Chief Financial Officer

Note	For the period from 09 November 2018 to 30 June 2019 USSP-I	For the period from 05 February 2019 to 30 June 2019 USSP-II	For the period from 17 April 2019 to 30 June 2019 USSP-III	For the period from 30 May 2019 to 30 June 2019 USSP-IV	Total
	(Rupees in '000)				
14	35,022	34,140	3,755	1,759	74,685
15	(1,503)	(1,071)	-	-	(2,574)
	357	350	114	-	821
	33,876	33,428	3,869	1,759	72,932
10.1	3,061	2,838	306	137	6,342
	398	369	40	18	825
10.2	630	-	-	-	630
11.1 & 11.2	332	296	31	13	672
12	229	213	23	10	475
16	265	50	17	6	338
	241	-	-	-	241
	11	10	6	2	29
	17	7	2	1	27
	74	30	10	4	118
	11	76	-	-	87
	3	11	-	-	14
	5,278	3,900	435	191	9,804
	28,598	29,528	3,434	1,568	63,128
13.1	(561)	(580)	(68)	(31)	(1,240)
	28,037	28,948	3,366	1,537	61,888
20	-	-	-	-	-
	28,037	28,948	3,366	1,537	61,888
	28,037	28,948	3,366	1,537	61,888
	(1,133)	(221)	(3)	(25)	(1,382)
	26,904	28,727	3,363	1,512	60,506
	-	-	-	-	-
	26,904	28,727	3,363	1,512	60,506
	26,904	28,727	3,363	1,512	60,506

3.18

UBL Special Savings Fund
Statement of Comprehensive Income
For the year / period ended 30 June 2020

	Year ended 30 June 2020				For the period from 13 Sept 2019 to 30 June 2020	For the period from 09 August 2019 to 30 June 2020	Total
	USSP-I	USSP-II	USSP-III	USSP-IV	USSP-V	USSP-VI	
	(Rupees in '000)						
Net income for the year / period after taxation	42,398	91,517	29,354	24,903	616,012	22,157	826,341
Other comprehensive income for the year / period							
<i>Items to be reclassified to income statement in subsequent periods:</i>							
Unrealised gain / (loss) on re-measurement of investments - classified at fair value through other comprehensive income	33,991	72,414	12,965	11,874	51,478	5,580	188,302
Total comprehensive income for the year / period	76,389	163,931	42,319	36,777	667,490	27,737	1,014,643

The annexed notes 1 to 31 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)

SD

Chief Executive Officer

SD

Director

SD

Chief Financial Officer

UBL Special Savings Fund
Statement of Comprehensive Income
For the period from 09 November 2018 to 30 June 2019

	For the period from 09 November 2018 to 30 June 2019 USSP-I	For the period from 05 February 2019 to 30 June 2019 USSP-II	For the period from 17 April 2019 to 30 June 2019 USSP-III (Rupees in '000)	For the period from 30 May 2019 to 30 June 2019 USSP-IV	Total
Net income for the period after taxation	28,037	28,948	3,366	1,537	61,888
Other comprehensive income for the period					
<i>Items to be reclassified to income statement in subsequent periods:</i>					
Unrealised loss on re-measurement of investments - classified at fair value through other comprehensive income	(11,665)	(24,654)	(2,970)	(515)	(39,804)
Reclassification adjustment relating to investments - at fair value through other comprehensive income sold during the period.	-	-	-	-	-
	(11,665)	(24,654)	(2,970)	(515)	(39,804)
Total comprehensive income for the period	<u>16,372</u>	<u>4,294</u>	<u>396</u>	<u>1,022</u>	<u>22,084</u>

The annexed notes 1 to 31 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)

SD

Chief Executive Officer

SD

Director

SD

Chief Financial Officer

UBL Special Savings Fund
Statement of Movement in Unit Holders' Fund
for the year ended 30 June 2020

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UBL Special Savings Fund
Statement of Movement in Unit Holders' Fund
For the period from 01 November 2018 to 30 June 2019

Issuance of 1,179,861, 9,614,086, 1,863,766 and 1,071,660 units

- Capital value
- Element of income during the period relating to other comprehensive income relating to net income for the period after taxation
Total proceeds on issuance of units

Redemption of 2,467,806, 196,230, 4,860, and 43,733 units

- Capital value
- Element of income during the period relating to other comprehensive income relating to net income for the period after taxation
Total payments on redemption of units

Total comprehensive income for the period

Distribution during the period

- UBL Special Savings Plan I @ Rs. 0.8013 per unit paid on 31 December 2018

- UBL Special Savings Plan I @ Rs. 4.9678 per unit paid on 24 June 2019

- UBL Special Savings Plan II @ Rs. 3.9074 per unit paid on 24 June 2019

- UBL Special Savings Plan III @ Rs. 1.5531 per unit paid on 26 June 2019

- UBL Special Savings Plan IV @ Rs. 0.9757 per unit paid on 26 June 2019

Net income for the period less distribution

Net assets at end of the period

Accounting income available for distribution
- Relating to capital gains
Excluding capital gains

Distribution during the period

- UBL Special Savings Plan I @ Rs. 0.8013 per unit paid on 31 December 2018

- UBL Special Savings Plan I @ Rs. 4.9678 per unit paid on 24 June 2019

- UBL Special Savings Plan II @ Rs. 3.9074 per unit paid on 24 June 2019

- UBL Special Savings Plan III @ Rs. 1.5531 per unit paid on 26 June 2019

- UBL Special Savings Plan IV @ Rs. 0.9757 per unit paid on 26 June 2019

Undistributed income carried forward

Undistributed income carried forward (comprised of

- Realized income

- Unrealized income

Net assets value per unit at end of the period

The annexed notes 1 to 21 form an integral part of these financial statements.

[Signature]

For UBL Fund Managers Limited
(Management Company)

For the period from 01 November 2018 to 30 June 2019				For the period from 01 February 2019 to 30 June 2019				For the period from 17 April 2019 to 30 June 2019				For the period from 20 May 2019 to 30 June 2019				Total			
USDP -				USDP -				USDP -				USDP -							
Capital value	Undistributed income	Unrealized diminution or revaluation of fair value through OCI	Total	Capital value	Undistributed income	Unrealized diminution or revaluation of fair value through OCI	Total	Capital value	Undistributed income	Unrealized diminution or revaluation of fair value through OCI	Total	Capital value	Undistributed income	Unrealized diminution or revaluation of fair value through OCI	Total	Capital value	Undistributed income	Unrealized diminution or revaluation of fair value through OCI	Total
(Rupees in '000)				(Rupees in '000)				(Rupees in '000)				(Rupees in '000)				(Rupees in '000)			
712,897	-	-	712,897	341,405	-	-	341,405	248,278	-	-	248,278	167,365	-	-	167,365	2,176,243	-	-	2,176,243
(2)	-	-	(2)	448	-	-	448	(778)	-	-	(778)	860	-	-	860	(378)	-	-	(378)
2,679	-	-	2,679	8,298	-	-	8,298	1,332	-	-	1,332	184	-	-	184	12,268	-	-	12,268
719,774	-	-	719,774	350,141	-	-	350,141	248,343	-	-	248,343	167,664	-	-	167,664	2,173,163	-	-	2,173,162
Redemption of units				Redemption of units				Redemption of units				Redemption of units				Redemption of units			
(246,321)	-	-	(246,321)	(19,823)	-	-	(19,823)	(498)	-	-	(498)	(6,370)	-	-	(6,370)	(261,163)	-	-	(261,163)
(338)	-	-	(338)	17	-	-	17	7	-	-	7	(5)	-	-	(5)	(243)	-	-	(243)
641	1,138	-	1,779	(1,889)	(2,731)	-	(4,620)	(2)	(3)	-	(5)	11	(27)	-	(16)	827	(1,362)	-	(541)
(246,360)	1,138	-	(245,222)	(19,756)	(2,714)	-	(21,470)	(496)	(3)	-	(500)	(6,364)	(27)	-	(6,391)	(260,964)	(1,362)	-	(262,326)
-	28,037	(1,685)	26,352	-	26,948	(24,894)	2,054	-	3,348	(2,975)	366	-	1,827	(816)	1,027	-	81,668	(26,904)	22,586
(2,078)	8,126	-	6,048	-	-	-	-	-	-	-	-	-	-	-	-	(2,078)	8,126	-	6,048
885	(23,644)	-	(22,759)	-	-	-	-	-	-	-	-	-	-	-	-	885	(23,644)	-	(22,759)
-	-	-	-	(6,837)	(27,703)	-	(34,540)	-	-	-	-	-	-	-	-	(6,837)	(27,703)	-	(34,540)
-	-	-	-	-	-	-	-	(885)	(3,423)	-	(4,308)	-	-	-	-	(885)	(3,423)	-	(4,308)
-	-	-	-	-	-	-	-	-	-	-	-	(182)	(1,880)	-	(1,740)	(182)	(1,880)	-	(1,740)
(2,168)	1,289	(11,869)	(12,748)	(6,837)	1,245	(24,894)	(20,486)	(885)	871	(2,975)	(4,989)	(150)	(50)	(816)	(716)	(12,739)	2,484	(26,904)	(18,839)
271,248	138	(11,869)	260,517	855,449	1,214	(24,654)	832,009	261,960	868	(2,975)	260,853	183,362	180	(816)	183,726	1,847,833	1,027	(26,904)	1,821,956
Accounting income available for distribution				Accounting income available for distribution				Accounting income available for distribution				Accounting income available for distribution				Accounting income available for distribution			
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
26,904	-	-	26,904	26,737	-	-	26,737	3,363	-	-	3,363	1,811	-	-	1,811	82,508	-	-	82,508
Distribution during the period				Distribution during the period				Distribution during the period				Distribution during the period				Distribution during the period			
(8,126)	-	-	(8,126)	-	-	-	-	-	-	-	-	-	-	-	-	(8,126)	-	-	(8,126)
(23,644)	-	-	(23,644)	-	-	-	-	-	-	-	-	-	-	-	-	(23,644)	-	-	(23,644)
-	-	-	-	(27,703)	-	-	(27,703)	-	-	-	-	-	-	-	-	(27,703)	-	-	(27,703)
-	-	-	-	-	-	-	-	(3,423)	-	-	(3,423)	-	-	-	-	(3,423)	-	-	(3,423)
-	-	-	-	-	-	-	-	-	-	-	-	(1,880)	-	-	(1,880)	-	-	-	(1,880)
1	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	1
138	-	-	138	1,024	-	-	1,024	863	-	-	863	(78)	-	-	(78)	1,027	-	-	1,027
138	-	-	138	1,024	-	-	1,024	863	-	-	863	(78)	-	-	(78)	1,027	-	-	1,027
138	-	-	138	1,024	-	-	1,024	863	-	-	863	(78)	-	-	(78)	1,027	-	-	1,027
Net assets value per unit at end of the period				Net assets value per unit at end of the period				Net assets value per unit at end of the period				Net assets value per unit at end of the period				Net assets value per unit at end of the period			
82.6565				82.6565				82.6565				82.6565				82.6565			

SD

Chief Executive Officer

SD

Director

SD

Chief Financial Officer

UBL Special Savings Fund
Cash Flow Statement
For the year / period ended 30 June 2020

	Year ended 30 June 2020				For the period from 13 Sept 2019 to 30 June 2020	For the period from 08 August 2019 to 30 June 2020	Total
	USSP-I	USSP-II	USSP-III	USSP-IV	USSP-V	USSP-VI	
Note	(Rupees in '000)						
CASH FLOWS FROM OPERATING ACTIVITIES							
Net income for the year / period before taxation	42,398	91,517	29,354	24,903	616,012	22,157	826,341
Adjustments for:							
Profit on bank deposits and profit / return on investments calculated using the effective interest method	(46,927)	(87,203)	(25,547)	(27,126)	(564,278)	(19,385)	(780,466)
Provision for Sindh Workers' Welfare Fund	848	1,831	547	498	12,321	443	16,528
Formation cost	378	-	-	-	-	-	378
Realised (gain) / loss on sale of investments	(2,741)	(5,546)	(6,513)	(910)	(78,145)	(5,088)	(98,953)
	(48,442)	(100,918)	(21,473)	(27,538)	(630,102)	(24,040)	(902,513)
Net cash generated from operations before working capital changes	(6,044)	(9,401)	(2,119)	(2,635)	(14,090)	(1,883)	(36,172)
Working capital changes							
Decrease / (increase) in assets							
Investments	157,805	231,168	185,877	(40,777)	(5,014,950)	(158,479)	(4,660,298)
Prepayments and other receivables	(5)	22,075	(3)	(74)	-	-	21,991
Preliminary expenses and flotation cost	-	-	-	-	-	-	-
Advance tax	-	(88)	(76)	(1)	-	-	(166)
	157,800	253,174	185,798	(40,852)	(5,014,950)	(158,479)	(4,638,461)
Decrease / (increase) in liabilities							
Payable to the Management Company	521	1,448	(1,394)	120	1,388	487	2,970
Payable to Central Depository Company of Pakistan Limited - Trustee	(21)	(33)	(15)	(2)	294	11	234
Payable to Securities and Exchange Commission of Pakistan	(162)	(51)	17	32	912	32	790
Dividend payable	-	(627)	-	-	-	-	(627)
Accrued expenses and other payables	245	(21,212)	708	2,175	45,912	16,673	44,499
	893	(20,475)	(686)	2,325	48,506	17,203	47,866
Profits received during the year / period	36,161	73,889	23,844	16,954	536,884	12,526	694,260
Net cash generated from / (used) in operating activities	188,970	297,187	186,835	(24,208)	(4,448,650)	(121,831)	(3,932,487)
CASH FLOWS FROM FINANCING ACTIVITIES							
Proceeds from issuance of units	296	-	1,783	46,534	7,029,356	215,976	7,293,944
Payments on redemption of units	(165,861)	(297,671)	(173,094)	(32,434)	(1,926,707)	(62,682)	(2,580,661)
Total distribution to unit holders	(39,590)	(85,535)	(14,168)	(23,493)	(601,506)	(20,114)	(784,395)
Net cash (used) in / generated from financing activities	(205,155)	(322,606)	(184,473)	(9,393)	4,497,143	143,380	3,518,698
Net (decrease) / increase in cash and cash equivalents	(16,185)	(25,419)	2,362	(33,598)	47,493	11,748	(13,599)
Cash and cash equivalents at beginning of the year / period	23,311	38,497	543	37,274	-	-	100,625
Cash and cash equivalents at end of the year / period	7,125	14,078	2,905	3,676	47,493	11,748	87,026
Cash and cash equivalents							
Bank balances	7,125	14,078	2,905	3,676	47,493	11,748	87,026

The annexed notes 1 to 31 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)

SD

Chief Executive Officer

SD

Director

SD

Chief Financial Officer

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UBL Special Savings Fund
Notes to the Financial Statements
For the year / period ended 30 June 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

UBL Special Savings Fund (the Fund) was established under the Non Banking Finance Companies (Establishment & Regulation) Rules, 2003 (the NBFC Rules) and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations) and was approved as an open end mutual fund by the Securities and Exchange Commission of Pakistan ("SECP"). It was constituted under a Trust Deed, dated 19 October 2018 between UBL Fund Managers Limited (a wholly owned subsidiary company of United Bank Limited) as the Management Company and Central Depository Company of Pakistan Limited ("CDC") as the Trustee. The Fund commenced its operations from 09 November 2018.

