

**HBL**

**ASSET MANAGEMENT**

**ايسيت مينجمنت**

PICIC Energy Fund

**Annual Report 2016**

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## SCHEME'S INFORMATION:

### Management Company\*

PICIC Asset Management Company Limited  
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UAN: +92 21 1111 PICIC (74242) Fax: +92 21 35642770-71  
Toll Free: 0800-PICIC (74242)  
Email: customerservice@picicamc.com  
Web: www.picicamc.com

\*SECP has approved the merger of the Management Company with and into HBL Asset Management Limited effective from August 31, 2016. For further information please refer note 1 to the financial statements.

### Board of Directors of the Management Company

(As of August 26, 2016)

Mr. Tawfiq H. Chinoy	Chairman
Mr. Nadeem Abdullah	Director
Ms. Ava Ardeshir Cowasje	Director
Ms. Sima Kamil	Director
Mr. Rizwan Haider	Director
Mr. Salahuddin Manzoor	Director
Mr. Rehan N. Shaikh	Chief Executive

### Chief Financial Officer & Company Secretary of the Management Company

Mr. Imad Zahid Nagi

### Audit Committee of the Board of the Management Company

(As of August 26, 2016)

Mr. Nadeem Abdullah	Chairman
Ms. Ava Ardeshir Cowasje	Member
Mr. Rizwan Haider	Member

### Risk and Investment Committee of the Board of the Management Company

Mr. Rizwan Haider	Chairman
Mr. Salahuddin Manzoor	Member
Mr. Rehan N. Shaikh	Member

### Human Resource Committee of the Board of the Management Company

Mr. Tawfiq H. Chinoy	Chairman
Ms. Sima Kamil	Member
Mr. Rehan N. Shaikh	Member

### Trustee

Central Depository Company of Pakistan Limited  
CDC House, 99-B, Block "B" SMCHS  
Main Shahra-e-Faisal, Karachi-74400

### Bankers

NIB Bank Limited

### Auditors

BDO Ebrahim & Co.  
Chartered Accountants

### Legal Adviser

Bawaney & Partners

### Registrar and Share Transfer Office

THK Associates (Pvt) Limited  
2nd Floor, State Life Building No. 3, Dr. Ziauddin Ahmed Road, Karachi-75530  
UAN: +92 21 111-000-322 Fax: +92 21 3565 5595

# VISION / MISSION / VALUES

## OUR VISION

Enabling people to advance with confidence and success.

## OUR MISSION

To make our Investor(s) prosper, our staff excel and create value for our stakeholders.

## OUR VALUES

Our values are based upon the fundamental principles that define our culture and are brought to life in our attitude and behavior. It is our values that make us unique and stem from five basic principles

- **Excellence**

The markets in which we operate are becoming increasingly competitive and our investors now have an abundance of choice. Only through being the very best - in terms of the service we offer, our product and premises - can we hope to be successful and grow.

- **Integrity**

We are an Asset Management Company in Pakistan and our success depends upon the performance of the Fund(s) which are under management and our investors and society in general expects us to possess an steadfastly adhere to high moral principle and professional standards.

- **Customer Focus**

We need to understand fully the need of our investors and to adopt our product and services to meet these. We must strive always to put the satisfaction of our investors first.

- **Meritocracy**

We believe in giving opportunities and advantage to our employees on the basis of their ability. We believe in rewarding achievement and in providing first class career opportunities for all.

- **Progressiveness**

We believe in the advancement of society through the adoption of enlightened working practice, innovative new products and processes and a sprit of enterprise.

## REPORT OF THE DIRECTORS' OF THE MANAGEMENT COMPANY

For the year ended June 30, 2016

### INTRODUCTION

The Board of Directors of PICIC Asset Management Company Limited, the Management Company of PICIC Energy Fund (PEF or Fund) is pleased to submit herewith its Report together with the Financial Statements for the year ended June 30, 2016.

### FUND OBJECTIVE

The objective of the Fund is to capture significant return from an actively managed portfolio by investing in listed equity securities of energy sector in Pakistan and in this respect the Fund has achieved its objective.

### FUND PROFILE

PICIC Energy Fund is an open end equity fund which primarily invests in equity securities of the Energy Sector based on quantitative model. The Funds takes advantage of equity market volatility and primarily buys equities when they are underpriced and sells equities when they are overpriced. DCF (discounted cash flow) valuations are pivotal for stocks selection in the portfolio. The Fund invests mostly in liquid stocks.

### CHANGE IN THE OWNERSHIP STRUCTURE OF THE MANAGEMENT COMPANY

During the year HBL Asset Management Limited acquired 100% equity stake in the Management Company from NIB Bank Limited. HBL Asset Management Limited is a wholly owned subsidiary of Habib Bank Limited. The Aga Khan Fund for Economic Development (AKFED), S.A. is the parent company of the Habib Bank Limited.

### MARKET REVIEW

Following a topsy-turvy ride during FY16, where the market went from a historic high of 36,471 points on Aug 06, 2015 to lows of 29,784 points on January 18, 2016, the PSX ended the year on a positive momentum at 37,783 points, up +9.84% Y/Y (+3,384 points) on the back of positivity surrounding the MSCI EM upgrade during the month of June 2016, increased CPEC related FDIs, and improving macros. Average daily volumes (ADV) for the KSE All share index in FY16 however decreased to 207mn shares, a 5% decline from 219mn shares (ADV) traded in FY15.

The market performance during the period can be gauged in two phases, as the index started FY16 with a strong corporate results rally resulting in a high of 36,471 (Aug 06, 2015). However, 1) consistent foreign outflows USD ~260mn (FYTD - Jan 18, 2016), 2) Crashing International Crude Oil prices (WTI made a low of USD ~27/bbl) as Saudi Arabia kept ramping up production to increase its market share, 3) Political noise, 4) FIA's raid on brokers/ arrest of directors, and 5) Aggravated Law & Order situation as witnessed by the attacks on Bacha Khan University and in the North region severely dampened sentiments and the index gradually melted down to lows of 29,784 (Jan 18, 2016).

Subsequently though, the index gained momentum on the back of a reversal in crude oil prices, increase in market volumes, slow down in foreign outflows, and continued monetary easing. The biggest trigger however, was the long awaited decision of MSCI to reclassify FY Pakistan (PSX) to Emerging Markets from Frontier markets in June 16, resulting in a steep rally to 38,777 points before closing the year at 37,783 points up +9.84% Y/Y (+3,384 points). This positive momentum was further supported by 1) ECCs decision to reduce power tariff for industrial consumers by PKR 3/unit 2) Govt. initiated its plan to install 4 new LNG terminals with handling capacity of ~2.3bcfd, and signed a 15yr LNG purchase deal with Qatar, to mitigate rising gas demand 3) Balochistan govt. lifted a ban on new exploration activities in the Oil & Gas segment and started negotiation with various ENP companies, 4) SBP allowed Pakistani banks to restore normal financial relations with Iran in the wake of lifting of sanctions on Iran, 5) Fitch Ratings rated Pakistan at 'B' with stable outlook, 6) Govt. auctioned 4G license to only bidder Telenor with base price of USD 395mn, 7) CPI continued to remain within projected targets, 8) Corporate Valuations improved as benchmark discount rate was lowered to 6.25% (75bps cut during FY16) and 9) FX reserves closed the year at USD 21.76bn +18% Y/Y.

Foreign portfolio investment in Pakistan clocked in net outflows of USD -281.63 million in FY16 compared to net inflows of USD 38.54 million in FY15. Cumulative gross trades (buy) by foreigners amounted to USD 2,457 million in FY16, down 11% compared with gross trades (buy) in FY15. In the last quarter alone (4qFY16), USD 59.65 million (net basis) was deployed into the equity markets of Pakistan, largely due to expected announcement of EM Index inclusion. Besides the inclusion of Pakistan's into MSCI EM space, optimistic outlook on the external account was aided by lower oil prices, IMF flows and continuation of a critical military operation in tribal regions of the country boosting investor confidence further.

The Pakistani equity bourse continued to outperform the main global composites by a wide margin in FY16. In this regard, PSX outperformed the MSCI world, MSCI Emerging Markets, and MSCI Frontier Markets by 10.64%, 20%, and 24% respectively against the benchmark KSE-100 index's return of 9.84% in FY16.

PSX (KSE 100) index's strong performance was led by 1) Pharmaceuticals (relative outperformance of 48.09%-largely led by increase in drug prices and attractive multiples), 2) Cements (relative outperformance of 19.53%- largely led by strong prices and increasing local demand due to CPEC), 3) Power Generation & Distribution (relative outperformance of 12.46%-largely led by expansion of coal projects), 4) Textile Composite (relative outperformance of 2.25%-largely led by strong global and local cotton prices. On the flip side, the Oil & Gas exploration, marred by declining international oil prices, underperformed the benchmark index by 16% during FY16. Similarly, Oil & Marketing Companies (relative underperformance of 12.42%-led by inventory losses and decline in local fuel prices), Fertilizers (relative underperformance of 7.58%-largely led by lower demand and declining urea prices), and the Banking sector (~7.55% due to expansionary monetary policy - 75bps cut in discount rate cut to 6.25% in FY16) underperformed the benchmark.

On the economic front, the revival of economic activity continued during the year underpinned by falling international oil prices due to increased international oil production and sluggish economic growth globally. In FY16 the GDP growth clocked in at 4.70% (against 4.20% witnessed in FY15) led by increased large scale manufacturing (improved energy supply and increase in automobiles demand due to CPEC).

Among the key positives in FY16, headline inflation slowed down significantly, averaging 2.85% Y/Y versus 4.53% Y/Y average growth in CPI recorded in FY15. CPIs significant downward trend is due to lower domestic fuel prices, relatively steady rise in electricity rates (due to lower oil prices and stable gas prices) and decline in perishable food prices.

The government's privatization program didn't materialize as planned in FY16. Due to low oil prices govt. is still delaying the OGDC privatization; however in Power sector privatization is expected to materialize in FY17. Moreover, listings on the PSX continued increasing the market depth with more in the pipeline for FY17. Looking at the external profile, current account (CA) has posted a deficit of USD 2.5bn (down 7% Y/Y) i.e. 0.9% of GDP, whereas balance of payment (BoP) remained at same level with a deficit of USD 2.6bn during FY16. The major reason behind trade deficit was the decline in textile exports (largely due to stiff competition from regional players and declining demand from Euro Zone), increase in oil imports (increase in power sector demand) and relatively stable currency. Additionally, Pakistan's FX reserves have also improved by 18% Y/Y during FY16 to reach ~USD 21.7bn (up from USD ~18bn in FY15). In this backdrop, the PKR remained relatively stable during the year (+2.9% vs USD). The CAD target was achieved due to better FDI inflows (USD 1.28 +39% Y/Y), and IMF tranches of USD 2.0bn in FY16 which also paved the way for other bilateral/multilateral support and decline in Oil Import Bill. The government needs to further streamline energy supply and continue its focus on reviving FDI to unlock growth in the economy, in our view.

The fiscal deficit in FY16 reportedly clocked in at 4.3% of GDP compared to a deficit of 5.3% of GDP in FY15 due to stagnant growth in expenditures (PKR 4.4tn), compared with revenues which increased by 9% Y/Y FY16. Drilling down, we find that tax revenues and non-tax revenues increased by 18% Y/Y and -13% Y/Y respectively during FY16, while current expenditures recorded a contained growth of 3.4% Y/Y whereas PSDP recorded a decline of 6% Y/Y during FY16.

#### **FUTURE OUTLOOK**

At the close of FY16, the PSX traded around its all time high. Further re-rating of the KSE-100 Index should depend on 1) Foreign inflows from Emerging Funds, 2) Improving macros, led by optimism on foreign inflows and successful privatizations, 3) Lower CPI print, 4) Discount rate consolidating at lower levels would increase private sector credit off take and 4) Stability on the Political and law & order front. Factors which can induce volatility include political developments, foreign outflows due to regional markets downfall, currency depreciation and disruption of law & order conditions. Therefore, as comfort builds on Pakistan's macros, local as well as foreign investor attention should continue to focus on corporate fundamentals and market valuations.