The Management Company of the fund is registered with the SECP as a Non Banking Finance Company under the NBFC Rules. The registered office of the Management Company is situated at 4th Floor STSM Building, Beaumont Road, Civil Lines Karachi.

The Fund has been categorized by the Management Company as Capital protected fund. The Fund consists of six plans namely, UBL Special Savings Fund - Plan I ("USSP I"), UBL Special Savings Fund - Plan II ("USSP II"), UBL Special Savings Fund - Plan III ("USSP III"), UBL Special Savings Fund - Plan IV ("USSP IV"), UBL Special Savings Fund - Plan V ("USSP V") and UBL Special Savings Fund - Plan VI ("USSP VI"). The investment objectives of each plan is as follows:

The "UBL Special Savings Plan-I (USSP-I)" shall be an open-end Capital Protected Fund that aims to not only provide its unit-holders capital preservation but competitive regular returns from a portfolio of fixed income investments in line with the risk tolerance of the Investor.

The "UBL Special Savings Plan-II (USSP-II)" is an allocation plan under "UBL Special Savings Fund" with an objective to earn competitive regular return with capital preservation for unit holders who held their investment within Plan for thirty six (36) months & beyond from (commencement of life of Plan).

The "UBL Special Savings Plan-III (USSP-III)" is an allocation plan under "UBL Special Savings Fund" with an objective to earn competitive regular return with capital preservation for unit holders who held their investment within Plan for thirty six (36) months & beyond from (commencement of life of Plan).

The "UBL Special Savings Plan-IV (USSP-IV)" is an allocation plan under "UBL Special Savings Fund" with an objective to earn competitive regular return with capital preservation for unit holders who held their investment within Plan for twenty four (24) months & beyond from (commencement of life of Plan).

The "UBL Special Savings Plan-V (USSP-V)" is an Allocation Plan under "UBL Special Savings Fund" with an objective to earn competitive regular return with capital preservation for unit holders who held their investment within Plan for thirty six (36) months & beyond from (Commencement of Life of Plan).

The "UBL Special Savings Plan-VI (USSP-VI)" is an Allocation Plan under "UBL Special Savings Fund" with an objective to earn competitive regular return with capital preservation for unit holders who held their investment within Plan for twenty four (24) months & beyond from (Commencement of Life of Plan).

The Fund is an open end mutual fund, listed on the Pakistan Stock Exchange Limited. Units of the Fund are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holder.

Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.



2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIII A of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

Where provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

2.2 Standards and amendments effective during the year

There are number of new standards and amendments that are effective from 01 July, 2019 however these do not have a significant effect on the Fund's financial statements.

2.3 Standards, interpretations and amendments to accounting and reporting standards, that are not yet effective:

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2020:

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual periods beginning on or after 01 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, entities should review those policies and apply the new guidance retrospectively as of 01 January 2020, unless the new guidance contains specific scope outs.
- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark.

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including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Fund.

- Amendments to IFRS-16 IASB has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:
 - the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
 - any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
 - there is no substantive change to the other terms and conditions of the lease.
- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarify what comprise the cost of fulfilling a contract, cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items by applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022:

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

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- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The above amendments are effective from annual periods beginning on or after 01 July 2020 and are not likely to have an impact on Fund's financial statements.

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised in the application of accounting policies are given below:

a) Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in note 3.2.1 - regarding the classification of investments.

b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the financial statements for the period ended 30 June 2020 is included in the following notes:

- Notes 3.2.3 and 3.2.4 - Valuation of investments
- Notes 3.2.5 and 3.18 Impairment of financial assets and other assets

2.5 Basis of measurement

These financial statements have been prepared under the historical cost convention except for the investments which are stated at fair value.

2.6 Functional and presentation currency

These financial statements are presented in Pak Rupees which is the functional and presentation currency of the Fund. All amounts have been rounded to the nearest thousand, unless otherwise stated.

3. SIGNIFICANT ACCOUNTING POLICIES

The management has adopted the following significant policies for the preparation of these financial statements:

3.1 Cash and cash equivalents

Cash and cash equivalents are carried in the Statement of Assets and Liabilities at amortised cost. These comprise of deposits with banks and highly liquid investments with original maturities of three months or less and that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value and are held for the purpose of meeting short term cash commitments rather than for investments for other purposes.

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3.2 Financial assets

3.2.1 Classification

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt security is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Fund makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Fund's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Fund's stated objectives for managing the financial assets are achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment on debt securities, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

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In assessing whether the contractual cash flows are SPPI, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Fund considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

3.2.2 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.

3.2.3 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 charged to the Income Statement.

3.2.4 Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any profit / markup or dividend income, are recognised in income statement.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Profit / markup income, foreign exchange gains and losses and impairment are recognised in income statement.
Debt securities at FVOCI	These assets are subsequently measured at fair value. Profit / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in income statement. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to income statement.

The fair value of financial assets are determined as follows:

a) Debt securities (other than Government securities)

Debt securities are valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities vide its Circular No. 33 of 2012 dated 24 October 2012. In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

b) Government securities

The government securities are valued on the basis of rates announced by the Financial Markets Association of Pakistan.

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3.2.5 Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized. However, SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated 21 November 2017 have deferred the applicability of impairment requirements of IFRS 9 in relation to debt securities for mutual funds and have instructed to continue to follow the requirements of Circular No. 33 of 2012 dated 24 October 2012 which are recently relaxed by the SECP amid ongoing situation of COVID 19. However, the circular does not cover impairment requirements for government debt securities. Based on the past performance management considers that there is no probability of default as in any adverse situation State Bank of Pakistan has the right to discharge government obligations by issuance of currency notes. The provisioning policy has been duly formulated and approved by the Board of Directors of the Management Company.

3.2.6 Reclassifications

Financial assets are not reclassified subsequent to their initial recognition unless the Fund were to change its business model for managing financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

3.3 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and where the Fund has transferred substantially all risks and rewards of ownership.

3.4 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Assets and Liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

3.5 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 expires.

3.6 Deferred formation cost

This represents expenses incurred on the formation of the Fund. As permitted in the Non-Banking Finance Companies and Notified Entities Regulations, 2008, these expenses are being amortised to the income statement over a period of three years (effective from 09 November 2018).

3.7 Unitholders' fund

Unitholders' fund representing the units issued by the Fund, is carried at the redemption amount representing the investors' right to a residual interest in the Fund's assets.

3.8 Revenue recognition

- Profit on deposits with banks and profit / return on investments in debt and government securities is recognised using effective yield method.
- Realised gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.

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3.9 Issuance and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received, by the distributors / Management Company during business hours, as of the close of the previous day on which the applications were received. The offer price represents the net assets value per unit as of the close of previous day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable. Units redeemed are recorded at the redemption price, applicable to units as of the close of the previous day. The redemption price represents the net assets value per unit as of the close of the previous day on which the applications were received less any back-end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

3.10 Element of income

Element of Income represents the difference between net assets value on the issuance or redemption date, as the case may be, of units and the Net asset Value (NAV) at the beginning of the relevant accounting period.

Element of Income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund; however, to maintain same ex-dividend net assets value of all units outstanding on accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units (refund of capital) in the same proportion as dividend bears to accounting income available for distribution. As per guideline provided by MUFAP (MUFAP Guidelines consented upon by SECP) the refund of capital is made in the form of additional units at zero price.

MUFAP, in consultation with the SECP, has specified methodology for determination of income paid on units redeemed (income already paid) during the year under which such income is paid on gross element received and is calculated from the latest date at which the Fund achieved net profitability during the year. The income already paid (Element of Income) on redemption of units during the year are taken separately in statement of movement in unitholders' fund.

3.11 Zakat Payable

Zakat payment is the responsibility of each unit holder. Nevertheless, the Fund follows the provisions of Zakat and Ushr Ordinance, 1980. Units held by individual resident Pakistani unit holders are subject to Zakat at 2.5% of the par value of unit under the said Ordinance, except those exempted from Zakat. Zakat is deducted at source from dividend or from redemption proceeds, if units are redeemed during the Zakat year before the payment of Zakat.

3.12 Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

3.13 Net assets value per unit

The net assets value per unit as disclosed on the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units outstanding at the year end.

3.14 Taxation

The Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed among the unit holders. Provided that for the purpose of determining distribution of at least ninety percent 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 the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

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3.15 Expenses

All expenses including Management fee, Trustee fee and Securities and Exchange Commission of Pakistan fee are recognised in the Income Statement on accrual basis.

3.16 Earnings per unit

Earnings per unit based on cumulative weighted average units for the period has not been disclosed as in the opinion of the Management Company the determination of the same is not practicable.

3.17 Distributions

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared. Based on MUFAP's guidelines (duly consented upon by SECP) distributions for the year is deemed to comprise of the portion of amount of income already paid on units redeemed and the amount of cash distribution for the period.

The distribution per unit is announced based on units that were held for the entire period. The rate of distribution is adjusted with effect of refund of capital if any based on the period of investment made during the year. Resultantly, the rate of distribution per unit may vary depending on the period of investment.

3.18 Other assets

Other assets are stated at cost less impairment losses, if any.

4. BANK BALANCES

BANK BALANCES		2020						
	Note	USSP I	USSP II	USSP III	USSP IV	USSP V	USSP VI	Total
(Rupees in '000)								
Saving accounts	4.1	7,125	14,078	2,905	3,676	47,484	11,749	87,017
Current accounts		-	-	-	-	9	-	9
		<u>7,125</u>	<u>14,078</u>	<u>2,905</u>	<u>3,676</u>	<u>47,493</u>	<u>11,749</u>	<u>87,026</u>
2019								
	Note	USSP I	USSP II	USSP III	USSP IV	USSP V	USSP VI	Total
(Rupees in '000)								
Saving accounts	4.1		23,311	39,497	543	37,274		100,625

4.1 These carry profit rates ranging from 6.50% to 8.50% (2019: 7% to 13.15%) per annum.

5. INVESTMENTS

INVESTMENTS		2020						
	Note	USSP-I	USSP-II	USSP-III	USSP-IV	USSP-V	USSP-VI	Total
(Rupees in '000)								
At fair value through other comprehensive income								
Government securities								
- Pakistan investment bonds	5.1	321,618	719,304	117,833	190,350	860,781	132,791	2,342,677
- Market treasury bills	5.1	-	-	-	3,067	4,289,842	40,129	4,333,038
		<u>321,618</u>	<u>719,304</u>	<u>117,833</u>	<u>193,417</u>	<u>5,150,623</u>	<u>172,920</u>	<u>6,675,715</u>
			Note	USSP I	USSP II	USSP III	USSP IV	Total
(Rupees in '000)								
At fair value through other comprehensive income								
Government securities								
- Pakistan investment bonds	5.1			<u>426,850</u>	<u>840,705</u>	<u>255,564</u>	<u>130,003</u>	<u>1,653,122</u>

5.1 Investment in Government Securities - at fair value through other comprehensive income

Investment in Government Securities - At Fair Value through Other Comprehensive Income									
Issue date	Tenor	Face value				Amortised Cost as at 30 June 2020	Market value as at 30 June 2020	Market value as a percentage of	
		As at 01 July 2019	Purchased during the year / period	Sold / matured during the year / period	As at 30 June 2020			Total investments of plan	Net assets of the Plan
(Rupees in '000)									
Held by USSP I									
Pakistan Investment Bonds									
12 July 2018	3 years	480,500	113,000	373,500	220,000	213,838	220,406	68.53%	68.60%
12 July 2018	5 years	-	100,000	-	100,000	85,453	101,212	31.47%	30.58%
19 September 2019	3 years	-	100,000	100,000	-	-	-	-	-
19 September 2019	5 years	-	75,000	75,000	-	-	-	-	-
		480,500	388,000	548,500	320,000	299,291	321,618	100.00%	97.18%
Held by USSP II									
Pakistan Investment Bonds									
12 July 2018	3 years	761,000	88,000	326,000	523,000	500,674	523,964	72.84%	70.51%
12 July 2018	5 years	200,000	-	7,000	193,000	170,870	195,340	27.16%	26.29%
19 September 2019	3 years	-	100,000	100,000	-	-	-	-	-
19 September 2019	5 years	-	75,000	75,000	-	-	-	-	-
		961,000	263,000	508,000	716,000	671,544	719,304	100.00%	96.80%
Held by USSP III									
Pakistan Investment Bonds									
12 July 2018	3 years	195,000	42,000	180,000	57,000	56,172	57,105	48.46%	46.62%
12 July 2018	5 years	100,000	4,000	44,000	60,000	51,665	60,728	51.54%	49.58%
19 September 2019	3 years	-	100,000	100,000	-	-	-	-	-
19 September 2019	5 years	-	75,000	75,000	-	-	-	-	-
		295,000	221,000	399,000	117,000	107,837	117,833	100.00%	96.20%
Held by USSP IV									
Pakistan Investment Bonds									
12 July 2018	3 years	100,000	116,000	26,000	190,000	179,006	190,350	98.41%	95.04%
12 July 2018	5 years	50,000	-	50,000	-	-	-	-	-
19 September 2019	3 years	-	100,000	100,000	-	-	-	-	-
19 September 2019	5 years	-	75,000	75,000	-	-	-	-	-
		150,000	291,000	251,000	190,000	179,006	190,350	98.41%	95.04%
Market Treasury Bills									
13 February 2020	1 year	-	3,200	-	3,200	3,052	3,067	1.59%	1.53%
		-	3,200	-	3,200	3,052	3,067	1.59%	1.53%
Held by USSP V									
Pakistan Investment Bonds									
12 July 2018	3 years	-	1,100,000	500,000	600,000	597,291	601,107	11.67%	11.64%
19 September 2019	3 years	-	275,000	100,000	175,000	170,837	180,752	3.51%	3.50%
19 September 2019	5 years	-	150,000	75,000	75,000	77,072	78,922	1.53%	1.53%
		-	1,525,000	675,000	850,000	845,200	860,781	16.71%	16.67%

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Issue date	Tenor	Face value				Amortised Cost as at 30 June 2020	Market value as at 30 June 2020	Market value as a percentage of	
		As at 01 July 2019	Purchased during the year / period	Sold / matured during the year / period	As at 30 June 2020			Total investments of plan	Net assets of the Plan
		(Rupees in '000)							
Market Treasury Bills									
18 July 2019	3 months	-	1,975,000	1,975,000	-	-	-	-	-
1 August 2019	3 months	-	450,000	450,000	-	-	-	-	-
12 September 2019	6 months	-	500,000	500,000	-	-	-	-	-
12 September 2019	1 year	-	3,620,000	3,620,000	-	-	-	-	-
26 September 2019	1 year	-	1,656,000	1,656,000	-	-	-	-	-
10 October 2019	1 year	-	1,000,000	2,000	998,000	966,343	979,201	19.01%	18.96%
24 October 2019	3 months	-	500,000	500,000	-	-	-	-	-
24 October 2019	6 months	-	500,000	500,000	-	-	-	-	-
24 October 2019	1 year	-	500,000	500,000	-	-	-	-	-
2 January 2020	3 months	-	800,000	800,000	-	-	-	-	-
27 February 2020	1 year	-	250,000	-	250,000	230,791	238,968	4.64%	4.63%
12 March 2020	3 months	-	375,000	375,000	-	-	-	-	-
12 March 2020	6 months	-	250,000	250,000	-	-	-	-	-
12 March 2020	1 year	-	250,000	250,000	-	-	-	-	-
26 March 2020	6 months	-	375,000	375,000	-	-	-	-	-
26 March 2020	1 year	-	375,000	-	375,000	348,537	356,609	6.92%	6.90%
9 April 2020	3 months	-	500,000	500,000	-	-	-	-	-
9 April 2020	6 months	-	375,000	283,000	92,000	89,565	90,267	1.75%	1.75%
9 April 2020	1 year	-	375,000	375,000	-	-	-	-	-
23 April 2020	6 months	-	2,200,000	-	2,200,000	2,147,566	2,152,948	41.80%	41.69%
23 April 2020	1 year	-	375,000	-	375,000	354,316	354,785	6.89%	6.87%
21 May 2020	6 months	-	250,000	250,000	-	-	-	-	-
18 June 2020	6 months	-	125,000	125,000	-	-	-	-	-
18 June 2020	1 year	-	125,000	-	125,000	116,827	117,064	2.27%	2.27%
		-	17,701,000	13,286,000	4,415,000	4,253,945	4,269,842	83.28%	83.07%
Held by USSP VI									
Pakistan Investment Bonds									
12 July 2018	3 years	-	154,000	73,000	81,000	77,443	81,147	46.93%	47.42%
19 September 2019	3 years	-	150,000	100,000	50,000	50,453	51,644	29.87%	30.18%
19 September 2019	5 years	-	125,000	125,000	-	-	-	-	-
		-	429,000	298,000	131,000	127,896	132,791	76.80%	77.60%
Market Treasury Bills									
10 October 2019	3 months	-	75,000	75,000	-	-	-	-	-
10 October 2019	1 year	-	157,000	135,000	22,000	21,318	21,586	12.48%	12.61%
26 March 2020	1 year	-	19,500	-	19,500	18,126	18,543	10.72%	10.84%
		-	251,500	210,000	41,500	39,444	40,129	23.20%	23.45%

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5.2 Unrealised gain / (loss) on re-measurement of investments - classified at fair value through other comprehensive income

	Year ended 30 June 2020				For the period from 13 Sept 2019 to 30 June USSP V	For the period from 09 August 2019 to 30 USSP VI	Total
	USSP I	USSP II	USSP III	USSP IV (Rupees in '000)			
Market value of investments	321,618	719,304	117,833	193,417	5,150,623	172,920	6,675,715
Less: cost / carrying value of investments	299,291	671,544	107,837	182,058	5,099,145	167,340	6,527,215
	<u>22,327</u>	<u>47,760</u>	<u>9,996</u>	<u>11,359</u>	<u>51,478</u>	<u>5,580</u>	<u>148,500</u>

	For the period from 09 November 2018 to 30 USSP I	For the period from 05 February 2019 to 30 June USSP II	For the period from 17 April 2019 to 30 June 2019 USSP III	For the period from 30 May 2019 to 30 June 2019 USSP IV	Total
	(Rupees in '000)				
Market value of investments	426,850	840,705	255,564	130,003	1,653,122
Less: cost / carrying value of investments	438,515	865,359	258,534	130,518	1,692,926
	<u>(11,665)</u>	<u>(24,654)</u>	<u>(2,970)</u>	<u>(515)</u>	<u>(39,804)</u>

6. PROFITS RECEIVABLE

Profit receivable on bank deposits
Profit accrued on government securities

2020						
USSP I	USSP II	USSP III	USSP IV	USSP V	USSP VI	Total
(Rupees in '000)						
37	70	18	59	386	64	634
11,122	24,923	4,196	6,472	26,958	4,030	77,701
11,159	24,993	4,214	6,531	27,344	4,094	78,335

Profit receivable on bank deposits
Profit accrued on government securities

2019				
USSP I	USSP II	USSP III	USSP IV	Total
(Rupees in '000)				
76	214	763	929	2,002
16,218	33,272	10,396	5,283	65,169
16,294	33,486	11,179	6,212	67,171

7. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Receivable against sale of investments
Receivable against issuance of units
Deposit with Central Depository Company of Pakistan Limited - Trustee
Other Receivables

2020						
USSP I	USSP II	USSP III	USSP IV	USSP V	USSP VI	Total
(Rupees in '000)						
-	-	-	-	-	-	-
-	-	-	69	-	-	69
5	77	5	5	-	-	92
5	77	5	74	-	-	161

Receivable against sale of investments
Receivable against issuance of units

2019				
USSP I	USSP II	USSP III	USSP IV	Total
(Rupees in '000)				
-	22,152	-	-	22,152
-	-	191	9,894	10,085
-	22,152	191	9,894	32,237

8. PRELIMINARY EXPENSES AND FLOATATION COST

Deferred formation cost
Amortisation during the period
Unamortised formation cost at end of the period

2020							2019
USSP I	USSP II	USSP III	USSP IV	USSP V	USSP VI	Total	USSP I
(Rupees in '000)							
890	-	-	-	-	-	890	1,131
(378)	-	-	-	-	-	(378)	(241)
512	-	-	-	-	-	512	890

8.1 As per the offering documents all preliminary and floatation expenses of the Fund including expenses incurred in connection with the establishment and authorisation of the Fund, including execution and registration of the Constitutive Documents, issue; legal costs, printing, circulation and publication of the Offering Document, and all expenses incurred for announcing the Fund and other expenses during and up to the Initial Public Offer (IPO), shall be borne and reimbursed by the Fund to the Management Company subject to the audit of expenses. Deferred formation cost shall be borne by the Fund and amortised within the maturity of plan which is 36 months.

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9. ADVANCE TAX

The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under section 150, 150A, 151 and 233 of ITO 2001. The Federal Board of Revenue through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated 12 May 2015 made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). During the period, prior to receiving tax exemption certificate(s) from CIR various withholding agents have deducted advance tax under section 151 of ITO 2001, which has been recorded as receivable from the Tax Department in these financial statements. Refund of these amounts have been / will be claimed while filing the Income Tax Return of the respective tax year(s) in which these were deducted. The management is confident that the same shall be duly refunded.

10. PAYABLE TO THE MANAGEMENT COMPANY

Note	2020						Total
	USSP I	USSP II	USSP III	USSP IV	USSP V	USSP VI	
	(Rupees in '000)						
Management remuneration payable	323	718	119	194	483	184	2,021
Payable against formation cost	1,137	-	-	-	-	-	1,137
Sales load and other payables	1,552	1,692	433	125	20	282	4,104
Payable against selling and marketing expense	355	-	-	-	-	-	355
Payable against allocation of expenses relating to the fund	-	-	-	-	874	-	874
Others	1	21	11	20	11	21	85
	<u>3,368</u>	<u>2,431</u>	<u>563</u>	<u>339</u>	<u>1,388</u>	<u>487</u>	<u>8,576</u>

Note	2019					Total
	USSP I	USSP II	USSP III	USSP IV		
	(Rupees in '000)					
Management remuneration payable		451	855	244	155	1,705
Payable against formation cost		1,137	-	-	-	1,137
Sales load and other payables		363	128	1,713	64	2,268
Payable against selling and marketing expense		496	-	-	-	496
		<u>2,447</u>	<u>983</u>	<u>1,957</u>	<u>219</u>	<u>5,606</u>

10.1 SECP vide S.R.O. 639 II/2019 has substitute regulation 61 where by Management Company may charge variable fee or fixed fee or the combination of both which shall not exceed the limit disclosed in the Offering Document. The management Company has charged remuneration at the rate of 1% and 0.1% per annum of average daily net assets of USSP I, USSP II, USSP III, USSP IV, USSP VI and USSP V respectively.

10.2 SECP vide S.R.O. 639 II/2019 has substituted clause (s) and (v) of sub regulation 3 of regulation 60 and accordingly has removed cap of charging 0.1% and 0.4% per annum of average daily net assets on account of fee and expenses related to registrar services, accounting, operation and valuation services and selling and marketing expenses respectively, provided total expense ratio remains within the allowed limit.

The Management Company is charging 0.1% per annum of the average daily net assets of USSP V on account of fee and expenses related to registrar services, accounting, operation and valuation services from 13 September 2019 and 0.4% per annum of the average daily net assets of USSP I on account of selling and marketing expense from 01 July 2019.

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- 13.1** Provision for Sindh Workers Welfare Fund (SWWF) is being made on a daily basis pursuant to MUFAP's recommendation to all its members on 12 January 2017 against the backdrop of the Sindh Revenue Board (SRB) going forward letter to certain mutual funds in January 2016 whereby SRB directed the mutual funds to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after 31 December 2013. This is on the premise that mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001 and hence SWWF is payable by them. Though MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF but as a matter of abundant caution the management has recorded SWWF. Had the provision not been provided for, net assets value per unit of the USSP I, USSP II, USSP III, USSP IV, USSP V and USSP VI would have been higher by Rs. 0.4559, Rs. 0.3472, Rs. 0.5954, Rs. 0.2805, Rs. 0.2411 and Rs. 0.2675 per unit respectively (2019 : USSP I Rs 0.1191, USSP II Rs 0.0626, USSP III Rs 0.0252, USSP IV Rs 0.0168).