The Fund management team has geared its investment strategy towards top tier blue chip liquid stocks. We reiterate our commitment to allocating the bulk of our funds in liquid equity scripts which ensures flexibility in both accumulating and offloading positions. The focus is to direct investments towards those entities which retain resilient non-cyclical fundamentals, professional management with a proven track record, consistent earnings growth and strong payout potential. We are also mindful of possible political headwinds and consequent volatility in the capital markets of Pakistan. The Fund management team will continue to monitor macro-economic indicators, with particular focus on the currency, general price levels in the country, external account and the BoP profile. The portfolio will also be continuously monitored to ensure that any new potential opportunities will be availed for the benefit of the fund's investors and to that end we aim to retain sufficient cash to take advantage of such opportunities.

In the above backdrop, we would also like to highlight that an investment strategy takes time to manifest before gains become visible, and the mutual fund industry is subject to the volatility inherent in capital markets. We aim to maximize our returns at the minimal possible risk; however, we remain exposed to fundamental unpredictable events.

#### **FUND PERFORMANCE**

During the year ended June 30, 2016, PEF has incurred a net loss of Rs. 28 million (including loss on sale of investments of Rs 6 million, dividend income of Rs 78 million, unrealized loss of 76 million and profit from bank deposits of Rs 4 million) as compared to net income of Rs 80 million for the corresponding period. The net assets of the Fund stood at Rs 954 million on June 30, 2016 as compared to Rs 1,060 million as on June 30, 2015.

#### **MANAGEMENT COMPANY QUALITY RATING**

PICIC Asset Management Company Limited, the Management Company has been assigned Management Quality rating of AM2 by JCR-VIS which denotes 'Very Good Management characteristics'.

#### **CORPORATE GOVERNANCE**

The Fund is listed on Pakistan Stock Exchange and the Management Company is committed to observing Code of Corporate Governance prescribed for listed companies. Further the Board of Directors' States that:

- a. The financial statements prepared by the Management Company of the Fund, present a fair state of affairs of the Fund, the result of its operations, cash flows and statement of movement in unit holders fund.
- b. Proper books of accounts of the fund have been maintained.

- c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. Relevant International Financial reporting Standards, as applicable in Pakistan, the Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003, the Non-Banking Finance Companies & Notified Entities Regulations, 2008, requirements of the Trust Deed and directives of Securities and Exchange Commission of Pakistan have been consistently followed in preparation of financial statements.
- e. The system of internal control is sound in design and has been effectively implemented and monitored.
- f. There are no significant doubts upon the Fund's ability to continue as a going concern.
- g. Key financial data of the Fund since inception is presented in the Performance Table which is the part of this Annual Report.
- h. Outstanding statutory payment on account of taxes, duties, levies and charges have been fully disclosed in the Financial Statements.
- i. The statement as to the value of investments of provident fund is not applicable in case of Fund as such expenses are borne by the Management Company.
- j. A statement showing the number of Board and Committees' meetings held during the year and attendance by each director has been annexed. (Annexure-A).
- k. During the year under review five Directors have completed the directors training program offered by Institute of Business Administration, Karachi (IBA).
- l. The detail as required by the Code of Corporate Governance regarding the pattern of unit-holding has been annexed. (Annexure-B).
- m. All trades during the year in the units of the Fund carried out by the Directors, Executives and their spouses and minor children have been annexed. (Annexure-C).

Note: The Board of Directors of the Management Company has designated all the Head of Departments of the Management Company as Executives.

#### **AUDITORS**

BDO Ebrahim & Co., Chartered Accountants auditors of PICIC Energy Fund is to retire after completion of the audit. Deloitte Yousuf Adil & Co. (Chartered Accountants) has offered themselves for appointment for the annual audit for the year ending June 30, 2017. The Audit Committee of the Management Company has recommended the appointment of Deloitte Yousuf Adil & Co. Chartered Accountants as the Fund's auditors for the year ending June 30, 2017.

#### **ACKNOWLEDGEMENT**

Finally, we avail this opportunity to thank all our valued unit holders and correspondents for their continuing patronage and support, the Ministry of Finance, Securities & Exchange Commission of Pakistan, State Bank of Pakistan, Central Depository Company of Pakistan Limited (Trustee), other regulatory authorities, financial institutions and the auditors for their continued guidance and assistance. The Board also wishes to place on record its appreciation for the staff for their commitment and hard work and to the unit holders for the trust and confidence reposed in us.

For and on behalf of the Board

Karachi  
August 26, 2016

Rehan N. Shaikh  
Chief Executive Officer

## 30 جون 2016 کو ختم ہونے والے سال کے لیے مینجمنٹ کمپنی کے ڈائریکٹرز کی رپورٹ

### تعارف

مینجمنٹ کمپنی آف پبلک انرجی فنڈ (PICIC-Energy Fund or Fund) کے تحت پبلک ایسیٹ مینجمنٹ کمپنی لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2016 کو ختم ہونے والے سال کی رپورٹ فنانشل اسٹیٹمنٹ کے ساتھ پیش خدمت ہے

### فنڈ کے مقاصد

فنڈ میں سرمایہ کاری کا مقصد پاکستان میں توانائی کے شعبے میں اسٹاک ایکسچینج میں رجسٹرڈ کمپنیوں میں موثر طریقہ کار اور عمدگی کے ساتھ مرتب شدہ پورٹ فولیو کے ذریعے سرمایہ کاری اور بہتر منافع کا حصول ہے۔ اس سلسلے میں فنڈ اپنے مقاصد بھی حاصل کر رہا ہے۔

### فنڈ پر وفاق

PICIC انرجی فنڈ ایک اوپن اینڈ ایکویٹی فنڈ ہے جس کا بنیادی مقصد توانائی کے شعبے میں قائم کمپنیوں میں quantitative model کی بنیاد پر سرمایہ کاری ہے۔ ایکویٹی مارکیٹ میں فنڈ کے فوری فوائد اسی صورت میں ممکن ہیں کہ قیمتیں کم ہونے پر اسے خریدا جائے اور جب زیادہ ہو اسے فروخت کیا جائے۔ DCF (ڈسکاؤنٹڈ کیش فلو) تشخیص ماڈل پورٹ فولیو میں اسٹاک منتخب کرنے کے لیے بنیادی عنصر ہے۔ فنڈ کی سرمایہ کاری زیادہ تر لیکوئڈ اسٹاک میں کی جاتی ہے۔

### مینجمنٹ کمپنی کے انتظامی ڈھانچے میں تبدیلی

رواں سال میں HBL ایسیٹ مینجمنٹ کمپنی لمیٹڈ نے NIB بینک لمیٹڈ کی مینجمنٹ کمپنی کے 100 فی صد حصص حاصل کئے ہیں۔ HBL ایسیٹ مینجمنٹ کمپنی لمیٹڈ حبیب بینک لمیٹڈ کی مکمل ذیلی ملکیتی کمپنی ہے۔ آغا خان فنڈ برائے اکنامک ڈیولپمنٹ (S.A(AKFED) حبیب بینک لمیٹڈ کی سرپرست کمپنی ہے۔

### کاروباری مارکیٹ کا جائزہ

مالی سال 2016 کے دوران کاروباری مارکیٹ میں اونچ نیچ کاروبار اس طرح دیکھنے میں آیا کہ 16 اگست 2015 کو 36471



پوائنٹس کی بلند ترین سطح جو 18 جنوری 2016 تک 29784 پر آگئی تھی، PSX نے 37,783 پوائنٹس 9.84 فی صد سالانہ اضافے (پوائنٹس +3384) حصص کے ساتھ سال کا ختم کیا۔ اس کے پس منظر میں ایک مثبت پہلو یہ ہے کہ MSCI EM کو رواں مالی سال جون 2016 میں اپ گریڈ ہوا، CPEC سے متعلق FDI میں اضافہ اور macros بہتر ہوئے۔ مالی سال 2016 میں کراچی اسٹاک ایکسچینج کا شیئر انڈیکس (ADV) Average daily volumes (ADV) 207 mn تک رہا جو پچھلے سال کے مقابلے میں پانچ فی صد کم ہے، جبکہ AVD کے مطابق مالی سال 2015 میں 219 mn شیئرز کی تجارت ہوئی تھی۔

رواں مالی سال کے دوران مارکیٹ کی کارکردگی کو دو مرحلوں میں بانچا جاسکتا ہے۔ مالی سال 2016 میں مثبت کارپوریٹ نتائج کی وجہ سے انڈیکس 36471 کی سطح پر پہنچا۔ تاہم (1) غیر ملکی سرمائے 260mn امریکی ڈالرز کی مسلسل انخلاء (18 جنوری 2016 - FYTD) (2) خام تیل کی قیمتوں میں عالمی سطح پر نمایاں کمی (WTI made a low of USD ~27/bbl) سعودی عرب کا اپنی تیل کی پیداوار میں اضافہ، جس کے نتیجے میں مارکیٹ شیئر میں اضافہ دیکھا گیا۔ 3- سیاسی بحران 4- ایف آئی اے کے بروکرز پر چھاپے اور ڈائریکٹروں کی گرفتاریاں، امن وامان کی سنگین صورت حال باچا خان یونیورسٹی پر حملے جیسے واقعات اور سرحدی علاقوں میں مایوس کن جذبات کی بدولت انڈیکس میں بتدریج کمی ہوئی جس کے پیش نظر انڈیکس 29784 کی سطح تک جا پہنچا۔

بعد ازاں، خام تیل کی قیمتوں کا بڑھنا، مارکیٹ کی صورت حال میں بہتری، غیر ملکی سرمائے کے انخلاء میں کمی اور شرح سود میں مسلسل کمی کی وجہ سے انڈیکس میں بہتری نظر آئی۔ اس تبدیلی کی ایک بڑی وجہ MSCI کے وہ فیصلہ تھا جن کے لیے طویل انتظار کیا گیا جس کے مطابق جون 2016 میں پاکستان کی فرنیچر مارکیٹ سے emerging Market میں درجہ بندی ہوئی، جس کے نتیجے میں اسٹاک مارکیٹ 38777 پوائنٹس جبکہ مالی سال کے اختتام پر 37783 پوائنٹس (+9.84% Y/Y +3,384 points) تک بتدریج جا پہنچی تھی۔ اس مثبت تبدیلی میں مزید عوامل جو مددگار ثابت ہوئے وہ درج ذیل ہیں (1) ECCs کا صنعتی صارفین کے لیے پاکستانی 3 روپے فی یونٹ کمی کا فیصلہ، (2) حکومت کا bcf 2.3 کی استعداد کے حامل چار نئے ایل این جی ٹریٹمنٹل نصب کرنے کے فیصلے پر عمل درآمد کا فیصلہ اور گیس کی طلب کو پورا کرنے کی غرض سے قطر کے ساتھ ایل این جی کی خریداری کے لیے 15 سال کا معاہدہ، (3) حکومت بلوچستان کی جانب سے آئل اور گیس کے نئے ذخائر کی تلاش کے لیے لگائی گئی پابندی ہٹانے اور نئی ENP کمپنیوں سے بات چیت کے عمل کا آغاز، (4) حکومت ایران پر عالمی پابندیوں کے ہٹائے جانے کی روشنی میں اسٹیٹ بینک آف پاکستان کی جانب سے تمام پاکستان کی جانب سے تمام بینکوں کو عمومی کاروباری تعلقات بحال کرنے کی اجازت (5) Fitch ریٹنگ کی جانب سے پاکستان کو اسٹیبل

آوٹ لک کے ساتھ درجہ B میں شمار کرنا، 6) حکومت کی جانب سے صرف ٹیلی نار کے بولی دہندگان کو 395mn امریکی ڈالر کی بنیادی قیمت کے ساتھ 4G لائسنس کی نیلامی (8) CPI کا مقررہ اہداف کا حصول (9) مقرر کردہ ڈسکاونٹ ریٹ کا معیار جو 6.25 فی صد کی انتہائی کم شرح کے مقابلے میں کارپوریٹ ویلوایشن میں بہتری آئی۔ (75bps cut during 10 FY16) سال کے اختتام پر زرمبادلہ کے ذخائر 21.76 بلین +18 فی صد امریکی ڈالر سال بہ سال رہے۔