**14. PROFIT ON BANK DEPOSITS AND PROFIT / RETURN ON INVESTMENTS
CALCULATED USING THE EFFECTIVE INTEREST METHOD**

	Year ended 30 June 2020				For the period from 13 Sept 2019 to 30 June 2020	For the period from 09 August 2019 to 30 June 2020	Total
	USSP I	USSP II	USSP III	USSP IV	USSP V	USSP VI	
	(Rupees in '000)						
Profits on:							
- Bank balances	748	2,331	783	2,988	18,652	3,619	29,121
- Pakistan investment bonds	46,179	94,872	24,764	24,093	26,129	8,694	224,731
- Market treasury bills	-	-	-	45	519,497	7,072	526,614
	<u>46,927</u>	<u>97,203</u>	<u>25,547</u>	<u>27,126</u>	<u>564,278</u>	<u>19,385</u>	<u>780,466</u>

	For the period from 09 November 2018 to 30 June 2019 USSP I	For the period from 05 February 2019 to 30 June 2019 USSP II	For the period from 17 April 2019 to 30 June 2019 USSP III	For the period from 30 May 2019 to 30 June 2019 USSP IV	Total
	(Rupees in '000)				
Profits on:					
- Bank balances	9,032	5,540	1,241	983	16,796
- Pakistan investment bonds	25,990	26,609	2,514	776	57,889
	<u>35,022</u>	<u>34,149</u>	<u>3,755</u>	<u>1,759</u>	<u>74,685</u>

15. REALISED GAIN / (LOSS) ON SALE OF INVESTMENTS

	Year ended 30 June 2020				For the period from 13 Sept 2019 to 30 June 2020	For the period from 09 August 2019 to 30 June 2020	Total
	USSP I	USSP II	USSP III	USSP IV	USSP V	USSP VI	
	(Rupees in '000)						
Investment at fair value through other comprehensive income							
- Pakistan investment bonds	2,741	5,546	6,513	910	27,672	4,314	47,696
- Market treasury Bills	-	-	-	-	50,473	784	51,257
	<u>2,741</u>	<u>5,546</u>	<u>6,513</u>	<u>910</u>	<u>78,145</u>	<u>5,098</u>	<u>98,953</u>

- Pakistan investment bonds

For the period from 09 November 2018 to 30 June 2019 USSP I	For the period from 05 February 2019 to 30 June 2019 USSP II	For the period from 17 April 2019 to 30 June 2019 USSP III	For the period from 30 May 2019 to 30 June 2019 USSP IV	Total
(Rupees in '000)				
(1,503)	(1,071)	-	-	(2,574)
(1,503)	(1,071)	-	-	(2,574)

16. AUDITORS' REMUNERATION

	Year ended 30 June 2020				For the period from 13 Sept 2019 to 30 June 2020 USSP V	For the period from 09 August 2019 to 30 June 2020 USSP VI	Total
	USSP I	USSP II	USSP III	USSP IV			
(Rupees in '000)							
Annual audit fee	81	65	50	44	24	34	298
Half yearly review fee	15	15	15	15	8	9	77
Review of CCG	8	8	8	8	4	5	41
Out of pocket expenses	19	1	1	1	2	1	25
	123	89	74	68	38	49	441

	For the period from 09 November 2018 to 30 June 2019 USSP I	For the period from 05 February 2019 to 30 June 2019 USSP II	For the period from 17 April 2019 to 30 June 2019 USSP III	For the period from 30 May 2019 to 30 June 2019 USSP IV	Total
(Rupees in '000)					
Annual audit fee	87	35	13	5	140
Half yearly review fee	76	-	-	-	76
Fee for certifications and other services	88	12	3	1	104
Out of pocket expenses	14	3	1	-	18
	265	50	17	6	338

17. CONTINGENCIES AND COMMITMENTS

Other than already disclosed in the financial statements, there are no contingencies and commitments as at 30 June 2020.

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18. NUMBER OF UNITS IN ISSUE

	Year ended 30 June 2020				For the period from 13 Sept 2019 to 30 June 2020	For the period from 09 August 2019 to 30 June 2020
	USSP I	USSP II	USSP III	USSP IV	USSP V	USSP VI
	(Rupees in '000)					
Total units in issue at the beginning of the year	4,709,959	9,257,824	2,678,767	1,833,947	-	-
Units issued during the year	3,006	-	16,083	367,608	70,256,712	2,154,943
Units redeemed during the year	1,621,726	2,314,299	1,595,241	315,624	19,145,795	498,202
Total units in issue at the end of the year	3,091,239	6,943,525	1,099,609	1,885,931	51,110,917	1,656,741
			For the period from 09 November 2018 to 30 June 2019 USSP I	For the period from 05 February 2019 to 30 June 2019 USSP II	For the period from 17 April 2019 to 30 June 2019 USSP III	For the period from 30 May 2019 to 30 June 2019 USSP IV
			(Rupees in '000)			
Total units in issue at the beginning of the year			-	-	-	-
Units issued during the year			7,176,967	9,414,054	2,683,759	1,877,650
Units redeemed during the year			2,467,008	156,230	4,992	43,703
Total units in issue at the end of the year			4,709,959	9,257,824	2,678,767	1,833,947

18.1 This includes 351,594 units issued in lieu of refund of capital for UBL Special Savings Plan-V (USSP-V).

18.2 Date of Distribution

	Plans	Payout per unit Rupees	Cash Distribution Rupees in '000	Units issued in lieu of refund of capital
28 December 2019	USSP I	4.50	16,945	-
24 June 2020	USSP I	7.31	22,645	-
28 December 2019	USSP II	5.50	42,254	-
24 June 2020	USSP II	6.2322	43,281	-
28 December 2019	USSP III	5.50	7,765	-
24 June 2020	USSP III	5.8172	6,395	-
28 December 2019	USSP IV	5.50	10,976	-
24 June 2020	USSP IV	6.6367	12,514	-
10 February 2020	USSP V	5.4336	304,999	335,496
24 June 2020	USSP V	6.1474	296,507	16,098
24 June 2020	USSP VI	12.4815	20,114	-
			784,395	351,594

19. RECONCILIATION OF LIABILITIES ARISING OUT OF FINANCING ACTIVITIES

	2020			2019		
	USSP I			USSP I		
	Receivable against sale of units	Payable against redemption of units	Total	Receivable against sale of units	Payable against redemption of units	Total
	(Rupees in '000)			(Rupees in '000)		
Opening balance as at 1 July 2019	-	-	-	-	-	-
Receivable against issuance of units	295	-	295	717,615	-	717,615
Payable against redemption of units	-	(165,861)	(165,861)	-	(247,499)	(247,499)
	295	(165,861)	(165,566)	717,615	(247,499)	470,116
Amount received on issuance of units	295	-	295	717,615	-	717,615
Amount paid on redemption of units	-	(165,861)	(165,861)	-	(247,499)	(247,499)
	295	(165,861)	(165,566)	717,615	(247,499)	470,116
Closing balance as at 30 June 2020	-	-	-	-	-	-
	2020			2019		
	USSP II			USSP II		
	Receivable against sale of units	Payable against redemption of units	Total	Receivable against sale of units	Payable against redemption of units	Total
	(Rupees in '000)			(Rupees in '000)		
Opening balance as at 1 July 2019	-	-	-	-	-	-
Receivable against issuance of units	-	-	-	941,206	-	941,206
Payable against redemption of units	-	(237,071)	(237,071)	-	(15,976)	(15,976)
	-	(237,071)	(237,071)	941,206	(15,976)	925,230
Amount received on issuance of units	-	-	-	941,206	-	941,206
Amount paid on redemption of units	-	(237,071)	(237,071)	-	(15,976)	(15,976)
	-	(237,071)	(237,071)	941,206	(15,976)	925,230
Closing balance as at 30 June 2020	-	-	-	-	-	-

16/06/20

Opening balance as at 1 July 2019

Receivable against issuance of units
Payable against redemption of units

Amount received on issuance of units
Amount paid on redemption of units

Closing balance as at 30 June 2020

2020 USSP III			2019 USSP III		
Receivable against sale of units	Payable against redemption of units	Total	Receivable against sale of units	Payable against redemption of units	Total
(Rupees in '000)			(Rupees in '000)		
191	-	191			
1,592	-	1,592	268,354	-	268,354
-	(172,096)	(172,096)	-	(502)	(502)
1,592	(172,096)	(170,504)	268,354	(502)	267,852
1,783	-	1,783	268,163	-	268,163
-	(172,096)	(172,096)	-	(502)	(502)
1,783	(172,096)	(170,313)	268,163	(502)	267,661
-	-	-	191	-	191

Opening balance as at 1 July 2019

Receivable against issuance of units
Payable against redemption of units

Amount received on issuance of units
Amount paid on redemption of units

Closing balance as at 30 June 2020

2020 USSP IV			2019 USSP IV		
Receivable against sale of units	Payable against redemption of units	Total	Receivable against sale of units	Payable against redemption of units	Total
(Rupees in '000)			(Rupees in '000)		
9,894	-	9,894			
36,640	-	36,640	187,745	-	187,745
-	(32,434)	(32,434)	-	(4,389)	(4,389)
36,640	(32,434)	4,206	187,745	(4,389)	183,356
46,534	-	46,534	177,851	-	177,851
-	(32,434)	(32,434)	-	(4,389)	(4,389)
46,534	(32,434)	14,100	177,851	(4,389)	173,462
-	-	-	9,894	-	9,894

Wanted

2020 USSP V			2020 USSP VI		
Receivable against sale of units	Payable against redemption of units	Total	Receivable against sale of units	Payable against redemption of units	Total
(Rupees in '000)			(Rupees in '000)		

Opening balance as at 1 July 2019

Receivable against issuance of units
Payable against redemption of units

7,029,356	-	7,029,356	215,976	-	215,976
-	(1,930,707)	(1,930,707)	-	(52,482)	(52,482)
7,029,356	(1,930,707)	5,098,649	215,976	(52,482)	163,494

Amount received on issuance of units
Amount paid on redemption of units

7,029,356	-	7,029,356	215,976	-	215,976
-	(1,930,707)	(1,930,707)	-	(52,482)	(52,482)
7,029,356	(1,930,707)	5,098,649	215,976	(52,482)	163,494

Closing balance as at 30 June 2020

-	-	-	-	-	-

20. TOTAL EXPENSE RATIO (TER)

The Securities and Exchange Commission of Pakistan (SECP) vide directive no. SCD/PRDD/Direction/18/2016 dated 20 July 2016, requires that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. As per S.R.O 639 (I)/2019, the limit towards expense ratio has been revised from 2% to 2.5% for Income, aggressive income, Capital protected, Index and Commodity Schemes (cash settled).

	2020					
	USSP I	USSP II	USSP III	USSP IV	USSP V	USSP VI
Total expense ratio	2.00%	1.47%	1.59%	1.52%	0.46%	1.39%
Government levy, SWWF and SECP fee	0.38%	0.38%	0.45%	0.40%	0.25%	0.39%

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21. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the period as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Provided that for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the case may be, shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund has distributed more than ninety percent of the Fund's accounting income for the period as reduced by capital gains, whether realised or unrealised, to its unit holders during the period. Accordingly, no provision has been made in the financial statements for the year ended 30 June 2020.

22. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties comprise of United Bank Limited (Holding Company of Management Company), UBL Fund Managers Limited (Management Company), Al - Ameen Islamic Financial Services (Private) Limited (Subsidiary of the Management Company), entities under the common management or directorship, Central Depository Company of Pakistan Limited as trustee and custodian of the Fund, the directors and officers of the Management Company and unit holders holding 10% or more of the Fund's net assets.

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Rules, NBFC Regulations and the Trust Deed respectively. Other transactions with the related parties / connected persons have been carried out at agreed terms.

Details of transactions with related parties / connected persons and balances with them at the period end are as follows:

	Management Company	Associated companies	Trustee	Funds under common management	Directors and key executives	Other connected persons / related parties
	(Transaction during the year ended 30 June 2020)					
	(Rupees in '000)					
USSP I						
Sale of securities	-	44,330	-	43,320	-	-
Remuneration	3,856	-	231	-	-	-
Sindh sales tax on remuneration	501	-	30	-	-	-
Selling and marketing expense	1,543	-	-	-	-	-
	Balances held as at 30 June 2020					
	(Rupees in '000)					
Remuneration payable*	323	-	19	-	-	-
Sales load and other payables	1,553	27	-	-	-	-
Formation cost payable	1,137	-	-	-	-	-
Payable against selling and marketing	355	-	-	-	-	-

* This balance is inclusive of Sindh Sales Tax.

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USSP II

Sale of securities
Remuneration
Sindh sales tax on remuneration

Management Company	Associated companies	Trustee	Funds under common management	Directors and key executives	Other connected persons / related parties
(Transaction during the year ended 30 June 2020)					
(Rupees in '000)					

-	-	-	47,736	-	-
8,124	-	488	-	-	-
1,056	-	63	-	-	-

Balances held as at 30 June 2020					
(Rupees in '000)					

Remuneration payable*
Sales load and other payables

718	-	44	-	-	-
1,713	564	-	-	-	-

* This balance is inclusive of Sindh Sales Tax.

USSP III

Sale of securities
Dividend paid
Remuneration
Sindh sales tax on remuneration

(Transaction during the year ended 30 June 2020)					
(Rupees in '000)					

-	-	-	12,535	-	-
-	-	-	-	-	3,320
2,026	-	121	-	-	-
263	-	16	-	-	-

Balances held as at 30 June 2020					
(Rupees in '000)					

Units held (units in '000)
Units held (Rupees in '000)
Remuneration payable*
Sales load and other payables

-	-	-	-	-	293
-	-	-	-	-	32,636
119	-	7	-	-	-
444	43	-	-	-	-

* This balance is inclusive of Sindh Sales Tax.