پاکستان میں غیر ملکی سرمایہ کاری کا پورٹ فولیو مالی سال 2015 میں 38.54 بلین امریکی ڈالر کے خالص ان فلو کے مقابلے میں مالی سال 2016 میں 281.63 بلین امریکی ڈالر کے خالص آوٹ فلو کے رہا۔ مالی سال 2015 میں مجموعی تجارت (خریداری) کے مقابلے میں مالی سال 2016 میں غیر ملکی تاجروں کے ذریعے کل تجارت 11 فی صد کی کے ساتھ 2457 بلین امریکی ڈالر رہی۔ صرف آخری چوتھائی (مالی سال 2016 کے آخری تین مہینے 4qFY16) میں 59.65 امریکی ڈالر کی سرمایہ کاری پاکستان کی ایکویٹی مارکیٹ میں کی گئی جس کی ایک بڑی وجہ EM انڈکس کی شمولیت کا متوقع اعلان تھا۔ پاکستان کی MSCI EM میں شمولیت کے علاوہ بیرونی اکاؤنٹس کا منظر نامہ تیل کی کم قیمتوں کی وجہ سے امید دلاتا ہے۔ IMF کی جانب سے امداد، اور قبائلی علاقوں میں آر می کا حساس آپریشن ملک میں سرمایہ کاروں کے اعتماد میں اضافہ کرتا ہے۔

مالی سال 2016 میں پاکستانی حصص کی کارکردگی زیادہ شرح منافع کے ساتھ بہت عمدہ رہی اس سلسلے میں مالی سال 2016 میں کراچی اسٹاک ایکسچینج کے انڈکس کی شرح منافع 9.84 فی صد کے مقابلے میں MSCI ورلڈ، MSCI ایمریکنگ مارکیٹ اور MSCI فرنیچر مارکیٹ کی شرح منافع 10.64 فی صد، 20 فی صد اور 24 فی صد سے بہتر رہی۔

PSX ( کراچی اسٹاک ایکسچینج 100 ) انڈکس کی کارکردگی مستحکم رہنے کی وجوہات مندرجہ ذیل ہیں۔ جس کی وجہ: شعبہ دو سازی (دواں اور اس سے متعلقہ اشیاء کی قیمتوں میں اضافے کی وجہ سے کارکردگی 48.09 فی صد رہی) (2) سیمنٹ (CPEC) کی وجہ سے مقامی طلب میں اضافہ اور مستحکم قیمتوں کے باعث کارکردگی کا تناسب 19.53 (فی صد رہا) (3) بجلی کی پیداوار اور تقسیم (کول منصوبوں کی توسیع کی وجہ سے کارکردگی کا تناسب 12.46 فی صد رہا) (4) نیکسٹائل کمپوزٹ (عالمی اور مقامی مارکیٹ میں کاسٹن کی قیمتوں میں استحکام کے باعث کارکردگی کا تناسب 2.25 فی صد رہا) دوسری جانب، عالمی مارکیٹ میں تیل کی قیمتوں کے گرنے کی وجہ سے تیل اور گیس کی تلاش کے عمل کا تناسب مالی سال 2016 کے دوران انڈکس میں 16 فی صد رہا۔ اسی طرح، آئل اینڈ مارکیٹنگ

کمپنیاں (انٹرنی کے خسارے (Inventory Losses) اور مقامی تیل کی قیمتوں میں کمی کے باعث کارکردگی 12.42 فی صد رہی)

فریٹلائزرز (کھاد) (یوریا کی قیمتوں اور طلب میں کمی کے باعث کارکردگی 7.58 فی صد رہی) اور بینکاری کے شعبے میں کارکردگی کا معیار (مانیٹری پالیسی میں توسیع کے باعث شرح 7.55 فی صد رہی)۔ مالی سال 2016 میں ڈسکانٹ ریٹ 75 bps کی کٹوتی کی وجہ سے 6.25 فی صد رہا۔

معاشی منظر نامے میں واضح ہوتا ہے کہ عالمی سطح پر اقتصادی ترقی کی بحالی کا سفر جاری رہا۔ جس کی وجہ بین الاقوامی مارکیٹ میں تیل کی پیداوار میں اضافہ اور قیمتوں میں کمی اور سست معاشی سرگرمیاں تھیں۔ مالی سال 2016 میں بڑے پیمانے پر صنعتی پیداوار (توانائی کی فراہمی کو بہتر بنانے اور CPEC کے باعث آٹوموبائلز کی طلب میں اضافہ) کی وجہ سے جی ڈی پی کی شرح بڑھ کر 4.70 فی صد ہو گئی (جو کہ مالی سال 2015 میں 4.20 فی صد تک تھی) جس کی سرپرستی بڑے پیمانے پر manufacturing تھی۔

رواں مالی سال 2016 کے مثبت پہلو میں ایک پہلو افراط زر کی شرح میں نمایاں کم اور مالی سال 2015 میں افراط زر کی شرح 4.53 فی صد سال بہ سال کے مقابلے میں مالی سال 2016 کے دوران CPI کی شرح میں کمی آئی اور یہ 2.85 فی صد تک جا پہنچی۔ CPI کے نیچے آنے کا سبب مقامی تیل کی قیمتوں میں کمی، بجلی کے نرخوں میں اضافہ (تیل کی قیمتوں میں کمی اور گیس کی قیمتیں مستحکم ہونے کی وجہ سے) اور جلد خراب ہونے والی اشیاء کی قیمتوں میں کمی ہے۔

حکومت کے نج کاری کے پروگرام کو مالی سال 2016 میں عملی جامہ نہیں پہنایا جاسکا۔ تیل کی قیمتوں میں کمی کی وجہ سے آئل اینڈ گیس ڈیلو پمنٹ کارپوریشن کی نج کاری کا عمل بھی تاخیر کا شکار ہے۔ تاہم مالی سال 2017 میں پاور سیلکٹر کی نج کاری کو حتمی شکل دیئے جانے کی توقع ہے۔ اس کے علاوہ مالی سال 2017 کے لیے PSX میں listing کا بڑھتا رہتا دیکھا جا رہا ہے۔ بیرونی جانب کرنٹ اکاؤنٹ (CA) کے خسارہ کا اندراج 2.5 بلین امریکی ڈالر (سال بہ سال 7 فی صد کمی) جو کہ جی ڈی پی کا 0.9 فی صد ہے، جبکہ ادائیگی کا توازن (BoP) مالی سال 2016 کے لیے 2.6 بلین امریکی ڈالر کے خسارے کے ساتھ اسی سطح پر برقرار ہے۔ تجارتی خسارے کے پس پردہ بڑی وجہ نیٹسٹائل کی برآمدات میں قیمتوں میں کمی، (جس کی ایک بڑی وجہ یوروزون سے طلب میں کمی اور مقامی تاجروں کے درمیان

سخت مقابلے کی فضا ہے) تیل کی درآمد میں اضافہ (پاورسیکٹر کی طلب میں اضافہ) اور نسبتاً کرنسی کا استحکام ہے۔ اس کے علاوہ، پاکستان کے زرمبادلہ کے ذخائر میں بھی سالانہ 18 فی صد تک بہتری آئی اور مالی سال 2016 کے دوران یہ 21.7 بلین امریکی ڈالر تک پہنچ گئے (up from USD ~18bn in FY15)۔ اس دوران پاکستانی کرنسی نسبتاً مستحکم (USD vs +2.9%) رہی۔

CAD نے مالی سال 2016 میں بہتر FDI درآمدات (1.28+39% امریکی ڈالر سالانہ) اور آئی ایم ایف کی 2.0 بلین امریکی ڈالر کی قسط کی ادائیگی کے ساتھ اپنے ہدف کی تکمیل کے سبب باہمی اور کثیرالجہتی امداد اور آئل اپورٹ بل میں کمی۔ حکومت کو چاہیے کہ توانائی کی فراہمی میں حائل مزید رکاوٹوں کو دور کرے اور مسلسل توجہ دیتے ہوئے معاشی بہتری کے لیے FDI پر عمل کرے۔

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مالی سال 2015 میں بجٹ خسارہ جی ڈی پی کا 5.3 فی صد کے مقابلے میں مالی سال 2016 کا خسارہ جی ڈی پی کا 4.3 فی صد رہا۔ اس خسارے کی وجہ اخراجات میں سست روی ہے۔ سال 2015 اخراجات میں استحکام (پاکستانی 4.4 ٹریلین روپے) رہا۔

مالی سال 2016 کے دوران ٹیکس آمدنی اور نان ٹیکس آمدنی میں سالانہ اضافہ بالترتیب 18 فی صد اور 13 فی صد رہا جبکہ جاری اخراجات 3.4 فی صد سالانہ کی شرح سے ریکارڈ کیے گئے۔ واضح رہے کہ PSDP نے مالی سال 2016 کے دوران 6 فی صد سالانہ کا تخمینہ لگایا تھا۔

## مستقبل کا منظر نامہ

مالی سال 2016 کے اختتام پر PSX کا حجم بلند سطح پر رہا۔ کراچی اسٹاک ایکسچینج 100 انڈکس کی ری ریٹنگ کا انحصار ان امور پر ہونا چاہیے۔ Emerging Funds-1 سے بیرونی سرمایہ کاری میں تیزی 2-، کامیاب نچ کاری اور بیرونی سرمایہ کاری میں تیزی کے رجحان کو دیکھتے ہوئے macros کو بہتر بنانا 3-، لوور CPI پرنٹ 4-، ڈسکاونٹ ریٹ کی بدولت نچلی سطح پر استحکام سے منجی شعبے کو فائدہ ہونا۔ سیاسی اور امن وامان کی صورت حال میں بہتری (5) ایسے عوامل جو معاشی صورت حال میں اتار چڑھاؤ پیدا کرتے ہیں ہوں ان میں سیاسی بہتری کا عمل، مقامی مارکیٹ میں ابتری کے باعث غیر ملکی درآمدات، روپے کی قدر میں کمی اور امن وامان کی صورت

حال میں خرابی خاص طور پر قابل ذکر ہے۔ اس لیے پاکستان کی معاشی ترقی کے لیے ضروری ہے کہ مقامی اور غیر ملکی سرمایہ کاری کی تمام تر توجہ کارپوریٹ کے بنیادی تقاضوں اور مارکیٹ کی صورت حال پر مرکوز رکھی جائے۔

فنڈ مینجمنٹ ٹیم سرمایہ کاری کی حکمت عملی کو **top tier blue chip liquid Stock** کی جانب گامزن کرنے میں کوشاں ہے۔ ہم اپنے اس عزم کو دہرانا چاہتے ہیں کہ فنڈ کی بڑی مقدار کو لیکویڈ ایلویٹی اسکریپٹ میں مختص کریں، جو یقینی طور پر وصولیابی اور ادائیگی دونوں طرح کی صورت حال میں چلک فراہم کرتی ہے۔ ہماری توجہ اس امر پر بھی مرکوز ہے کہ براہ راست سرمایہ کاری کے ذریعے رکے ہوئے اداروں کی بحالی، مصدقہ ٹریڈ ریکارڈ کے ساتھ پیشہ ورانہ مینجمنٹ، آمدنی میں مسلسل اضافہ اور ادائیگی کی استعداد کو مستحکم بنایا جائے۔ اس کے علاوہ سیاسی حالات میں ممکنہ تبدیلی اور پاکستان کی کپیٹل مارکیٹ میں تبدیلی بھی ہمارے پیش نظر ہے۔

فنڈ مینجمنٹ ٹیم کرنسی، ملک میں جنرل پرائس لیول، بیرونی اکاؤنٹ اور **BoP** پر وفاقی پر خاص توجہ دیتے ہوئے مائیکرو اکنامکس کی علامات کی مانیٹرنگ جاری رکھے گی۔ پورٹ فولیو کی کارکردگی کو مسلسل جانچا جائے گا تاکہ فنڈ میں سرمایہ کاری کرنے والوں تک اس کے فوائد پہنچائے جاسکیں بلکہ تمام نئے مواقعوں سے بھی فائدہ اٹھایا جائے اور ہمارا یہ بھی مقصد ہے کہ مناسب کیش کواستعمال میں لا کر ایسے مواقعوں سے بھرپور فائدہ حاصل کیے جاسکیں۔

درج بالا پس منظر میں ہم یہاں یہ واضح کرنا چاہتے ہیں کہ سرمایہ کاری کی حکمت عملی اپنے ثمرات ظاہر کرنے میں کچھ وقت لیتی ہے اور مچھول فنڈ انڈسٹری کپیٹل مارکیٹ میں ہونے والی تبدیلیوں سے مشروط ہے۔ ہمارا مقصد کم سے کم رسک کے ساتھ زیادہ سے زیادہ منافع کا حصول ہے۔ تاہم ہم غیر متوقع صورت حال پر نظر رکھتے ہوئے آگاہ کرتے رہیں گے۔