USSP IV

Purchase of securities
Sale of securities
Dividend paid
Remuneration
Sindh sales tax on remuneration
Lump sum

(Transaction during the year ended 30 June 2020)					
(Rupees in '000)					

-	-	-	15,325	-	-
-	-	-	12,027	-	-
-	-	-	-	-	10,391
2,089	-	126	-	-	-
272	-	16	-	-	-

	Management Company	Associated companies	Trustee	Funds under common management	Directors and key executives	Other connected persons / related parties
Balances held as at 30 June 2020						
(Rupees in '000)						
Units held (units in '000)	-	-	-	-	-	858
Units held (Rupees in '000)	-	-	-	-	-	90,904
Remuneration payable*	194	-	12	-	-	-
Sales load and other payables	145	11	-	-	-	-
Deposit with CDC	-	-	69	-	-	-

* This balance is inclusive of Sindh Sales Tax.

USSP V

(Transaction during the period from 13 September 2019 to 30 June 2020)						
(Rupees in '000)						
Sale of securities	-	-	-	978,260	-	-
Units issued	-	-	-	-	-	6,756,091
Units redeemed	-	-	-	-	-	1,668,551
Dividend paid	-	-	-	-	-	634,741
Remuneration	4,558	-	2,735	-	-	-
Sindh sales tax on remuneration	593	-	355	-	-	-
Reimbursement of expenses	4,565	-	-	-	-	-
Profit on main collection account	-	4	-	-	-	-

Balances held as at 30 June 2020						
(Rupees in '000)						
Units held (units in '000)	-	-	-	-	-	50,460
Units held (Rupees in '000)	-	-	-	-	-	5,098,857
Remuneration payable*	483	-	294	-	-	-
Sales load and other payables	31	15	-	-	-	-
Reimbursement of expenses	874	-	-	-	-	-

* This balance is inclusive of Sindh Sales Tax.

USSP VI

(Transaction during the period from 9 August 2019 to 30 June 2020)						
(Rupees in '000)						
Purchase of securities	-	-	-	1,863	-	-
Sale of securities	-	-	-	23,051	-	-
Units issued	-	-	-	-	606	16,045
Dividend paid	-	-	-	-	74	1,975
Remuneration	1,615	-	96	-	-	-
Sindh sales tax on remuneration	210	-	13	-	-	-
Profit on main collection account	-	81	-	-	-	-

16/06/20

Units held (units in '000)
Units held (Rupees in '000)
Remuneration payable*
Sales load and other payables

* This balance is inclusive of Sindh Sales Tax.

Management Company	Associated companies	Trustee	Funds under common management	Directors and key executives	Other connected persons / related parties
Balances held as at 30 June 2020					
(Rupees in '000)					
-	-	-	-	6	159
-	-	-	-	620	16,422
184	-	11	-	-	-
303	58	-	-	-	-
Management Company	Associated companies	Trustee	Funds under common management	Directors and key executives	Other connected persons / related parties

USSP I

Units issued
Units redeemed
Dividend paid
Remuneration
Sindh sales tax on remuneration
Selling and marketing expense

(Transaction during the period from 09 November 2018 to 30 June 2019)					
(Rupees in '000)					
201,498	-	-	-	-	-
201,498	-	-	-	-	-
1,703	-	-	-	-	-
3,061	-	294	-	-	-
398	-	38	-	-	-
636	-	-	-	-	-
Balances held as at 30 June 2019					
(Rupees in '000)					
451	-	40	-	-	-
363	-	-	-	-	-
1,137	-	-	-	-	-
496	-	-	-	-	-

* This balance is inclusive of Sindh Sales Tax.

USSP II

Remuneration
Sindh sales tax on remuneration

(Transaction during the period from 05 February 2019 to 30 June 2019)					
(Rupees in '000)					
2,838	-	262	-	-	-
369	-	34	-	-	-

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	Management Company	Associated companies	Trustee	Funds under common management	Directors and key executives	Other connected persons / related parties
	Balances held as at 30 June 2019					
	(Rupees in '000)					
Remuneration payable*	855	-	77	-	-	-
Sales load and other payables	128	-	-	-	-	-

* This balance is inclusive of Sindh Sales Tax.

USSP III

	(Transaction during the period from 17 April 2019 to 30 June 2019)					
	(Rupees in '000)					
Units issued	-	-	-	-	-	108,794
Dividend paid	-	-	-	-	-	1,755
Remuneration	306	-	27	-	-	-
Sindh sales tax on remuneration	40	-	4	-	-	-

	Balances held as at 30 June 2019					
	(Rupees in '000)					
Units held (units in '000)	-	-	-	-	-	1,069
Units held (Rupees in '000)	-	-	-	-	-	105,682
Remuneration payable*	244	-	22	-	-	-
Sales load and other payables	1,713	-	-	-	-	-

* This balance is inclusive of Sindh Sales Tax.

USSP IV

	(Transaction during the period from 30 May 2019 to 30 June 2019)					
	(Rupees in '000)					
Units issued	-	-	-	-	-	85,611
Dividend paid	-	-	-	-	-	828
Remuneration	137	-	12	-	-	-
Sindh sales tax on remuneration	18	-	1	-	-	-

	Balances held as at 30 June 2019					
	(Rupees in '000)					
Units held (units in '000)	-	-	-	-	-	856
Units held (Rupees in '000)	-	-	-	-	-	85,316
Remuneration payable*	155	-	14	-	-	-
Sales load and other payables	64	-	-	-	-	-

* This balance is inclusive of Sindh Sales Tax.

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23. FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets

Bank balances	
Investments	
Profit receivable	
Deposits, prepayments and other receivables	

Financial liabilities

Payable to the Management Company	
Payable to Central Depository Company of Pakistan Limited - Trustee	
Accrued expenses and other payables	

Financial assets

Bank balances	
Investments	
Profit receivable	
Prepayments and other receivables	

Financial liabilities

Payable to the Management Company	
Payable to Central Depository Company of Pakistan Limited - Trustee	
Accrued expenses and other payables	

16/04/20

2020			
USSP I			
At fair value through profit or loss	At fair value through other comprehensive income	At amortised cost	Total
(Rupees in '000)			
-	-	7,125	7,125
-	321,618	-	321,618
-	-	11,159	11,159
-	-	5	5
-	321,618	18,289	339,907
		3,368	3,368
		19	19
		4,807	4,807
		8,194	8,194

2019			
USSP I			
At fair value through profit or loss	At fair value through other comprehensive income	At amortised cost	Total
(Rupees in '000)			
-	-	23,311	23,311
-	426,850	-	426,850
-	-	16,294	16,294
-	-	-	-
-	426,850	39,605	466,455
		2,447	2,447
		40	40
		4,562	4,562
		7,049	7,049

Financial assets

Bank balances
Investments
Profit receivable
Deposits, prepayments and other receivables

Financial liabilities

Payable to the Management Company
Payable to Central Depository Company of Pakistan Limited - Trustee
Dividend payable
Accrued expenses and other payables

Financial assets

Bank balances
Investments
Profit receivable
Prepayments and other receivables

Financial liabilities

Payable to the Management Company
Payable to Central Depository Company of Pakistan Limited - Trustee
Dividend payable
Accrued expenses and other payables

11/11/2019

2020			
USSP II			
At fair value through profit or loss	At fair value through other comprehensive income	At amortised cost	Total
(Rupees in '000)			
-	-	14,078	14,078
-	719,304	-	719,304
-	-	24,993	24,993
-	-	77	77
-	719,304	39,148	758,452
		2,431	2,431
		44	44
		-	-
		10,369	10,369
		12,844	12,844

2019			
USSP II			
At fair value through profit or loss	At fair value through other comprehensive income	At amortised cost	Total
(Rupees in '000)			
-	-	39,497	39,497
-	840,705	-	840,705
-	-	33,486	33,486
-	-	22,152	22,152
-	840,705	95,135	935,840
		983	983
		77	77
		627	627
		31,580	31,580
		33,267	33,267

Financial assets

Bank balances	-
Investments	-
Profit receivable	-
Deposits, prepayments and other receivables	-

Financial liabilities

Payable to the Management Company	-
Payable to Central Depository Company of Pakistan Limited - Trustee	-
Accrued expenses and other payables	-

Financial assets

Bank balances	-
Investments	-
Profit receivable	-
Prepayments and other receivables	-

Financial liabilities

Payable to the Management Company	-
Payable to Central Depository Company of Pakistan Limited - Trustee	-
Accrued expenses and other payables	-

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2020			
USSP III			
At fair value through profit or loss	At fair value through other comprehensive income	At amortised cost	Total
(Rupees in '000)			
-	-	2,905	2,905
-	117,833	-	117,833
-	-	4,214	4,214
-	-	5	5
-	117,833	7,124	124,957
		563	563
		7	7
		1,324	1,324
		1,894	1,894

2019			
USSP III			
At fair value through profit or loss	At fair value through other comprehensive income	At amortised cost	Total
(Rupees in '000)			
-	-	543	543
-	255,564	-	255,564
-	-	11,179	11,179
-	-	191	191
-	255,564	11,913	267,477
		1,957	1,957
		22	22
		618	618
		2,597	2,597

Financial assets

Bank balances
Investments
Profit receivable
Deposits, prepayments and other receivables

Financial liabilities

Payable to the Management Company
Payable to Central Depository Company of Pakistan Limited - Trustee
Accrued expenses and other payables

Financial assets

Bank balances
Investments
Profit receivable
Prepayments and other receivables

Financial liabilities

Payable to the Management Company
Payable to Central Depository Company of Pakistan Limited - Trustee
Accrued expenses and other payables

16/04/2019

2020			
USSP IV			
At fair value through profit or loss	At fair value through other comprehensive income	At amortised cost	Total
(Rupees in '000)			
-	-	3,676	3,676
-	193,417	-	193,417
-	-	6,531	6,531
-	-	74	74
-	193,417	10,281	203,698
		339	339
		12	12
		2,500	2,500
		2,851	2,851

2019			
USSP IV			
At fair value through profit or loss	At fair value through other comprehensive income	At amortised cost	Total
(Rupees in '000)			
-	-	37,274	37,274
-	130,003	-	130,003
-	-	6,212	6,212
-	-	9,894	9,894
-	130,003	53,380	183,383
		219	219
		14	14
		325	325
		558	558

Financial assets

Bank balances
Investments
Profit receivable

Financial liabilities

Payable to the Management Company
Payable to Central Depository Company of Pakistan Limited - Trustee
Accrued expenses and other payables

Financial assets

Bank balances
Investments
Profit receivable

Financial liabilities

Payable to the Management Company
Payable to Central Depository Company of Pakistan Limited - Trustee
Accrued expenses and other payables

10/11/20

2020			
USSP V			
At fair value through profit or loss	At fair value through other comprehensive income	At amortised cost	Total
(Rupees in '000)			
-	-	47,493	47,493
-	5,150,623	-	5,150,623
-	-	27,344	27,344
-	5,150,623	74,837	5,225,460
		1,388	1,388
		294	294
		45,912	45,912
		47,594	47,594

2020			
USSP VI			
At fair value through profit or loss	At fair value through other comprehensive income	At amortised cost	Total
(Rupees in '000)			
-	-	11,749	11,749
-	172,920	-	172,920
-	-	4,094	4,094
-	172,920	15,843	188,763
		487	487
		11	11
		16,673	16,673
		17,171	17,171

24. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets (i.e. listed equity shares) are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The Fund's accounting policy on fair value measurements of investments is discussed in note 3.2 to these financial statements.