## فنڈ کی کارکردگی

گذشتہ سال 80 ملین کی خالص آمدنی کے مقابلے میں 30 جون 2016 کو ختم ہونے والے سال کے دوران PEF کو 28 ملین پاکستانی روپے کا خسارہ ہوا (اس خسارہ میں 6 ملین روپے کا وہ خسارہ بھی شامل ہے جو سرمایہ کاری کی فروخت سے ہوا۔ ڈیوڈنڈ سے حاصل ہونے والی آمدنی 78 ملین روپے، **unrealized Loss** جو 76 ملین پاکستانی روپے ہے، بینکوں میں رکھے گئے ڈپازٹ پر ملنے والا 4 ملین روپے کا منافع بھی شامل ہے) 30 جون 2015 تک 1060 ملین کے مقابلے میں 30 جون 2016 تک فنڈ کے خالص اثاثے 954 ملین کی سطح پر تھے۔

## میںجمنٹ کمپنی کوالٹی ریٹنگ

پبلک ایسیٹ میںجمنٹ کمپنی لمیٹڈ (دی میںجمنٹ کمپنی) نے JCR -VIS کی ریٹنگ پر میںجمنٹ کوالٹی ریٹنگ AM2 مقرر کی ہے جو ' میںجمنٹ کے بہترین کردار کو ظاہر کرتی ہے

فنڈ پاکستان اسٹاک ایکسچینج میں درج شدہ ہے اور میںجمنٹ کمپنی اس بات کی پابند ہے کہ وہ لسٹڈ کمپنیوں کے لیے موجودہ قواعد Code of Corporate Governance کی پابندی کرے گی نیز بورڈ آف ڈائریکٹرز کی جانب سے درج ذیل نکات یہ ہیں:

☆ میںجمنٹ کمپنی نے مالیاتی گوشوارہ تیار کیا ہے جس میں فنڈ سے متعلق تمام معاملات، فنڈ کی سرگرمیاں اور نتائج، کیش فلواور یون ہولڈرز فنڈ کے (statement of movement) کو شفاف انداز سے پیش کیا ہے۔

☆ فنڈ کے حسابات باقاعدہ رجسٹرڈ میں مرتب کیے گئے ہیں۔

☆ فنانشل اسٹیٹمنٹ کی تیاری کے لیے مناسب اکاؤنٹنگ پالیسیوں کا اطلاق کیا گیا ہے اور حسابات کا تخمینہ درست اور دانشمندانہ فیصلوں کی بنیاد پر کیا گیا ہے۔

☆ مالیاتی گوشوارے کی تیاری میں متعلقہ انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرز جن کا اطلاق پاکستان میں ہوتا ہو، نان بینکنگ فنانس کمپنیز (اسٹیبلشمنٹ اینڈ ریگولیشنز) رولز 2003، نان بینکنگ فنانس کمپنیز اینڈ نوٹیفائیڈ اسٹیٹیز ریگولیشنز 2008، ٹرسٹ ڈیڈ کے مطلوبہ تقاضے اور سیکورٹی اینڈ ایکسچینج کمیشن آف پاکستان کے ملنے والی ہدایات کو مسلسل پیش نظر رکھا گیا ہے۔

☆ انٹرنل کنٹرول کا نظام بہترین صورت میں ہے اور اسے موثر طریقے سے نافذ کرنے کے ساتھ اس کی جانچ پڑتال بھی کی جاتی ہے فنڈ کے جاری رہنے سے متعلق کس بھی قسم کا کوئی ابہام نہیں ہے۔

☆ فنڈ کے بنیادی مالیاتی گوشوارے کی جانچ پڑتال کے ساتھ اس کی کارکردگی پر بھی غور کیا گیا جو اس سالانہ رپورٹ میں بھی شامل ہے

☆ اس مالیاتی گوشوارے میں تمام غیر معمولی ادائیگیوں، ٹیکسیز، ڈیویڈنڈ اور اخراجات سے متعلق حسابات کو مالیاتی گوشوارے میں واضح طور پر ظاہر کیا گیا ہے

☆ میںجمنٹ کمپنی Provident fund فنڈ کے اخراجات برداشت کرتی ہے جس کی وجہ سے اس فنڈ پر اطلاق نہیں ہوگا۔

☆ اس گوشوارے میں رواں سال کے دوران ہونے والے بورڈ اور کمپنی کے اجلاسوں کی تعداد اور ان میں ہر ڈائریکٹر کی حاضری کی تفصیلات بیان کی گئی ہیں (ضمیمہ A)

☆ رواں سال کے دوران انسٹی ٹیوٹ آف بزنس ایڈمنسٹریشن کراچی (IBA) کے تحت ڈائریکٹرز تربیتی پروگرام میں پانچ ڈائریکٹرز شرکت کر کے تربیت مکمل کی۔

☆ pattern of unit-holding کے سلسلے میں کوڈ آف کارپوریٹ گورننس کی مطلوبہ تفصیل منسلک کی گئی ہے (ضمیمہ B)

☆ رواں سال کے دوران فنڈ کے یونٹس کی تمام تر خریداری ڈائریکٹرز، ایگزیکٹو اور ان کے اہل خانہ اور نابالغ بچوں کو شامل کرتے ہوئے کی گئی ہے۔ (ضمیمہ C)

نوٹ: مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے شعبوں کے سربراہان کو بطور ایگزیکٹو مقرر کیا گیا ہے۔

## آڈیٹرز

BDO ابراہیم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، جو کہ PICIC کیش فنڈ کے آڈیٹرز کی حیثیت سے خدمات انجام دے رہے تھے۔ آڈٹ کی تکمیل کے بعد ریٹائرڈ ہو گئے ہیں۔ Deloitte یوسف عادل اینڈ کمپنی (چارٹرڈ اکاؤنٹنٹس) نے 30 جون 2017 کو ختم ہونے والے سال کے لیے خود کو بطور سالانہ آڈیٹرز تقرری کے لیے پیش کیا ہے۔ مینجمنٹ کمپنی کی آڈٹ کمیٹی نے Deloitte یوسف عادل اینڈ کمپنی (چارٹرڈ اکاؤنٹنٹس) کی بطور فنڈ آڈیٹرز 30 جون 2017 تک تقرری کی منظوری دی ہے۔

## اظہار تشکر

آخر میں ہم اس موقع پر اپنے تمام معزز یونٹ ہولڈرز اور مراسلت نگاروں کی مسلسل سرپرستی اور تعاون پر ان کے بے حد شکر گزار ہیں۔ وزارت خزانہ، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان، سینٹرل ڈیپازٹری کمپنی آف پاکستان لمیٹڈ (ٹرسٹی)، نیشنل کلیئرنگ کمپنی آف پاکستان لمیٹڈ، دیگر ریگولیٹری اتھارٹیز، مالیاتی ادارے اور آڈیٹرز کے بھی ممنون ہیں جنہوں نے مستقل ہماری رہنمائی کی۔ بورڈ اپنے عملے کی محنت، لگن اور کاوشوں کو قدر کی نگاہ سے دیکھنے کے ساتھ اپنے یونٹ ہولڈرز کا بھی شکر گزار ہے کہ جن کے بھروسے کی وجہ سے ہماری خود اعتمادی میں اضافہ ہوا۔

بحکم بورڈ

کراچی 26 اگست 2016

ریحان این شیخ

چیف ایگزیکٹو آفیسر

**STATEMENT SHOWING ATTENDANCE OF THE BOARD OF DIRECTORS' MEETING OF  
PICIC ASSET MANAGEMENT COMPANY LIMITED (THE MANAGEMENT COMPANY)  
FOR PICIC ENERGY FUND  
FOR THE PERIOD FROM JULY 01, 2015 TO JUNE 30, 2016**

Annexure - A

Name of Director	Number of meetings			Meetings not attended
	Eligible to attend	Attended	Leave granted	
Mr. Atif R. Bokhari <sup>1</sup>	4	3	1	83rd
Mr. Shahid Zaki <sup>1</sup>	4	4	-	-
Mr. Imran Ahmad Mirza <sup>1</sup>	4	3	1	83rd
Mr. Jaudat Hussain <sup>1</sup>	4	1	3	82nd, 83rd and 84th
Mr. Shah Miftah UI Azim Azmi <sup>1</sup>	4	4	-	-
Mr. Tufail Jawed Ahmed <sup>1</sup>	4	4	-	-
Mr. Suleman Chhagla <sup>1</sup>	4	4	-	-
Mr. Towfiq H. Chinoy <sup>2-3</sup>	2	2	-	-
Ms. Sadia Khan <sup>2-4</sup>	2	1	1	86th
Mr. Ayaz Ahmed <sup>2-4</sup>	2	2	-	-
Ms. Sima Kamil <sup>2-3</sup>	2	2	-	-
Mr. Rizwan Haider <sup>2-3</sup>	2	2	-	-
Mr. Salahuddin Manzoor <sup>2-3</sup>	2	2	-	-
Mr. Rehan N. Shaikh <sup>2-3</sup>	2	2	-	-
Mr. Nadeem Abdullah <sup>5</sup>	-	-	-	-
Ms. Ava Ardeshir Cowasje <sup>5</sup>	-	-	-	-

During the year 5 BOD Meeting were held.

<sup>1</sup> Directors resigned on March 2, 2016.

<sup>2</sup> Directors appointed on March 2, 2016 on divestment of 100 % equity stake in the PICIC Asset Management Company Limited by NIB Bank Limited to HBL Asset Management Company Limited as per clause of share purchase agreement. Securities and Exchange Commission of Pakistan granted HBL Asset Management Company to appoint common Directors on the Board of PICIC Asset Management Company Limited.

<sup>3</sup> Directors resigned and re-elected on completion of their three year term on April 29, 2016.

<sup>4</sup> Directors resigned on completion of their three year term on April 29, 2016.

<sup>5</sup> Directors appointed through election of directors on April 29, 2016.

**STATEMENT SHOWING ATTENDANCE OF THE BOARD AUDIT COMMITTEE MEETING OF PICIC ASSET MANAGEMENT COMPANY  
LIMITED (THE MANAGEMENT COMPANY)  
FOR THE PERIOD FROM JULY 01, 2015 TO JUNE 30, 2016**

Name of Directors	Number of Meetings			Meeting not attended
	Eligible to attend	Attended	Leave Granted	
Mr. Imran Ahmad Mirza <sup>1</sup>	3	2	1	50th
Mr. Shah Miftah UI Azim Azmi <sup>1</sup>	3	3	-	-
Mr. Tufail Jawed Ahmed <sup>1</sup>	3	3	-	-
Mr. Salahuddin Manzoor <sup>2-3-4-5</sup>	1	1	-	-
Mr. Rizwan Haider <sup>2-3-4</sup>	1	1	-	-
Mr. Ayaz Ahmed <sup>2-3</sup>	1	1	-	-
Ms. Ava Ardeshir Cowasje <sup>4</sup>	-	-	-	-
Mr. Nadeem Abdullah <sup>6</sup>	-	-	-	-

During the year 4 Board Audit Committee meeting were held.

<sup>1</sup> Members resigned from Board effective from March 2, 2016.

<sup>2</sup> Appointed as committee members effective from March 2, 2016.

<sup>3</sup> Members resigned from Board effective from April 29, 2016.

<sup>4</sup> Appointed as committee members effective from August 18, 2016.

<sup>5</sup> Vacated office as committee member effective from August 26, 2016.

<sup>6</sup> Appointed as committee member effective from August 26, 2016.



**STATEMENT SHOWING ATTENDANCE OF THE BOARD INVESTMENT COMMITTEE MEETING  
OF PICIC ASSET MANAGEMENT COMPANY LIMITED (THE MANAGEMENT COMPANY)  
FOR THE PERIOD FROM JULY 01, 2015 TO JUNE 30, 2016**

Name of Directors	Number of Meetings			Meeting not attended
	Eligible to attend	Attended	Leave Granted	
Mr. Tufail Jawed Ahmed <sup>1</sup>	3	3	-	-
Mr. Imran Ahmad Mirza <sup>1</sup>	3	2	1	72nd
Mr. Shah Miftah Ul Azim Azmi <sup>1</sup>	3	3	-	-
Mr. Suleman Chhagla <sup>1</sup>	3	3	-	-
Mr. Rizwan Haider <sup>2-3-4</sup>	-	-	-	-
Mr. Salahuddin Manzoor <sup>2-3-4</sup>	-	-	-	-
Mr. Rehan N. Shaikh <sup>2-3-4</sup>	-	-	-	-

During the year 2 Board Investment Committee meetings were held.

<sup>1</sup> Members resigned from Board effective from March 2, 2016.

<sup>2</sup> Appointed as committee members effective from March 2, 2016.

<sup>3</sup> Members resigned from Board effective from April 29, 2016.

<sup>4</sup> Appointed as committee members effective from August 26, 2016.

**STATEMENT SHOWING ATTENDANCE OF THE BOARD HUMAN RESOURCE COMMITTEE MEETING OF PICIC ASSET MANAGEMENT  
COMPANY LIMITED (THE MANAGEMENT COMPANY)**

**FOR THE PERIOD FROM JULY 01, 2015 TO JUNE 30, 2016**

Name of Directors	Number of Meetings			Meeting not attended
	Eligible to attend	Attended	Leave Granted	
Mr. Shahid Zaki <sup>1</sup>	2	2	-	
Mr. Jaudat Hussain <sup>1</sup>	2	-	2	34th and 35th
Mr. Suleman Chhagla <sup>1</sup>	2	2	-	
Ms. Sima Kamil <sup>2-3-4</sup>	-	-	-	-
Ms. Sadia Khan <sup>2-3</sup>	-	-	-	-
Mr. Salahuddin Manzoor <sup>2-3</sup>	-	-	-	-
Mr. Rehan N. Shaikh <sup>2-3-4</sup>	-	-	-	-
Mr. Tawfiq H. Chinoy <sup>4</sup>	-	-	-	-

During the year 2 Board Human Resource Committee meetings were held.

<sup>1</sup> Members resigned from Board effective from March 2, 2016.

<sup>2</sup> Appointed as committee members effective from March 2, 2016.

<sup>3</sup> Members resigned from Board effective from April 29, 2016.

<sup>4</sup> Appointed as committee members effective from August 26, 2016.

**PATTERN OF UNIT-HOLDING OF PICIC ENERGY FUND AS PER REQUIREMENTS OF CODE OF CORPORATE GOVERNANCE**  
*AS AT JUNE 30, 2016*

Annexure - B

PARTICULARS	UNITS HELD
Individuals	28,889,888
Associated Companies, undertakings & related parties	0
Management Company PICIC Asset Management Company Limited	9,668,299
Director & CEO	0
Executives	1,248
Mutual Funds & Modaraba	0
Banks	31,972,823
NBFCs	1,528
Insurance Companies	156,653
Public Sector Companies and Corporation	8,746,358
Other	0
<b>TOTAL =&gt;</b>	<b>79,436,797</b>

**DETAILS OF UNIT-HOLDING FIVE PERCENT OR MORE  
UNITS OF PICIC ENERGY FUND AS AT JUNE 30, 2016**

PARTICULARS	HOLDING	%
NIB BANK LIMITED	31,825,782	40.06
PICIC ASSET MANAGEMENT COMPANY LIMITED.	9,668,299	12.17

**STATEMENT SHOWING UNITS TRADED BY DIRECTORS, CEO AND EXECUTIVES OF THE  
MANAGEMENT COMPANY AND THEIR SPOUSES AND MINOR CHILDREN  
AS AT JUNE 30, 2016**

Annexure - C

S.No.	Names	Designation	Beginning	Purchased	Bonus	Sold	Closing
			Units				
1	Mr. Towfiq H. Chinoy	Chairman	-	-	-	-	-
2	Mr. Nadeem Abdullah	Director	-	-	-	-	-
3	Ms. Ava Ardeshir Cowasjee	Director	-	-	-	-	-
4	Ms. SimaKamil	Director	-	-	-	-	-
5	Mr. Rizwan Haider	Director	-	-	-	-	-
6	Mr. Salahuddin Manzoor	Director	-	-	-	-	-
7	Mr. Rehan N. Shaikh	CEO	-	-	-	-	-
8	Executives	Executives	1,248.00	-	-	-	1,248.00

**FUND MANAGER'S REPORT  
FOR PICIC ENERGY FUND  
FOR THE PERIOD FROM JULY 01, 2015 TO JUNE 30, 2016**

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

Equity / Open-end

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

PICIC Energy Fund (PEF) is an open end equity fund. The objective of the Fund is to capture significant return from an actively managed portfolio by investing in listed equity securities of energy sector in Pakistan and in this respect the Fund has achieved its objective.

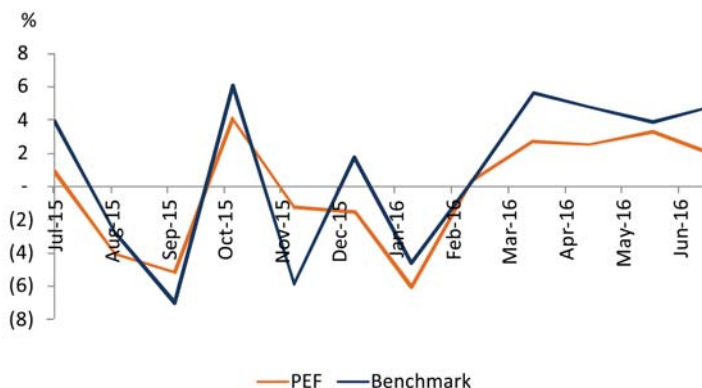
**iii) Explanation as to whether the Collective Investment Scheme achieved its stated objective**

The Collective Investment Scheme achieved its stated objective.

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

The Collective Scheme's NAV decreased by 2.86%, however it underperformed the benchmark KSE 100 Index by 12.70% during FY16.

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



1M Return	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16
PEF	0.91	(4.07)	(5.15)	4.10	(1.23)	(1.54)	(6.07)	0.31	2.74	2.55	3.26	1.96
Benchmark	3.90	(2.84)	(7.02)	6.11	(5.86)	1.74	(4.62)	0.23	5.64	4.77	3.87	4.78

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

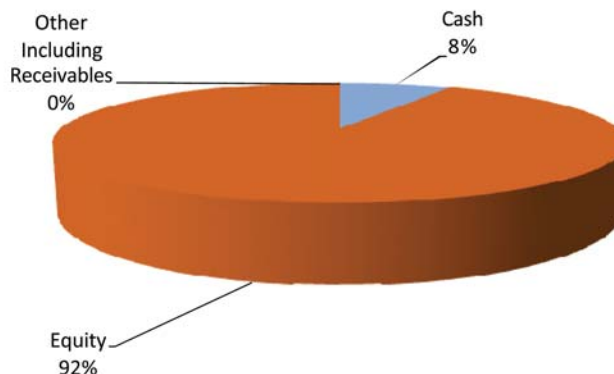
PICIC Energy Fund (PEF) provided returns of -2.86% during the period under review as compared to 9.84% by the KSE-100, thereby underperforming the benchmark by 12.70%. However, the energy sector; Oil & Gas Exploration, Oil & Gas Marketing and Power generation and Distribution sectors posted returns of -5.80%, -2.58% and 22.30% respectively during Fy15. The underlying reason behind the underperformance of PEF against the KSE-100 Index was an overall laggard performance of the Energy sector with a combined weight of over ~20% in the PSX.

The Oil and Gas Exploration and selected Power generation and distribution companies stood out as the performance draggers for the fund. In this back drop, we re-balanced our portfolio thereby diversifying our exposure across dividend yielding IPPs and Oil and Gas exploration companies. Additionally, consistent investment outflow was witnessed in Pakistan's Energy Sector amidst concerns over declining oil prices.

**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**

**FUND MANAGER'S REPORT  
FOR PICIC ENERGY FUND  
FOR THE PERIOD FROM JULY 01, 2015 TO JUNE 30, 2016**

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



Asset Allocation (%)	Jun'16	Jun '15
Cash	8	5
Equity	92	93
Other Including Receivables	0	2

viii) Analysis of the Collective Investment Scheme's performance

The Fund has achieved a return of -2.86%, underperforming the KSE100 index by 12.70% due to the stocks in the energy sector underperforming the broader market. Further details of performance analysis are provided in para vi of this report.

ix) Changes in total NAV and NAV per unit since the last review period

Net Asset Value			NAV per unit		
30 June 2016	30 June 2015	Change	30 June 2016	30 June 2015	Change
Rupees (000)			Rupees		
		%			%
954,214	1,059,614	-9.95	12.0122	12.3654	-2.86

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

Following a topsy-turvy ride during FY16, where the market went from a historic high of 36,471 points on Aug 06, 2015 to lows of 29,784 points on January 18, 2016, the PSX ended the year on a positive momentum at 37,783 points, up +9.84% Y/Y (+3,384 points) on the back of positivity surrounding the MSCI EM upgrade during the month of June 2016, increased CPEC related FDIs, and improving macros. Average daily volumes (ADV) for the KSE All share index in Fy16 however decreased to 207mn shares, a 5% decline from 219mn shares (ADV) traded in Fy15

The market performance during the period can be gauged in two phases, as the index started FY16 with a strong corporate results rally resulting in a high of 36,471 (Aug 06, 2015). However, 1) consistent foreign outflows USD ~260mn (FYTD - Jan 18, 2016), 2) Crashing International Crude Oil prices (WTI made a low of USD ~27/bbl) as Saudi Arabia kept ramping up production to increase its market share, 3) Political noise, 4) FIA's raid on brokers/ arrest of directors, and 5) Aggravated Law & Order situation as witnessed by the attacks on Bacha Khan University and in the North region severely dampened sentiments and the index gradually melted down to lows of 29,784 (Jan 18, 2016).

Subsequently though, the index gained momentum on the back of a reversal in crude oil prices, increase in market volumes, slowdown in foreign outflows, and continued monetary easing. The biggest trigger however, was the long awaited decision of MSCI to reclassify Pakistan (PSX) to Emerging Markets from Frontier markets in June 16, resulting in a steep rally to 38,777 points before closing the year at 37,783 points up +9.84% Y/Y (+3,384 points). This positive momentum was further supported by 1) ECCs decision to reduce power tariff for industrial consumers by PKR 3/unit 2) Govt. initiated its plan to install 4 new LNG terminals with handling capacity of ~2.3bcfd, and signed a 15yr LNG purchase deal with Qatar,

**FUND MANAGER'S REPORT  
FOR PICIC ENERGY FUND  
FOR THE PERIOD FROM JULY 01, 2015 TO JUNE 30, 2016**

to mitigate rising gas demand 3) Balochistan govt. lifted a ban on new exploration activities in the Oil & Gas segment and started negotiation with various ENP companies, 4) SBP allowed Pakistani banks to restore normal financial relations with Iran in the wake of lifting of sanctions on Iran, 5) Fitch Ratings rated Pakistan at 'B' with stable outlook, 6) Govt. auctioned 4G license to only bidder Telenor with base price of USD 395mn, 7) CPI continued to remain within projected targets, 8) Corporate Valuations improved as benchmark discount rate was lowered to 6.25% (75bps cut during FY16) and 9) FX reserves closed the year at USD 21.76bn +18% Y/Y.

Foreign portfolio investment in Pakistan clocked in net outflows of USD -281.63 million in FY16 compared to net inflows of USD 38.54 million in FY15. Cumulative gross trades (buy) by foreigners amounted to USD 2,457 million in FY16, down 11% compared with gross trades (buy) in FY15. In the last quarter alone (4qFY16), USD 59.65 million (net basis) was deployed into the equity markets of Pakistan, largely due to expected announcement of EM Index inclusion. Besides the inclusion of Pakistan's into MSCI EM space, optimistic outlook on the external account was aided by lower oil prices, IMF flows and continuation of a critical military operation in tribal regions of the country boosting investor confidence further.

The Pakistani equity bourse continued to outperform the main global composites by a wide margin in FY16. In this regard, PSX outperformed the MSCI world, MSCI Emerging Markets, and MSCI Frontier Markets by 10.64%, 20%, and 24% respectively against the benchmark KSE-100 index's return of 9.84% in FY16.