IFRS 13, 'Fair Value Measurement' requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

		2020								
		USSP I								
On-balance sheet financial instruments		Carrying amount				Total	Fair value			Total
		At fair value through profit or loss	Designated as at fair value through profit or loss	At fair value through other comprehensive income	Amortised cost		Level 1	Level 2	Level 3	
	Note	(Rupees in '000)								
Financial assets measured at fair value										
Investments	5	-	-	321,618	-	321,618	-	321,618	-	321,618
Financial assets not measured at fair value	24.2									
Bank balances		-	-	-	7,125	7,125				
Profits receivables		-	-	-	11,159	11,159				
Prepayments and other receivables		-	-	-	5	5				
		-	-	-	18,289	18,289				
Financial liabilities not measured at fair value	24.2									
Payable to the Management Company		-	-	-	3,368	3,368				
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	19	19				
Accrued expenses and other payables		-	-	-	4,807	4,807				
		-	-	-	8,194	8,194				
		2019								
		USSP I								
On-balance sheet financial instruments		Carrying amount				Total	Fair value			Total
		Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Fair value through other comprehensive income	Amortised cost		Level 1	Level 2	Level 3	
	Note	(Rupees in '000)								
Financial assets measured at fair value										
Investments	5	-	-	426,850	-	426,850	-	426,850	-	426,850
Financial assets not measured at fair value	24.2									
Bank balances		-	-	-	23,311	23,311				
Profits receivables		-	-	-	16,294	16,294				
Prepayments and other receivables		-	-	-	-	-				
		-	-	-	39,605	39,605				
Financial liabilities not measured at fair value	24.2									
Payable to the Management Company		-	-	-	2,447	2,447				
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	40	40				
Accrued expenses and other payables		-	-	-	4,562	4,562				
		-	-	-	7,049	7,049				

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On-balance sheet financial instruments

		2020								
		USSP II								
		Carrying amount			Fair value					
		At fair value through profit or loss	Designated as at fair value through profit or loss	At fair value through other comprehensive income	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Note		(Rupees in '000)								
5		-	-	719,304	-	719,304	-	719,304	-	719,304
24.2		-	-	-	14,078	14,078				
		-	-	-	24,993	24,993				
		-	-	-	77	77				
		-	-	-	39,148	39,148				
24.2		-	-	-	2,431	2,431				
		-	-	-	44	44				
		-	-	-	-	-				
		-	-	-	10,369	10,369				
		-	-	-	12,844	12,844				

On-balance sheet financial instruments

		2019								
		USSP II								
		Carrying amount				Fair value				
		Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Note		(Rupees in '000)								
5		-	-	840,705	-	840,705	-	840,705	-	840,705
24.2		-	-	-	39,497	39,497				
		-	-	-	33,486	33,486				
		-	-	-	22,152	22,152				
		-	-	-	95,135	95,135				
24.2		-	-	-	983	983				
		-	-	-	77	77				
		-	-	-	627	627				
		-	-	-	31,580	31,580				
		-	-	-	33,267	33,267				

June 2020

On-balance sheet financial instruments

Financial assets measured at fair value

Investments

Financial assets not measured at fair value

Bank balances

Profits receivables

Prepayments and other receivables

Financial liabilities not measured at fair value

Payable to the Management Company

Payable to Central Depository Company of

Pakistan Limited - Trustee

Accrued expenses and other payables

	2020								
	USSP III								
	Carrying amount					Fair value			
	At fair value through profit or loss	Designated as at fair value through profit or loss	At fair value through other comprehensive income	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Note	(Rupees in '000)								
5	-	-	117,833	-	117,833	-	117,833	-	117,833
24.2	-	-	-	2,905	2,905				
	-	-	-	4,214	4,214				
	-	-	-	5	5				
	-	-	-	7,124	7,124				
24.2	-	-	-	563	563				
	-	-	-	7	7				
	-	-	-	1,324	1,324				
	-	-	-	1,894	1,894				

On-balance sheet financial instruments

Financial assets measured at fair value

Investments

Financial assets not measured at fair value

Bank balances

Profits receivables

Prepayments and other receivables

Financial liabilities not measured at fair value

Payable to the Management Company

Payable to Central Depository Company of

Pakistan Limited - Trustee

Accrued expenses and other payables

		2019							
		USSP III							
		Carrying amount			Fair value				
	Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Note	(Rupees in '000)								
5	-	-	255,564	-	255,564	-	255,564	-	255,564
24.2									
	-	-	-	543	543				
	-	-	-	11,179	11,179				
	-	-	-	191	191				
	-	-	-	11,913	11,913				
24.2									
	-	-	-	1,957	1,957				
	-	-	-	22	22				
	-	-	-	618	618				
	-	-	-	2,597	2,597				

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On-balance sheet financial instruments

Financial assets measured at fair value

Financial assets not measured at fair value

Bank balances
Profits receivables
Prepayments and other receivables

Financial liabilities not measured at fair value

Payable to the Management Company
Payable to Central Depository Company of
Pakistan Limited - Trustee
Accrued expenses and other payables

		2020								
		USSP IV								
		Carrying amount			Amortised cost	Total	Fair value			
		At fair value through profit or loss	Designated as at fair value through profit or loss	Fair value through other comprehensive income			Level 1	Level 2	Level 3	Total
Note		(Rupees in '000)								
5		-	-	193,417	-	193,417	-	193,417	-	193,417
24.2		-	-	-	3,676	3,676				
		-	-	-	6,531	6,531				
		-	-	-	74	74				
		-	-	-	10,281	10,281				
24.2		-	-	-	339	339				
		-	-	-	12	12				
		-	-	-	2,500	2,500				
		-	-	-	2,851	2,851				

On-balance sheet financial instruments

Financial assets measured at fair value

Financial assets not measured at fair value

Bank balances
Profits receivables
Prepayments and other receivables

Financial liabilities not measured at fair value

Payable to the Management Company
Payable to Central Depository Company of
Pakistan Limited - Trustee
Accrued expenses and other payables

		2019								
		USSP IV								
		Carrying amount			Fair value					
		Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Note		(Rupees in '000)								
5		-	-	130,003	-	130,003	-	130,003	-	130,003
24.2		-	-	-	37,274	37,274				
		-	-	-	6,212	6,212				
		-	-	-	9,894	9,894				
		-	-	-	53,380	53,380				
24.2		-	-	-	219	219				
		-	-	-	14	14				
		-	-	-	325	325				
		-	-	-	558	558				

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On-balance sheet financial instruments

Financial assets measured at fair value
Investments

Financial assets not measured at fair value

Bank balances
Profits receivables

Financial liabilities not measured at fair value

Payable to the Management Company
Payable to Central Depository Company of
Pakistan Limited - Trustee
Accrued expenses and other payables

2020									
USSP V									
	Carrying amount					Fair value			
	At fair value through profit or loss	Designated as at fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Note	(Rupees in '000)								
5	-	-	5,150,623	-	5,150,623	-	5,150,623	-	5,150,623
24.2	-	-	-	47,493	47,493				
	-	-	-	27,344	27,344				
	-	-	-	74,837	74,837				
24.2	-	-	-	1,388	1,388				
	-	-	-	294	294				
	-	-	-	45,912	45,912				
	-	-	-	47,594	47,594				

On-balance sheet financial instruments

Financial assets measured at fair value
Investments

Financial assets not measured at fair value

Bank balances
Profits receivables

Financial liabilities not measured at fair value

Payable to the Management Company
Payable to Central Depository Company of
Pakistan Limited - Trustee
Accrued expenses and other payables

		2020								
		USSP VI								
		Carrying amount			Fair value					
		At fair value through profit or loss	Designated as at fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Note		(Rupees in '000)								
5		-	-	172,920	-	172,920	-	172,920	-	172,920
24.2		-	-	-	11,749	11,749				
		-	-	-	4,094	4,094				
		-	-	-	15,843	15,843				
24.2		-	-	-	487	487				
		-	-	-	11	11				
		-	-	-	16,673	16,673				
		-	-	-	17,171	17,171				

16/11/20

24.1 Valuation techniques used in determination of fair values within level 2:

Investments in Pakistan Investment Bonds and Market Treasury Bills, issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital, are valued on the basis of the PKRVs announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.

24.2 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are a reasonable approximation of fair value.

24.3 Net assets attributable to unitholders. The Fund routinely redeems and issues the units at the amount equal to the proportionate share of net assets of the Fund at the time of redemption, calculated on a basis consistent with that used in these financial statements. Accordingly, the carrying amount of net assets attributable to unitholders approximates their fair value. The units are categorized into Level 2 of the fair value hierarchy.

25. FINANCIAL RISK MANAGEMENT

The Fund's objective in managing risks is the creation and protection of Unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, Fund's constitutive documents and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to credit risk, liquidity risk and market risk arising from the financial instruments it holds.

The Fund primarily invests in a portfolio of debt and money market investments such as investment - government securities and other money market instruments. These activities are exposed to a variety of financial risks i.e. market risk (which includes currency risk and interest rate risk), credit risk and liquidity risk arising from the financial instruments it holds.

25.1 Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation. The Fund's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines, offering document and regulatory requirements.

Management of credit risk

The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed and the requirements of NBFC rules and regulations and guidelines given by SECP from time to time.

Credit risk is managed and controlled by the management company of the Fund in the following manner:

- The Fund limits its exposure to credit risk by only investing in instruments and bank deposits that have a minimum "AA-" from a credit rating agency duly approved by the SECP.
- Investment transactions are carried out with large number of brokers, whose credit rating is taken into account so as to minimize the risk of default and transactions are settled or paid for only upon deliveries.
- The risk of counter party exposure due to failed trade causing a loss to the Fund is mitigated by a periodic review of trade reports, credit ratings and financial statements on a regular basis.
- Cash is held only with reputable banks (including related party).

Risk attributable to investment in government securities is limited as these are guaranteed by the Federal Government.

Signature

The table below analyses the Fund's maximum exposure to credit risk:

	2020						
	USSP I	USSP II	USSP III	USSP IV	USSP V	USSP VI	Total
Financial assets exposed to credit risk	(Rupees in '000)						
Investments	321,618	719,304	117,833	193,417	5,150,623	172,920	6,675,715
Bank balances	7,125	14,078	2,905	3,676	47,493	11,749	87,026
Profit receivable	11,159	24,993	4,214	6,531	27,344	4,094	78,335
Prepayments and other receivables	5	77	5	74	-	-	161
	339,907	758,452	124,957	203,698	5,225,460	188,763	6,841,237

	2019				
	USSP I	USSP II	USSP III	USSP IV	Total
	(Rupees in '000)				
Financial assets exposed to credit risk					
Investments	426,850	840,705	255,564	130,003	1,653,122
Bank balances	23,311	39,497	543	37,274	100,625
Profit receivable	16,294	33,486	11,179	6,212	67,171
Prepayments and other receivables	-	22,152	191	9,894	32,237
	466,455	935,840	267,477	183,383	1,853,155

Credit risk arising on financial assets is monitored through a regular analysis of financial position of brokers and other parties. Further, all transactions in securities are executed through approved brokers, thus the risk of default is considered to be minimal. For Debt instruments settlement, Delivery versus Payment (DvP) mechanism applied by Trustee of the Fund minimize the credit risk. In accordance with the risk management policy of the Fund, the Investment Committee monitors the credit position on a daily basis which is reviewed by the Board of Directors of the Management Company on a quarterly basis.

The analysis below summarizes the credit quality of the Fund's portfolio in total as on 30 June:

			2020						
	Rating Agency	Rating	USSP I	USSP II	USSP III	USSP IV	USSP V	USSP VI	Total
			(Rupees in '000)						
Bank balances by rating category									
Allied Bank Limited	PACRA	AAA	-	-	-	-	76		76
Habib Metropolitan Bank Limited	PACRA	AA+	-	-	-	-	10		10
JS Bank Limited	PACRA	AA-	217	263	-	202	650	283	1,615
Soneri Bank Limited	PACRA	AA-	6,908	13,815	2,905	3,474	46,757	11,466	85,325
			7,125	14,078	2,905	3,676	47,407	11,749	86,940

Bank balances by rating category

JS Bank Limited
Soneri Bank Limited

Rating Agency	Rating	2019				
		USSP I	USSP II	USSP III	USSP IV	Total
		(Rupees in '000)				
PACRA	AA-	337	1,854	-	-	2,191
PACRA	AA-	22,974	37,643	543	37,274	98,434
		23,311	39,497	543	37,274	100,625

Government Securities

Pakistan investment bonds
Market treasury bills

2020						
USSP I	USSP II	USSP III	USSP IV	USSP V	USSP VI	Total
(Rupees in '000)						
321,618	719,304	117,833	190,350	860,781	132,791	2,342,677
-	-	-	3,067	4,289,842	40,129	4,333,038
321,618	719,304	117,833	193,417	5,150,623	172,920	6,675,715

Government Securities

Pakistan investment bonds

2019				
USSP I	USSP II	USSP III	USSP IV	Total
(Rupees in '000)				
426,850	840,705	255,564	130,003	1,653,122

Profit receivables

2020						
USSP I	USSP II	USSP III	USSP IV	USSP V	USSP VI	Total
(Rupees in '000)						
11,159	24,993	4,214	6,531	27,344	4,094	78,335

Profit receivables

2019				
USSP I	USSP II	USSP III	USSP IV	Total
(Rupees in '000)				
16,294	33,486	11,179	6,212	67,171

Deposits, prepayments and other receivables

2020						
USSP I	USSP II	USSP III	USSP IV	USSP V	USSP VI	Total
(Rupees in '000)						
5	77	5	74	-	-	161

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Prepayments and other receivables

2019				
USSP I	USSP II	USSP III	USSP IV	Total
(Rupees in '000)				
-	22,152	191	9,894	32,237

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial assets is broadly diversified and transactions are entered into with credit worthy counterparties thereby mitigating any significant concentration of credit risk.

The Fund's activities may give rise to settlement risk. 'Settlement risk' is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For the majority of transactions, the Fund mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

25.2 Liquidity risk

'Liquidity risk' is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Fund's offering document provides for the daily creation and cancellation of units and it is therefore exposed to the liquidity risk of meeting unitholder's redemptions at any time. The Fund manages the liquidity risk by maintaining maturities of financial liabilities and investing a major portion of the Fund's assets in highly liquid financial assets. The Fund's investments are considered to be readily realisable as they are all invested in government securities and saving accounts. 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.

In accordance with the risk management policy of the Fund, the Fund manager monitors the liquidity position on a daily basis, which is reviewed by the Board of Directors of the Management Company on a quarterly basis.

In accordance with regulation 58(1)(k) of the NBFC Regulations, 2008, the Fund has the ability to borrow funds for meeting the redemption requests, with the approval of the Trustees, for a period not exceeding three months to the extent of fifteen percent of the net assets. However, no such borrowing has been obtained during the year.

Further, the Fund is also allowed in accordance with regulation 57 (10) of the NBFC Regulations, 2008, to defer redemption requests to the next dealing day, had such requests exceed ten percent of the total number of units in issue.