PSX (KSE 100) index's strong performance was led by 1) Pharmaceuticals (relative outperformance of 48.09%-largely led by increase in drug prices and attractive multiples), 2) Cements (relative outperformance of 19.53%- largely led by strong prices and increasing local demand due to CPEC), 3) Power Generation & Distribution (relative outperformance of 12.46%-largely led by expansion of coal projects), 4) Textile Composite (relative outperformance of 2.25%-largely led by strong global and local cotton prices. On the flip side, the Oil & Gas exploration, marred by declining international oil prices, underperformed the benchmark index by 16% during FY16. Similarly, Oil & Marketing Companies (relative underperformance of 12.42%-led by inventory losses and decline in local fuel prices), Fertilizers (relative underperformance of 7.58%-largely led by lower demand and declining urea prices), and the Banking sector (~7.55% due to expansionary monetary policy - 75bps cut in discount rate cut to 6.25% in FY16) underperformed the benchmark.

**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**

During the year no distribution was announced.

**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 of Collective Investment Scheme during the period that has not been disclosed in the financial statements.

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

Range of Units	Number of Investors PICIC Energy Fund
1 - 9,999	4,769
10,000 - 49,999	231
50,000 - 99,999	49
100,000 - 499,999	40
500,000 & Above	12
<b>TOTAL</b>	<b>5,101</b>

**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**

Investments 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.**

**xvii) No soft commissions are received by the Management Company from its brokers or dealers by virtue of transactions conducted by the Collective Investment Scheme.**

**PERFORMANCE TABLE**  
**PICIC ENERGY FUND**  
AS AT JUNE 30, 2016

	2016	2015	2014	2013	2012	2011	2010
Net Assets at June 30 - Rupees in '000'	954,214	1,059,614	1,498,769	1,409,682	992,787	1,059,643	925,613
Net Assets Value per Unit /certificate -Rupees							
Offer	12.3726	12.7364	11.7728	12.3967	-	-	-
Redemption / NAV	12.0122	12.3654	11.4299	12.0356	9.93	10.60	9.26
<b>OFFER / REPURCHASE DURING THE PERIOD - (RUPEES)</b>							
Highest Price per unit - Offer	12.9758	13.0506	16.0101	14.4404	N/A	N/A	N/A
Highest Price per unit - Redemption	12.5979	12.6705	15.5438	14.0198	N/A	N/A	N/A
Lowest Price per unit - Offer	10.7407	10.8197	11.6867	12.3967	N/A	N/A	N/A
Lowest Price per unit - Redemption	10.4279	10.5046	11.3463	12.0356	N/A	N/A	N/A
<b>Distribution per Unit /certificate: -Rupees</b>							
Cash Dividend							
Interim	-	-	-	-	-	1.00	0.50
Final	-	-	-	-	0.75	1.50	0.50
Bonus Dividend							
Final	-	-	3.45	2.05	-	-	-
<b>Distribution dates:</b>							
Cash Dividend							
Interim	-	-	-	-	-	11-Feb-11	16-Dec-09
Final	-	-	-	-	30-Aug-12	9-Sep-11	19-Oct-10
Bonus Dividend							
Final	-	-	25-Jun-14	26-Jun-13	-	-	-
KSE 100 Index Growth percentage	9.84%	16.01%	41.16%	52.20%	10.44%	28.54%	35.74%
<b>Return of Fund as a percentage of average NAV:</b>							
Total return	-2.86%	8.18%	23.92%	52.28%	9.33%	31.09%	13.52%
Capital growth	-2.86%	8.18%	-10.58%	31.78%	1.83%	6.09%	3.52%
Income distribution	0.00%	0.00%	34.50%	20.50%	7.50%	25.00%	10.00%
<b>Average Annual Return (CAGR):</b>							
Current year	-2.86%	8.18%	23.92%	52.28%	9.33%	31.09%	13.52%
Last two years	2.52%	15.78%	38.10%	29.03%	19.71%	21.99%	-0.16%
Last three years	9.20%	26.84%	28.51%	29.71%	17.61%	9.32%	2.26%

**Note:**

- The Launch date of the Fund is January 2006
- PICIC Energy Fund is converted from closed end scheme to an open end scheme effective from June 25, 2013

**DISCLAIMER**

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

**PROXY VOTING DISCLOSURE**  
FOR THE YEAR ENDED JUNE 30, 2016

Summary of actual proxy voted by the Management Company in relation to investee company of the collective investment scheme.

PEF	Meetings	Resolutions	For	Against	Abstain*
Number	1	2	2	-	-
(%ages)		100%	100%	-	-

AMC did not participate in following shareholders' meetings

Investee Companies	Meeting Date	Meeting Type
Pakistan Petroleum Ltd	30-Sep-15	AGM
Pakistan Oilfields Ltd	18-Sep-15	AGM
Attock Petroleum Ltd	18-Sep-15	AGM
Nishat Power Ltd	30-Oct-15	AGM
Nishat Chunian Power Ltd	30-Oct-15	AGM
Kot Addu Power Company Ltd	22-Oct-15	AGM
Pakistan State Oil Company Ltd	14-Oct-15	AGM
Engro Powergen Qadirpur	29-Mar-16	AGM
Shell Pakistan Ltd	21-Apr-16	AGM
Lalpir Power Ltd	30-Apr-16	AGM

The Proxy Voting Policy of the Fund is available on the website of the 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.



## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2016

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 5.19.23 of Pakistan Stock Exchange (the Stock Exchange) Regulations for the purpose of establishing a framework of good governance, whereby a listed entity is managed in compliance with the best practices of corporate governance.

PICIC Asset Management Company Limited, an un-listed Public Limited Company, which manages the affairs of the PICIC Energy Fund (Fund), has applied the principles contained in the CCG in the following manner:

- The Management Company encourages representation of independent non-executive directors on its Board of Directors. The Management Company, being an un-listed company, does not have any minority interest. At present the Board includes:

Category	Names
Independent Directors	Mr. Nadeem Abdullah Ms. Ava Ardeshir Cowasjee
Executive Directors	Mr. Rehan N. Shaikh (Chief Executive Officer)
Non- Executive Directors	Mr. Towfiq H. Chinoy (Chairman) Ms. Sima Kamil Mr. Syed Rizwan Haider Mr. Salahuddin Manzoor

The independent directors meet the criteria of independence under clause 5.19.1(b) of the CCG.

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including the Management Company (excluding the listed subsidiaries of listed holding companies where applicable).
- All the resident directors of the Management Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.
- During the year the Holding Company of the Management Company i.e. NIB Bank Limited divested its 100% equity holding in the Management Company to HBL Asset Management Limited (HBL AMC). In terms of the shares purchase agreement the Board of Directors of the Management Company resigned and replaced by the Board of Directors of HBL AMC as Securities and Exchange Commission of Pakistan allowed HBL AMC to appoint common Directors on the Board of the Management Company. Subsequently election of Directors was held on completion of three years term. There was no casual vacancy on the Board during the year.
- 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.
- The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Fund. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer and non-executive directors, have been taken by the Board.
- 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 and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before all the meetings except for one emergency meeting. The minutes of the meetings were appropriately recorded and circulated.
- In order to apprise the Directors of their duties and responsibilities and for their orientation purpose they were informed about the recent developments / changes in applicable laws and regulations affecting the mutual fund industry. The directors are conversant of the relevant laws applicable to the Management Company, its policies, provisions of memorandum and articles of association and are aware of their duties and responsibilities. During the year under review, five Directors have completed Directors' Training Program arranged by the Institute of Business Administration (IBA Karachi).
- The existing Chief Financial Officer and Company Secretary and Head of Internal Audit continue to serve as per their terms of employment duly approved by the Board.
- The Directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
- The financial statements of the Fund were duly endorsed by the Chief Executive Officer and the Chief Financial Officer before approval of the Board.

13. The Directors, the Chief Executive Officer and executives do not hold any interest in the Units of the Fund other than that disclosed in the annual report.
14. The Management Company has complied with all the corporate and financial reporting requirements of the CCG with respect to the Fund.
15. Consequent to the election of Directors, the Audit Committee was dissolved on April 29, 2016 and reconstituted by the Board on August 18, 2016. It comprises of three members, all of whom are non-executive directors and the chairman of the committee is a non-executive director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Fund as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. Consequent to the election of Directors, the HR and Remuneration Committee was dissolved on April 29, 2016 and reconstituted by the Board on August 26, 2016. It comprises of three members, of whom two are non-executive directors and the chairman of the committee is a non-executive director.
18. The Board has outsourced the internal audit function of the Fund to EY Ford Rhodes, Chartered Accountants, Karachi, for the year ended June 30, 2016, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Management Company with regards to the Fund.
19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market/published price of Fund's unit, was determined and intimated to directors, employees and the stock exchange.
22. Material / price sensitive information has been disseminated amongst all market participants at once through the stock exchange.
23. We confirm that all other material principles contained in the CCG have been complied with.

For and behalf of the board

Karachi  
August 26, 2016

Rehan N. Shaikh  
Chief Executive Officer

## REVIEW REPORT TO THE UNIT HOLDERS ON STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of PICIC Asset Management Company Limited, the Management Company of **PICIC ENERGY FUND** ("the Fund") for the year ended June 30, 2016 to comply with the requirements of Regulation No. 5.19 of Rule Book of Pakistan Stock Exchange Limited, where the Fund is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Management Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Management Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

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 Code requires 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. 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 any procedures to determine 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 best practices contained in the Code as applicable to the Fund for the year ended June 30, 2016.

Further, we would like to highlight instances of non-compliance with the requirements of the Code as reflected in the note reference where these are stated in the Statement of Compliance:

S.No	Note Reference	Description
(i)	15	Consequent to the election of Directors in April 29, 2016, the Audit Committee was reconstituted by the Board subsequent to the year end on August 18, 2016.
(ii)	17	Consequent to the election of Directors in April 29, 2016, the HR and Remuneration Committee was reconstituted by the Board subsequent to the year end on August 26, 2016.

KARACHI

DATED : 26 August 2016

CHARTERED ACCOUNTANTS

Engagement partner: Zulfikar Ali Causer

## TRUSTEE REPORT TO THE UNIT HOLDERS PICIC ENERGY 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 PICIC Stock Fund (the Fund) are of the opinion that PICIC Asset Management Company Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2016 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.

**Muhammad Hanif Jakhura**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi, September 16, 2016

## INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS

We have audited the accompanying financial statements of PICIC Energy Fund ("the Fund"), which comprise of the statement of assets and liabilities as at June 30, 2016 and the statement of comprehensive income, distribution statement, cash flow statement and statement of movement in unit holders' fund for the year ended June 30, 2016 and summary of significant accounting policies and other explanatory notes.

### **Management Company's responsibility for the financial statements**

The Management Company ("PICIC Asset Management Company") of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and approved accounting standards as applicable in Pakistan. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, either due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements give a true and fair view of the state of the Fund's affairs as at June 30, 2016 and of its financial performance, cash flows and transactions for the year ended June 30, 2016 in accordance with the approved accounting standards as applicable in Pakistan.

### **Other matters**

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 financial statements for the year ended June 30, 2015 were audited by another firm of chartered accountants who had expressed an unqualified opinion thereon vide their report dated September 30, 2015.

**KARACHI**

**DATED: 26 August 2016**

**CHARTERED ACCOUNTANTS**

Engagement Partner: Zulfikar Ali Casuer

**PICIC ENERGY FUND**  
**Statement of Assets and Liabilities**  
*As at June 30, 2016*

	Note	2016	2015
		----- Rupees in '000' -----	
<b>ASSETS</b>			
Bank balances	5	79,129	55,145
Investments	6	924,971	1,035,531
Dividend and profit receivable	7	551	579
Receivable against sale of investments		-	16,150
Deposits and prepayments		2,848	2,833
<b>TOTAL ASSETS</b>		1,007,499	1,110,238
<b>LIABILITIES</b>			
Payable to the Management Company	8	1,783	2,183
Payable to the Trustee	9	179	176
Payable to the Securities and Exchange Commission of Pakistan	10	916	1,111
Payable against redemption of units		3	-
Accrued expenses and other liabilities	11	44,973	41,549
Unclaimed dividend		5,431	5,605
<b>TOTAL LIABILITIES</b>		53,285	50,624
<b>NET ASSETS</b>		954,214	1,059,614
<b>UNIT HOLDERS' FUND</b> (as per statement of movement in Unit holders' Fund)		954,214	1,059,614
<b>CONTINGENCIES AND COMMITMENTS</b>			
	12	<b>(Number of units)</b>	
<b>NUMBER OF UNITS IN ISSUE</b>		79,436,797	85,692,170
		<b>(Rupees)</b>	
<b>NET ASSETS VALUE PER UNIT</b>	4.5	12.0122	12.3654

The annexed notes 1 to 28 form an integral part of these financial statements.

For PICIC Asset Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

## PICIC ENERGY FUND

### Income Statement

For the year ended June 30, 2016

	2016	2015
Note	----- Rupees in '000' -----	-----
<b>INCOME</b>		
Capital loss on sale of investments - net	(5,741)	(78,774)
Dividend income	78,085	81,266
Unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net	(75,960)	109,011
Profit on bank deposits	4,017	10,103
	<u>401</u>	<u>121,606</u>
<b>EXPENSES</b>		
Remuneration of the Management Company	8.1 19,276	23,399
Sindh sales tax on remuneration of the Management Company	2,699	3,510
Federal excise duty and additional sales tax on management fee	11.2 3,516	4,305
Remuneration of the Trustee	9.1 2,184	2,170
Annual fee to the Securities and Exchange Commission of Pakistan	10.1 916	1,111
Fund operations, accounting and related costs	11.3 553	-
Securities transaction costs	15 882	2,195
Auditors' remuneration	13 486	428
Bank charges	15	48
Printing charges	579	658
Fee and subscription	300	252
Other expenses	14 278	646
	<u>31,684</u>	<u>38,722</u>
Net (loss) / income from operating activities	(31,283)	82,884
Net element of income / (loss) and capital income / (losses) included in prices of units issued less those in units redeemed	3,234	(1,086)
Workers' Welfare Fund	11.1 -	(1,636)
Net (loss) / income for the year before taxation	(28,049)	80,162
Taxation	16 -	-
Net (loss) / income for the year after taxation	<u>(28,049)</u>	<u>80,162</u>
Other comprehensive income for the year	-	-
Total comprehensive (loss) / income for the year	<u>(28,049)</u>	<u>80,162</u>
Earnings per unit	17	

The annexed notes 1 to 28 form an integral part of these financial statements.

For PICIC Asset Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

## PICIC ENERGY FUND

### Distribution Statement

For the year ended June 30, 2016

	2016	2015
	----- Rupees in '000' -----	
Unappropriated profit brought forward		
Realised gain	93,678	65,251
Unrealised income	109,011	122,243
	<u>202,689</u>	<u>187,494</u>
Net (loss) / income for the year after taxation	(28,049)	80,162
Net element of loss and capital gains included in prices of units issued less those in units redeemed - amount transferred to the distribution statement	(14,796)	(64,967)
Undistributed income carried forward	<u>159,844</u>	<u>202,689</u>
<b>Undistributed income carried forward</b>		
- Realised income	235,804	93,678
- Unrealised (loss) / income	(75,960)	109,011
Undistributed income at the end of the year	<u>159,844</u>	<u>202,689</u>

The annexed notes 1 to 28 form an integral part of these financial statements.

For PICIC Asset Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director



## PICIC ENERGY FUND

### Statement of Movement In Unit Holders' Fund

For the year ended June 30, 2016

	2016	2015
	----- Rupees in '000' -----	
Net assets at the beginning of the year	1,059,614	1,498,769
Issue of 1,140,436 (2015:16,434,444) units	13,373	192,262
Redemption of 7,395,809 (2015: 61,869,437) units	(87,489)	(712,665)
	(74,117)	(520,403)
Element of income and capital gain included in prices of units issued less those in units redeemed - net	(3,234)	1,086
Total comprehensive (loss) / income for the year	(28,049)	80,162
Net assets at the end of the year	954,214	1,059,614
	<b>(Rupees)</b>	
<b>Net asset value per unit at the beginning of the year</b>	12.3654	11.4299
<b>Net asset value per unit at the end of the year</b>	12.0122	12.3654

The annexed notes 1 to 28 form an integral part of these financial statements.

For PICIC Asset Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

## PICIC ENERGY FUND

### Cash Flow Statement

For the year ended June 30, 2016

Note	2016	2015
	----- Rupees in '000' -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (loss) / income for the year before taxation	(28,049)	80,162
<b>Adjustments for non-cash charges and other items:</b>		
Capital loss on sale of investments - net	5,741	78,774
Unrealised diminution / (appreciation) on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net	75,960	(109,011)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net	(3,234)	1,086
	50,418	51,011
<b>Decrease / (increase) in assets</b>		
Investments - net	28,861	246,083
Dividend and profit receivable	28	2,706
Receivable against sale of investments	16,150	149,100
Deposits and prepayments	(15)	(15)
	45,024	397,874
<b>Increase / (decrease) in liabilities</b>		
Payable to the Management Company	(400)	(1,118)
Payable to the Central Depository Company of Pakistan Limited - Trustee	3	(47)
Payable to the Securities and Exchange Commission of Pakistan	(195)	(383)
Accrued expenses and other liabilities	3,424	2,991
	2,832	1,443
Net cash generated from operating activities	98,274	450,328
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash received on issuance of units	13,373	192,262
Cash paid on redemption of units	(87,489)	(712,665)
Cash dividend paid	(174)	(213)
Net cash used in financing activities	(74,291)	(520,616)
Net increase / (decrease) in cash and cash equivalents	23,983	(70,288)
Cash and cash equivalents at the beginning of the year	55,145	125,433
Cash and cash equivalents at the end of the year	5	55,145

The annexed notes 1 to 28 form an integral part of these financial statements.

For PICIC Asset Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

# PICIC ENERGY FUND

## Notes To The Financial Statements

For the year ended June 30, 2016

### 1 LEGAL STATUS AND NATURE OF BUSINESS

PICIC Energy Fund "the Fund" was established in 2006 as a closed-end scheme under a Trust Deed executed between PICIC Asset Management Company Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee.

In accordance with clause 65(1) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, a meeting of the certificate holders of the Fund was held on January 31, 2013 whereby the conversion of the Fund into an open-end scheme was duly approved through a resolution passed by the majority of the certificate holders present in the meeting who were entitled to vote. The Securities and Exchange Commission of Pakistan accorded its final approval for conversion of the Fund into an open-end scheme through its letter dated May 3, 2013. The second supplemental Trust Deed and replacement Offering Document were approved by SECP vide its letter no SCD/PRDD/AMCW/PEF/567/2013 dated May 31, 2013 and letter no SCD/PRDD/AMCW/PEF/606/2013 dated June 24, 2013 respectively. The conversion of the Fund from a closed end fund to an open-end fund was authorised by the Securities and Exchange Commission of Pakistan (SECP) vide its letter No. SCD/PRDD/AMCW/PEF/607/2013 dated June 24, 2013. The Fund converted into an open end scheme on the effective date i.e. June 25, 2013. The certificates of the closed-end fund were cancelled on the effective date and were exchanged with the units of the open-end scheme in the swap ratio of 1:1. Each certificate holder was allotted units according to their respective holdings as at that date on the basis of a ratio of 1 certificate : 1 unit. Accordingly 100,000,000 units were issued on the date of conversion.

Since the effective date of conversion, the certificates of the closed-end scheme were de-listed from Karachi, Lahore and Islamabad Stock Exchanges. Units of the open-end scheme were listed on the Islamabad Stock Exchange Limited which merged into Pakistan Stock Exchange Limited with effect from January 11, 2016. The units are offered to the public for subscription on a continuous basis and are transferable and redeemable by surrendering them to the Fund.

The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the SECP to undertake Asset Management Services. The registered office of the Management Company is situated at 3rd floor, PNSC Building, M.T. Khan Road, Karachi, Pakistan.

During the year, HBL Asset Management Limited acquired 100% equity stake in the Management Company from NIB Bank Limited. HBL Asset Management Limited is a wholly owned subsidiary of Habib Bank Limited. The Aga Khan Fund for Economic Development (AKFED), S.A. is the parent company of the Habib Bank Limited.

The core objective of the Fund is to invest in securities of the energy sector in Pakistan so as to provide investors an access to high quality blue chip stocks in the Energy Sector. The eligible stocks comprise of investment in shares of companies engaged in the following activities:

- oil and gas exploration
- oil and gas marketing
- oil refining
- power generation and distribution

JCR-VIC Credit rating Company has assigned an asset manager rating of 'AM2' to the Management Company.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, 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 directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

#### 2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except that investments are stated at fair values.

These financial statements have been prepared by following accrual basis of accounting except for cashflow information.

#### 2.3 Functional and presentation currency

These financial statements are prepared in Pakistani Rupees, which is presentation and functional currency of the Fund.

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**2.4 Use of estimates and judgments**

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

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

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

**Classification and valuation of investments**

For details please refer note 4.2 and note 6 to these financial statements.

Element of income / (loss) and capital gains / (losses) included in the prices of units sold less those in units redeemed - net

For details please refer note 4.10 to these financial statements.

**Provision for taxation**

For details please refer note 4.7 and note 16 to these financial statements.

**Workers' Welfare Fund**

For details please refer note 11.1 to these financial statements.

**Other assets**

Judgment is involved in assessing the realisability of other asset balances.

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

**3.1 Standards or interpretations that are effective in current year but not relevant to the Fund**

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB) which have been adopted locally by the Securities and Exchange Commission of Pakistan vide SRO 633(I)/2014 dated July 10, 2014 with effect from following dates. The Fund has adopted these accounting standards and interpretations which do not have significant impact on the Fund's financial statements other than certain disclosure requirement about fair value of financial instruments as per IFRS 13 "Fair Value Measurement".

		<b>Effective date (annual periods beginning on or after)</b>
IFRS 10	Consolidated Financial Statements	January 1, 2015
IFRS 11	Joint Arrangements	January 1, 2015
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2015
IFRS 13	Fair Value Measurement	January 1, 2015
IAS 27	Separate Financial Statements (Revised 2011)	January 1, 2015
IAS 28	Investments in Associates and Joint Ventures (Revised 2011)	January 1, 2015

**3.2 Amendments not yet effective**

The following 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:

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### Notes To The Financial Statements

For the year ended June 30, 2016

IFRS 2	Share-based Payment - Amendments to clarify the classification and measurement of share-based payment transactions	January 01, 2018
IFRS 10	Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	Deferred indefinitely
IFRS 10	Consolidated Financial Statements - Amendments regarding application of the consolidation exception	January 01, 2016
IFRS 11	Joint Arrangements - Amendments regarding the accounting for acquisitions of an interest in a joint operation	January 01, 2016
IFRS 12	Disclosure of Interests in Other Entities - Amendments regarding the application of the consolidation exception	January 01, 2016
IAS 1	Presentation of Financial Statements - Amendments resulting from the disclosure initiative	January 01, 2016
IAS 7	Statement of Cash Flows - Amendments resulting from the disclosure initiative	January 01, 2017
IAS 12	Income Taxes - Amendments regarding the recognition of deferred tax assets for unrealised losses	January 01, 2017
IAS 16	Property, Plant and Equipment - Amendments regarding the clarification of acceptable methods of depreciation and amortisation and amendments bringing bearer plants into the scope of IAS 16	January 01, 2016
IAS 27	Separate Financial Statements (as amended in 2011) - Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements	January 01, 2016
IAS 28	Investments in Associates and Joint Ventures - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	Deferred indefinitely
IAS 28	Investments in Associates and Joint Ventures - Amendments regarding the application of the consolidation exception	January 01, 2016
IAS 38	Intangible Assets - Amendments regarding the clarification of acceptable methods of depreciation and amortisation	January 01, 2016
IAS 41	Agriculture - Amendments bringing bearer plants into the scope of IAS 16	January 01, 2016

The Annual Improvements to IFRSs that are effective for annual periods beginning on or after January 01, 2016 are as follows:

IFRS 5	Non-current Assets Held for Sale and Discontinued Operations
IFRS 7	Financial Instruments: Disclosures
IAS 19	Employee Benefits
IAS 34	Interim Financial Reporting

### 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:

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 9	Financial Instruments
IFRS 14	Regulatory Deferral Accounts
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases

The effects of IFRS 15 - Revenues from Contracts with Customers and IFRS 9 - Financial Instruments are still being assessed, as these new standards may have a significant effect on the Fund's future financial statements.