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In addition to unitholders' fund, the analysis below summarizes the Fund's financial liabilities into relevant maturity grouping as at 30 June:

USSP I

Financial Liabilities

Payable to Management Company
Payable to Central Depository Company of Pakistan Limited - Trustee
Accrued expenses and other payables

Unit holders' fund

2020				
Maturity Upto				Total
Three months	Six months	One Year	More than one year	
(Rupees in '000)				
3,368	-	-	-	3,368
19	-	-	-	19
4,807	-	-	-	4,807
8,194	-	-	-	8,194
330,953	-	-	-	330,953

Financial Liabilities

Payable to Management Company
Payable to Central Depository Company of Pakistan Limited - Trustee
Accrued expenses and other payables

Unit holders' fund

2019				
Maturity Upto				Total
Three months	Six months	One Year	More than one year	
(Rupees in '000)				
2,447	-	-	-	2,447
40	-	-	-	40
4,562	-	-	-	4,562
7,049	-	-	-	7,049
459,720	-	-	-	459,720

USSP II

Financial Liabilities

Payable to Management Company
Payable to Central Depository Company of Pakistan Limited - Trustee
Dividend payable
Accrued expenses and other payables

Unit holders' fund

2020				
Maturity Upto				Total
Three months	Six months	One Year	More than one year	
(Rupees in '000)				
2,431	-	-	-	2,431
44	-	-	-	44
-	-	-	-	-
10,369	-	-	-	10,369
12,844	-	-	-	12,844
743,144	-	-	-	743,144

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Financial Liabilities

Payable to Management Company
 Payable to Central Depository Company of Pakistan Limited - Trustee
 Dividend payable
 Accrued expenses and other payables

Unit holders' fund

USSP III**Financial Liabilities**

Payable to Management Company
 Payable to Central Depository Company of Pakistan Limited - Trustee
 Accrued expenses and other payables

Unit holders' fund

Financial Liabilities

Payable to Management Company
 Payable to Central Depository Company of Pakistan Limited - Trustee
 Accrued expenses and other payables

Unit holders' fund

16/11/19

2019				
Maturity Upto				Total
Three months	Six months	One Year	More than one year	
(Rupees in '000)				
983	-	-	-	983
77	-	-	-	77
627	-	-	-	627
31,580	-	-	-	31,580
<u>33,267</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,267</u>
901,819	-	-	-	901,819

2020				
Maturity Upto				Total
Three months	Six months	One Year	More than one year	
(Rupees in '000)				
563	-	-	-	563
7	-	-	-	7
1,324	-	-	-	1,324
<u>1,894</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,894</u>
122,480	-	-	-	122,480

2019				
Maturity Upto				Total
Three months	Six months	One Year	More than one year	
(Rupees in '000)				
1,957	-	-	-	1,957
22	-	-	-	22
618	-	-	-	618
<u>2,597</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,597</u>
264,825	-	-	-	264,825

USSP IV

Financial Liabilities

Payable to Management Company
 Payable to Central Depository Company of Pakistan Limited - Trustee
 Accrued expenses and other payables

Unit holders' fund

Financial Liabilities

Payable to Management Company
 Payable to Central Depository Company of Pakistan Limited - Trustee
 Accrued expenses and other payables

Unit holders' fund

USSP V

Financial Liabilities

Payable to Management Company
 Payable to Central Depository Company of Pakistan Limited - Trustee
 Accrued expenses and other payables

Unit holders' fund

Wajah

2020				
Maturity Upto				Total
Three months	Six months	One Year	More than one year	
(Rupees in '000)				
339	-	-	-	339
12	-	-	-	12
2,500	-	-	-	2,500
2,851	-	-	-	2,851
200,280	-	-	-	200,280

2019				
Maturity Upto				Total
Three months	Six months	One Year	More than one year	
(Rupees in '000)				
219	-	-	-	219
14	-	-	-	14
325	-	-	-	325
558	-	-	-	558
182,787	-	-	-	182,787

2020				
Maturity Upto				Total
Three months	Six months	One Year	More than one year	
(Rupees in '000)				
1,388	-	-	-	1,388
294	-	-	-	294
45,912	-	-	-	45,912
47,594	-	-	-	47,594
5,164,633	-	-	-	5,164,633

USSP VI

Financial Liabilities

Payable to Management Company
 Payable to Central Depository Company of Pakistan Limited - Trustee
 Accrued expenses and other payables

Unit holders' fund

2020				
Maturity Upto				Total
Three months	Six months	One Year	More than one year	
(Rupees in '000)				
487	-	-	-	487
11	-	-	-	11
16,673	-	-	-	16,673
17,171	-	-	-	17,171
171,117	-	-	-	171,117

25.3 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and debt security prices.

The UBL Fund Managers manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan. The maximum risk resulting from financial instruments equals their fair values.

Market risk comprises of three types of risk: currency risk, interest rate risk and price risk.

i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund, at present, is not exposed to currency risk as all transactions are carried out in Pakistani Rupees.

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in the market interest rates. The Fund's interest rate risk is monitored on a quarterly basis by the board of directors.

Unit

a) Sensitivity analysis for fixed rate instruments

As at 30 June 2020, the Plan I, Plan II, Plan III, Plan IV, Plan V and Plan VI hold Pakistan Investment Bonds and Plan IV, Plan V and Plan VI hold Market Treasury Bills which are classified as 'fair value through other comprehensive income', exposing the Fund to fair value interest rate risk. In case of 100 basis points increase / decrease in mark-up rates on 30 June 2020, with all other variables held constant, the impact on the net assets and total comprehensive income for the year is as follows:

		2020						
		Total Exposure						
		USSP I	USSP II	USSP III	USSP IV	USSP V	USSP VI	Total
		(Rupees in '000)						
Pakistan investment bonds		321,618	719,304	117,833	190,350	860,781	132,791	2,342,677
Market treasury bills		-	-	-	3,067	4,289,842	40,129	4,333,038
		<u>321,618</u>	<u>719,304</u>	<u>117,833</u>	<u>193,417</u>	<u>5,150,623</u>	<u>172,920</u>	<u>6,675,715</u>
		2019						
		Total Exposure						
		USSP I	USSP II	USSP III	USSP IV	USSP V	USSP VI	Total
		(Rupees in '000)						
Pakistan investment bonds				426,850	840,705	255,564	130,003	1,653,122
		2020						
		Effect on total comprehensive income and net assets						
		USSP I	USSP II	USSP III	USSP IV	USSP V	USSP VI	Total
		(Rupees in '000)						
Change in basis points								
- Pakistan investment bonds								
100		(4,787)	(10,198)	(2,141)	(1,850)	(12,076)	(1,804)	(32,856)
(100)		<u>4,908</u>	<u>10,445</u>	<u>2,203</u>	<u>1,880</u>	<u>12,371</u>	<u>1,846</u>	<u>33,653</u>
- Market treasury bills								
100		-	-	-	(19)	(18,921)	(185)	(19,125)
(100)		<u>-</u>	<u>-</u>	<u>-</u>	<u>17</u>	<u>15,252</u>	<u>187</u>	<u>15,456</u>

Change in basis points

- Pakistan investment bonds
100
(100)

2019				
Effect on total comprehensive income and net assets				
USSP I	USSP II	USSP III	USSP IV	Total
(Rupees in '000)				
(7,581)	(17,237)	(5,692)	(2,885)	(33,395)
<u>7,760</u>	<u>17,736</u>	<u>5,872</u>	<u>2,976</u>	<u>34,344</u>

b) Sensitivity analysis for Variable rate instruments

2020						
Total Exposure						
USSP I	USSP II	USSP III	USSP IV	USSP V	USSP VI	Total
(Rupees in '000)						
<u>7,125</u>	<u>14,078</u>	<u>2,905</u>	<u>3,676</u>	<u>47,484</u>	<u>11,749</u>	<u>87,017</u>

Bank balances

2019				
Total Exposure				
USSP I	USSP II	USSP III	USSP IV	Total
(Rupees in '000)				
<u>23,311</u>	<u>39,497</u>	<u>543</u>	<u>37,274</u>	<u>100,625</u>

Bank balances

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the year end / period end would have increased / (decreased) the net assets and net income by Rs. 0.87 million (2019: Rs. 1.006 million), assuming all other variables held constant.

Wing

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 settlement date.

2020					
USSP I					
Yield / Interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and up to one year	More than one year		
%	(Rupees in '000)				
On-balance sheet financial instruments					
Financial assets					
Bank balances	6.50 - 8.50	7,125	-	-	7,125
Investments (Pakistan investment bonds)	7.25 - 8.00	-	-	-	321,618
Profit receivables		-	-	11,159	11,159
Deposits, prepayments and other receivables		-	-	5	5
		7,125	-	11,164	339,907
Financial liabilities					
Payable to the Management Company		-	-	3,368	3,368
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	19	19
Accrued expenses and other payables		-	-	4,807	4,807
		-	-	8,194	8,194
On-balance sheet gap		7,125	-	2,970	331,713
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap		-	-	-	-

2019					
USSP I					
Yield / Interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and up to one year	More than one year		
%	(Rupees in '000)				
On-balance sheet financial instruments					
Financial assets					
Bank balances	7 - 13.15	23,311	-	-	23,311
Investments (Pakistan investment bonds)	7.25 - 8.00	-	-	-	426,850
Profit receivables		-	-	16,294	16,294
		23,311	-	16,294	466,455
Financial liabilities					
Payable to the Management Company		-	-	2,447	2,447
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	40	40
Accrued expenses and other payables		-	-	4,562	4,562
		-	-	7,049	7,049
On-balance sheet gap		23,311	-	9,245	459,406
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap		-	-	-	-

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On-balance sheet financial instruments

Financial assets

Bank balances
Investments (Pakistan investment bonds)
Profit receivables
Deposits, prepayments and other receivables

Financial liabilities

Payable to the Management Company
Payable to Central Depository Company of Pakistan Limited - Trustee
Dividend payable
Accrued expenses and other payables

On-balance sheet gap

Off-balance sheet financial instruments

Off-balance sheet gap

2020					
USSP II					
Yield / Interest rate %	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and up to one year	More than one year		
	(Rupees in '000)				
6.50 - 8.50	14,078	-	-	-	14,078
7.25 - 8.00	-	-	719,304	-	719,304
	-	-	-	24,993	24,993
	-	-	-	77	77
	14,078	-	719,304	25,070	758,452
	-	-	-	2,431	2,431
	-	-	-	44	44
	-	-	-	-	-
	-	-	-	10,369	10,369
	-	-	-	12,844	12,844
	14,078	-	719,304	12,226	745,608
	-	-	-	-	-
	-	-	-	-	-

2019					
USSP II					
Yield / Interest rate %	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and up to one year	More than one year		
	(Rupees in '000)				
7 - 13.15	39,497	-	-	-	39,497
7.25 - 8.00	-	-	840,705	-	840,705
	-	-	-	33,486	33,486
	-	-	-	22,152	22,152
	39,497	-	840,705	55,638	935,840
	-	-	-	983	983
	-	-	-	77	77
	-	-	-	627	627
	-	-	-	31,580	31,580
	-	-	-	33,267	33,267
	39,497	-	840,705	22,371	902,573
	-	-	-	-	-
	-	-	-	-	-

Off-balance sheet gap

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On-balance sheet financial instruments**Financial assets**

Bank balances
Investments (Pakistan investment bonds)
Profit receivables
Deposits, prepayments and other receivables

Financial liabilities

Payable to the Management Company
Payable to Central Depository Company of Pakistan Limited - Trustee
Accrued expenses and other payables

On-balance sheet gap**Off-balance sheet financial instruments****Off-balance sheet gap**

2020					
USSP III					
Yield / Interest rate %	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and up to one year	More than one year		
	(Rupees in '000)				
6.50 - 8.50	2,905	-	-	-	2,905
7.25 - 8.00	-	-	117,833	-	117,833
	-	-	-	4,214	4,214
	-	-	-	5	5
	2,905	-	117,833	4,219	124,957
	-	-	-	563	563
	-	-	-	7	7
	-	-	-	1,324	1,324
	-	-	-	1,894	1,894
	2,905	-	117,833	2,325	123,063
	-	-	-	-	-
	-	-	-	-	-

On-balance sheet financial instruments**Financial assets**

Bank balances
Investments (Pakistan investment bonds)
Profit receivables
Prepayments and other receivables

Financial liabilities

Payable to the Management Company
Payable to Central Depository Company of Pakistan Limited - Trustee
Accrued expenses and other payables

On-balance sheet gap**Off-balance sheet financial instruments****Off-balance sheet gap**

2019					
USSP III					
Yield / interest rate %	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and up to one year	More than one year		
7 - 13.15	543	-	-	-	543
7.25 - 8.00	-	-	255,564	-	255,564
	-	-	-	11,179	11,179
	-	-	-	191	191
	543	-	255,564	11,370	267,477
	-	-	-	1,957	1,957
	-	-	-	22	22
	-	-	-	618	618
	-	-	-	2,597	2,597
	543	-	255,564	8,773	264,880
	-	-	-	-	-
	-	-	-	-	-

On-balance sheet financial instruments

Financial assets

Bank balances
Investments (Pakistan investment bonds)
Investments (Market treasury bills)
Profit receivables
Deposits, prepayments and other receivables

Financial liabilities

Payable to the Management Company
Payable to Central Depository Company of Pakistan Limited - Trustee
Accrued expenses and other payables

On-balance sheet gap

Off-balance sheet financial instruments

Off-balance sheet gap

2020					
USSP IV					
Yield / Interest rate %	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and up to one year	More than one year		
	(Rupees in '000)				
6.50 - 8.50	3,676	-	-	-	3,676
7.25 - 8.00	-	-	190,350	-	190,350
	-	3,067	-	-	3,067
	-	-	-	6,531	6,531
	-	-	-	74	74
	3,676	3,067	190,350	6,605	203,698
	-	-	-	339	339
	-	-	-	12	12
	-	-	-	2,500	2,500
	-	-	-	2,851	2,851
	3,676	3,067	190,350	3,754	200,847
	-	-	-	-	-
	-	-	-	-	-

On-balance sheet financial instruments

Financial assets

Bank balances
Investments (Pakistan investment bonds)
Profit receivables
Prepayments and other receivables

Financial liabilities

Payable to the Management Company
Payable to Central Depository Company of Pakistan Limited - Trustee
Accrued expenses and other payables

On-balance sheet gap

Off-balance sheet financial instruments

Off-balance sheet gap

2019					
USSP IV					
Yield / Interest rate %	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and up to one year	More than one year		
(Rupees in '000)					
7 - 13.15	37,274	-	-	-	37,274
7.25 - 8.00	-	-	130,003	-	130,003
	-	-	-	6,212	6,212
	-	-	-	9,894	9,894
	37,274	-	130,003	16,106	183,383
	-	-	-	219	219
	-	-	-	14	14
	-	-	-	325	325
	-	-	-	558	558
	37,274	-	130,003	15,548	182,825
	-	-	-	-	-
	-	-	-	-	-

On-balance sheet financial instruments**Financial assets**

Bank balances

Investments (Pakistan investment bonds)

Investments (Market treasury bills)

Profit receivables

Financial liabilities

Payable to the Management Company

Payable to Central Depository Company of Pakistan Limited - Trustee

Accrued expenses and other payables

On-balance sheet gap**Off-balance sheet financial instruments****Off-balance sheet gap**

2020					
USSP V					
Yield / Interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and up to one year	More than one year		
%	(Rupees in '000)				
6.50 - 8.50	47,484	-	-	9	47,493
7.25 - 9.50	-	-	860,781	-	860,781
	-	4,289,842	-	-	4,289,842
	-	-	-	27,344	27,344
	47,484	4,289,842	860,781	27,353	5,225,460
	-	-	-	1,388	1,388
	-	-	-	294	294
	-	-	-	45,912	45,912
	-	-	-	47,594	47,594
	47,484	4,289,842	860,781	(20,241)	5,177,866
	-	-	-	-	-
	-	-	-	-	-

On-balance sheet financial instruments**Financial assets**

Bank balances

Investments (Pakistan investment bonds)

Investments (Market treasury bills)

Profit receivables

Financial liabilities

Payable to the Management Company

Payable to Central Depository Company of Pakistan Limited - Trustee

Accrued expenses and other payables

On-balance sheet gap**Off-balance sheet financial instruments****Off-balance sheet gap**

2020					
USSP VI					
Yield / Interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and up to one year	More than one year		
%	(Rupees in '000)				
6.50 - 8.50	11,749	-	-	-	11,749
7.25 - 9.00	-	-	132,791	-	132,791
	-	40,129	-	-	40,129
	-	-	-	4,094	4,094
	11,749	40,129	132,791	4,094	188,763
	-	-	-	487	487
	-	-	-	11	11
	-	-	-	16,673	16,673
	-	-	-	17,171	17,171
	11,749	40,129	132,791	(13,077)	171,592
	-	-	-	-	-
	-	-	-	-	-

LW-014

iii) Price risk

Price risk is the risk of volatility in prices of financial instruments resulting from their dependence on market sentiments, speculative activities, supply and demand for financial instruments and liquidity in the market. The value of investments may fluctuate due to change in business cycles affecting the business of the Fund in which the investment is made, change in business circumstances of the Fund, industry environment and / or the economy in general. The Fund is not exposed to the risk as its constitutive documents prohibit it from investing in equity securities.

25.4 Unit holders' fund risk management (Capital risk management)

The Fund's objective when managing unit holders' funds is to safeguard the Fund's ability to continue as a going concern so that it can continue to provide optimum returns to its unit holders and to ensure reasonable safety of capital. The Fund manages its investment portfolio and other assets by monitoring return on net assets and makes adjustments to it in the light of changes in market conditions. Under the NBFC regulations 2008, the minimum size of an open end scheme shall be one hundred million rupees at all the times during the life of the scheme. The Fund size depends on the issuance and redemption of units.

In order to maintain or adjust the unit holders' Fund structure, the Fund's policy is to perform the following:

- Monitors the level of daily issuance and redemptions relative to the liquid assets and adjusts the amount of distributions the Fund pays to unit holders;
- Redeem and issue units in accordance with the constitutive documents of the Fund, which include the ability to restrict redemptions and require certain minimum holdings and issuance; and
- The Fund Manager / Investment Committee members and Chief Executive of the Management Company critically track the movement of Assets under Management'. The Board of Directors is updated about the Fund yield and movement of NAV and total Fund size at the end of each quarter.

25.5 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Fund's operations either internally within the Fund or externally at the Fund's service providers, and from external factors other than credit, market and liquidity risk such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risk arise from all of the Fund's activities.

The Fund's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

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The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risk faced, and the adequacy of controls and procedures to address the risk identified;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective

26. TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID BY THE FUND

Name of Broker	Commission 2020					
	Plan I	Plan II	Plan III	Plan IV	Plan V	Plan VI
	%					
Arif Habib Limited	1.95	3.68	-	-	-	15.57
Bipl Securities Limited (Formerly Kasb Sec)	19.51	-	-	-	5.96	-
Bma Capital Management Limited	-	-	-	-	-	-
Bright Capital (Private) Limited	-	-	-	31.17	-	-
Continental Exchange (Private) Limited	36.29	59.56	7.80	68.83	12.47	22.82
Currency Market Associates (Private) Ltd	-	-	-	-	3.84	-
Icon Securities (Private) Ltd.	0.64	-	85.11	-	16.11	23.58
Invest One Markets Limited	-	3.67	7.09	-	-	-
Js Global Capital Limited.	39.02	-	-	-	11.64	-
Magenta Capital (Private) Limited	2.59	7.35	-	-	5.92	-
Paramount Capital (Private) Ltd	-	-	-	-	18.03	-
Pearl Securities Limited	-	-	-	-	4.19	-
Summit Capital (Private) Limited	-	25.74	-	-	2.47	9.43
Vector Capital (Private) Limited	-	-	-	-	17.03	28.60
<i>Wagon</i>	100.00	100.00	100.00	100.00	97.66	100.00

Name of Broker	Commission 2019			
	Plan I	Plan II	Plan III	Plan IV
	%			
Invest One Markets Limited	8.00	7.28	-	-
Summit Capital (Private) Limited	92.00	3.53	-	-
Arif Habib Limited	-	3.53	-	-
Pearl Securities Limited	-	3.53	-	-
C & M Management (Private) Limited	-	0.11	-	-
Js Global Capital Limited	-	14.10	-	-
Bright Capital (Private) Limited	-	13.27	-	-
Magenta Capital (Private) Limited	-	7.05	16.95	-
Continental Exchange (Private) Limited	-	37.02	32.20	100.00
BIPL Securities Limited (Formerly Kasb Securities)	-	10.58	33.90	-
Currency Market Associates (Private) Limited	-	-	16.95	-
	100.00	100.00	100.00	100.00

27. INVESTMENT COMMITTEE

Details of the members of investment committee of the Fund are as follows:

S. No.	Name	Designation	Experience in years	Qualification
1	Mr. Yasir Qadri	Chief Executive Officer	24	MBA
2	Mr. Syed Suleman Akhtar	Chief Investment Officer	19	CFA, MBA
3	Mr. Muhammad Imran	Head of Investment advisory	20	MBA
4	Mr. Irfan Nepal	Chief Dealer & Fund Manager	26	EMBA
5	Mr. Hadi Hassan Muki	Head of Compliance	20	BCOM
6	Mr. Syed Shabbir Sardar Zaidi	Fund Manager & Senior Analyst	11	MAS, CFA
7	Mr. Syed Sheeraz Ali*	Fund Manager & Senior Analyst	10	MBA
8	Mr. Mubashir Anis	Fund Manager Equity	8	BS, CFA
9	Mr. Muhammad Waseem	Head Research	6	BBA, CFA

*Syed Sheraz Ali is also Fund Manager of UBL Money Market Fund, UBL Liquidity Plus Fund, UBL Cash Fund, UBL Government Securities Fund, UBL Income Opportunity Fund, UBL Growth and Income Fund, UBL Asset Allocation Fund, UBL Financial Planning Fund, UBL Retirement Saving Fund Al Ameen Islamic Cash Fund, Al Ameen Islamic Aggressive Income Fund and Al Ameen Islamic Special Savings Fund.

(w/7/16)

28. DIRECTORS' MEETING ATTENDANCE

During the year, six meetings of the Board of Directors of the Management Company were held. The details of the attendance are as under:

	Dates	30 August 2019	17 September 2019	29 October 2019	09 December 2019	25 February 2020	30 April 2020
	Meetings attended						
Name of Director							
Mr. Arif Akmal Saifie *	1	N/A	N/A	N/A	N/A	N/A	Yes
Mr. Azhar Hamid	6	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Imran Sarwar	5	Yes	Yes	Yes	Yes	No	Yes
Mr. Yasir Qadri	6	Yes	Yes	Yes	Yes	Yes	Yes
Ms. Naz Khan **	6	Yes	Yes	Yes	Yes	Yes	Yes
Ms. Sadia Saeed	5	No	Yes	Yes	Yes	Yes	Yes
Syed Furukh Zaeem	5	Yes	Yes	Yes	Yes	No	Yes
Mr. Tauqeer Mazhar ***	4	Yes	Yes	Yes	Yes	N/A	N/A
Name of Key Executives							
Mr. Bilal Javaid ****	3	N/A	N/A	N/A	Yes	Yes	Yes
Mr. Umair Ahmed	6	Yes	Yes	Yes	Yes	Yes	Yes
S.M. Aly Osman *****	3	Yes	Yes	Yes	N/A	N/A	N/A

* Mr. Arif Akmal Saifie appointed as Director with effect from March 20, 2020.

** Ms. Naz Khan resigned as Director with effect from July 20, 2020.

*** Mr. Tauqeer Mazhar resigned as Director with effect from January 30, 2020.

**** Mr. Bilal Javaid appointed as Company Secretary with effect from February 25, 2020.

***** S.M. Aly Osman resigned as Company Secretary with effect from November 30, 2019.

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29. PATTERN OF UNIT HOLDERS

Category	2020			2019		
	Number of		Percentage	Number of		Percentage
	Unit holders	Units held		Unit holders	Units held	
Plan I						
Individuals	183	3,091,239	100.00	262	4,699,957	99.79
Others				1	10,002	0.21
	<u>183</u>	<u>3,091,239</u>	<u>100.00</u>	<u>263</u>	<u>4,709,959</u>	<u>100.00</u>
Plan II						
Individuals	359	6,393,398	92.08	463	8,707,697	94.06
Retirement funds	1	217,407	3.13	1	217,407	2.35
Others	2	332,720	4.79	2	332,720	3.59
	<u>362</u>	<u>6,943,525</u>	<u>100.00</u>	<u>466</u>	<u>9,257,824</u>	<u>100.00</u>
Plan III						
Individuals	98	1,091,521	99.26	142	2,670,679	99.70
Retirement funds	1	8,088	0.74	1	8,088	0.30
	<u>99</u>	<u>1,099,609</u>	<u>100.00</u>	<u>143</u>	<u>2,678,767</u>	<u>100.00</u>
Plan IV						
Individuals	75	1,885,931	100.00	67	1,833,947	100.00
	<u>75</u>	<u>1,885,931</u>	<u>100.00</u>	<u>67</u>	<u>1,833,947</u>	<u>100.00</u>
Plan V						
Individuals	9	549,612	1.08			
Public limited companies	2	50,517,632	98.84			
Retirement funds	1	43,673	0.08			
	<u>12</u>	<u>51,110,917</u>	<u>100.00</u>			
Plan VI						
Individuals	99	1,170,401	70.64			
Public limited companies	4	327,025	19.74			
Retirement funds	1	159,314	9.62			
	<u>104</u>	<u>1,656,740</u>	<u>100.00</u>			

30. CREDIT RATING

VIS Credit Rating Company has re-affirmed quality rating of 'AM1' (stable outlook) to the Management Company as on 31 December 2019 (30 June 2019: AM1) while the Fund is currently not rated.

31. GENERAL

31.1 Impact of COVID-19

The COVID-19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

The Securities and Exchange Commission of Pakistan (SECP) has provided the following relaxations to the asset management companies operating in Pakistan for a specific period:

- a) The time period to regularise the exposure limits breach under Regulation 55(13) of the NBFC Regulations has been extended from four months to six months;
- b) Maximum limit for application of discretionary discount as per the Annexure-I, Chapter 3 of Circular 33 of 2012 has been enhanced;
- c) The time period for classification of a debt security to non-performing category has been extended from 15 days to 180 days as per the requirements of Annexure-II of Circular 33 of 2012;
- d) Time period to ensure compliance with minimum fund size for Open End Schemes under Regulation 54(3b) of the NBFC regulations has been increased to 180 days for Open End Schemes;
- e) Time for announcement of daily NAV as per the regulatory requirement is extended from 18:30 pm to the start of the next working day.

31.2 This financial statement was authorised for issue by the board of directors of the Management Company on September 24, 2020

For UBL Fund Managers Limited
(Management Company)

SD

Chief Executive Officer

SD

Director

SD

Chief Financial Officer



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