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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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**4.1 Cash and cash equivalents**

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

**4.2 Financial instruments**

**4.2.1 Financial assets**

**4.2.1.1 Classification**

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

**a) Loans and receivables**

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

**b) Financial assets at fair value through profit or loss**

These are acquired principally for the purpose of generating profit from short-term fluctuations in prices.

**c) Available for sale**

These are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments, or (c) financial assets at fair value through profit or loss.

**4.2.1.2 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.

**4.2.1.3 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 taken directly to the Income Statement.

**4.2.1.4 Subsequent measurement**

**a) Financial assets 'at fair value through profit or loss' and 'available for sale'**

Subsequent to initial recognition, financial assets designated by the management as at fair value through profit or loss and available for sale are valued as follows:

**- Basis of valuation of equity securities**

The investment of the Fund in equity securities is valued on the basis of closing quoted market prices available at the stock exchange. A security listed on the stock exchange for which no sale is reported on the reporting date is valued at its last sale price on the next preceding date on which such exchange is open and if no sale is reported for such date the security is valued at an amount neither higher than the closing ask price nor lower than the closing bid price.

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Net gains and losses arising from changes in the fair value of financial assets carried at fair value through profit or loss are taken to the Income Statement.

Net gains and losses arising on changes in fair value of available for sale financial assets are taken to other comprehensive income until these are derecognised. At this time, the cumulative gain or loss, previously shown under other comprehensive income, is transferred to income before taxation as capital gain / (loss).

**b) Loans and receivables**

These are carried at amortised cost using the effective interest method.

Gains or losses are recognised in the 'income statement' through the amortisation process or when financial assets carried at amortised cost are derecognised or impaired.

**4.2.1.5 Impairment**

The Fund assesses at each reporting date whether there is an objective evidence that the financial asset or a group of financial assets is impaired. The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The amount of provision for certain debt securities is determined based on the provisioning criteria specified by the SECP.

In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of an equity security below its cost is considered as an objective evidence of impairment. In case of impairment of available for sale securities, the cumulative loss previously recognised in other comprehensive income is removed therefrom and shown as part of income before taxation. Impairment losses recognised in the income statement on equity securities are only reversed when the equity securities are derecognised.

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

**4.2.1.6 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. They are initially recognised at fair value or 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 re-measured 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 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.

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**4.6 Collateral**

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

**4.7 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. The Fund has distributed such income for the current year in order to avail this tax exemption. Accordingly, no tax liability has been recorded in these financial statements for the current year.

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 provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and amounts used for taxation purposes. In addition, the Fund also records deferred tax asset on unutilised tax losses to the extent that it is probable that the related tax benefit will be realised. However, the Fund has not recognised any amount in respect of deferred tax in these financial statements as the Fund intends to avail the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders every year.

**4.8 Proposed distributions**

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

**4.9 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, provision for transaction costs and any provision for duties and charges, if applicable.

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 (if applicable), any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

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

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

The Fund records that portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period which pertains to unrealised gains / (losses) that form part of the Unit Holders' Funds in a separate reserve account and any amount remaining in this reserve account at the end of an accounting period (whether gain or loss) is included in the amount available for distribution to the unit holders. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period is recognised in the Income Statement.

**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 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.
- Dividend income from equity securities is recognised when the right to receive dividend is established.
- Profit on bank deposits is recognised on an accrual basis.



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**4.12 Expenses**

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

**4.13 Foreign currency translation**

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

	<b>Note</b>	<b>2016</b> -----Rupees in '000'-----	<b>2015</b>
<b>5 BANK BALANCES</b>			
In savings accounts	5.1	<u>79,129</u>	<u>55,145</u>
5.1	These carry a rate of return ranging between 3.75% and 6.00% (2015: 4.5% and 6.34%) per annum.		
<b>6 INVESTMENTS</b>			
Financial assets 'at fair value through profit or loss' - held for trading			
Listed equity securities	6.1	<u>924,971</u>	<u>1,035,531</u>

PICIC ENERGY FUND

Notes To The Financial Statements

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Investment in listed equity securities - financial assets 'at fair value through profit or loss'

Shares of Listed Companies - Fully paid up ordinary shares of Rupees 10 each unless stated otherwise

Name of the Investee Company	Number of shares						Balance as at June 30, 2016				Percentage in relation to			
	As at July 1, 2015	Purchases during the year	Bonus / right issue	Sales during the year	As at June 30, 2016	Carrying value	Market value	Unrealised appreciation (diminution) on-remeasurement	Market value as a percentage of total investments	Market value as a percentage of net assets	Paid-up value of shares held as a percentage of total paid-up capital investee company			
												-----Rupees in '000'-----		
<b>POWER GENERATION &amp; DISTRIBUTION</b>														
Engro Powergen Qadirpur Limited	3,177	-	-	3,000	177	-	5	(2)	0.00%	0.00%	0.00%			
Hub Power Company Limited	-	100,000	-	100,000	-	-	-	-	0.00%	0.00%	0.00%			
K-Electric Limited	-	5,500,000	-	350,000	5,150,000	37,097	41,509	4,412	4.49%	4.35%	0.019%			
Kot Addu Power Company Limited	2,474,000	-	-	574,000	1,900,000	163,476	169,575	6,099	18.33%	17.77%	0.22%			
Lalpur Power Limited	5,000,000	-	-	-	5,000,000	152,500	108,500	(44,000)	11.73%	11.37%	1.32%			
Nishat Chunian Power Limited	2,500,000	-	-	756,000	1,744,000	103,594	91,665	(11,929)	9.91%	9.61%	0.47%			
Nishat Power Limited	2,100,500	-	-	791,000	1,309,500	76,658	66,143	(10,515)	7.15%	6.93%	0.37%			
	<b>12,077,677</b>	<b>5,600,000</b>	<b>-</b>	<b>2,574,000</b>	<b>15,103,677</b>	<b>533,332</b>	<b>477,397</b>	<b>(55,935)</b>	<b>51.61%</b>	<b>50.03%</b>				
<b>OIL &amp; GAS EXPLORATION COMPANIES</b>														
Oil and Gas Development Company Limited	52,200	459,900	-	25,000	487,100	63,488	67,254	3,766	7.27%	7.05%	0.01%			
Pakistan Oilfields Limited	165,845	56,500	-	-	222,345	83,367	77,260	(6,106)	8.35%	8.10%	0.09%			
Pakistan Petroleum Limited	333,950	115,000	-	30,000	418,950	64,279	64,958	679	7.02%	6.81%	0.02%			
	<b>551,995</b>	<b>631,400</b>	<b>-</b>	<b>55,000</b>	<b>1,128,395</b>	<b>211,134</b>	<b>209,473</b>	<b>(1,661)</b>	<b>22.65%</b>	<b>21.95%</b>				
<b>OIL &amp; GAS MARKETING COMPANIES</b>														
Attock Petroleum Limited	244,588	-	-	-	244,588	138,735	107,017	(31,718)	11.57%	11.22%	0.29%			
Pakistan State Oil Company Limited	55,000	35,000	-	-	90,000	32,925	33,791	866	3.65%	3.54%	0.03%			
Shell Pakistan Limited	424,750	-	-	89,500	335,250	84,805	97,293	12,488	10.52%	10.20%	0.31%			
	<b>724,338</b>	<b>35,000</b>	<b>-</b>	<b>89,500</b>	<b>669,838</b>	<b>256,465</b>	<b>238,101</b>	<b>(18,364)</b>	<b>25.74%</b>	<b>24.95%</b>				
<b>TOTAL - As at June 30, 2016</b>						<b>1,000,931</b>	<b>924,971</b>	<b>(75,960)</b>						
<b>TOTAL - As at June 30, 2015</b>						<b>926,520</b>	<b>1,035,531</b>	<b>109,011</b>						

Shares with market value aggregating to Rs 89,250 million (2015: Rs 89,040 million) of the following companies have been pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral against trading facility in the Stock Exchange:

- 1,000,000 shares of Kot Addu Power Company (2015: 1,000,000)

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		2016	2015
	Note	----- Rupees in '000' -----	
<b>7</b>	<b>DIVIDEND AND PROFIT RECEIVABLE</b>		
	Dividend receivable	256	96
	Profit receivable on bank deposits	295	483
		<u>551</u>	<u>579</u>
<b>8</b>	<b>PAYABLE TO THE MANAGEMENT COMPANY</b>		
	Management fee	8.1 1,537	1,862
	Sindh Sales Tax on Management Company's remuneration	246	279
	Sales load payable	1	42
		<u>1,783</u>	<u>2,183</u>

8.1 Under the provisions of the Offering Document of the Fund the Management Company is entitled to a Remuneration at the rate of 2% of the average annual net asset of the fund. The remuneration is paid to the Management Company monthly in arrears. The remuneration is also subject to Sindh Sales Tax on services at applicable rate.

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

	Trustee fee	9.1 178	175
	CDS charges payable	1	1
		<u>179</u>	<u>176</u>

9.1 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 daily net assets of the Fund. The fee is paid to the Trustee monthly in arrears.

Based on the Trust Deed, the tariff structure applicable to the Fund with effect from June 25, 2013 is as follows:

**Amount of Funds Under Management  
[Average Net Assets Value (NAV)]**

**Tariff per annum**

Upto Rupees 250 million

Rs 0.7 million or 0.20% per annum of net assets value whichever is higher

Rs 1,000 million and above

Rs 2.0 million plus 0.10% per annum of net assets value exceeding Rs 1,000 million

The fee is paid to the Trustee monthly in arrears.

		2016	2015
		----- Rupees in '000' -----	
<b>10</b>	<b>PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>		
	Annual Fee	10.1 <u>916</u>	<u>1,111</u>

10.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, a collective investment scheme categorised as an equity scheme is required to pay as annual fee to the Securities and Exchange Commission of Pakistan, an amount equal to 0.095 percent of the average annual net assets of the scheme. The fee is payable annually in arrears.

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<b>11 ACCRUED EXPENSES AND OTHER LIABILITIES</b>	<b>2016</b>	<b>2015</b>
	----- Rupees in '000' -----	-----
Provision for Workers' Welfare Fund	11.1 28,085	28,085
Auditors' remuneration	275	325
Brokerage	53	37
Others	2,007	2,099
Federal excise duty and additional sales tax on remuneration of the Management Company	11.2 13,920	10,406
Zakat payable (dividend)	155	147
Printing expenses	400	450
Fund operations, accounting and related cost payable	11.3 78	-
	<u>44,973</u>	<u>41,549</u>

**11.1 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 this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs 0.5 million in a tax year, have been 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 is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

Subsequent to the year ended June 30, 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However, on December 14, 2010 the Ministry filed its response against the constitutional petition requesting the court to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in Court.

During the year ended June 30, 2012, the Honourable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008, had declared the said amendments as unlawful and unconstitutional. In March 2013, a larger bench of the Honourable Sindh High Court (SHC) passed an order declaring that the amendments introduced in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 do not suffer from any constitutional or legal infirmity. However, the Honourable High Court of Sindh has not addressed the other amendments made in the WWF Ordinance 1971 about applicability of WWF to the CISs which is still pending before the Court.

In a judgement of May 2014, the Peshawar High Court (PHC) had also held these amendments to be ultra vires as they lacked the essential mandate to be introduced and passed through the Money Bill under the Constitution.

The Finance Act, 2015 has excluded Mutual Funds and Collective Investment Schemes from the definition of 'Industrial establishment' subject to WWF under WWF Ordinance, 1971. The provision made till June 30, 2015 has not been reversed as the above law suit is still pending in the SHC. This amendment is however applicable prospectively i.e. from tax year 2016.

On June 04, 2015, the Provincial Assembly of Sindh passed the Sindh Workers Welfare Fund Bill under which financial institutions are included in the definition of industrial establishment and every industrial establishment located in the Province of Sindh and having a total income exceeding Rs. 0.5 million for the accounting period beginning on or after December 31, 2013 is required to pay WWF to the Sindh Revenue Board. In this connection the Mutual Funds Association of Pakistan has obtained an opinion which concludes that mutual funds will not be covered in the definition of financial institution and will, hence, not fall within the purview of Sindh Workers' Welfare Fund Act, 2015.

Without prejudice to the above, the Management Company, as a matter of abundant caution as the matter is still pending in the SHC, has decided to retain the provision for WWF amounting to Rs. 28.085 million in this condensed interim financial information. Had the same not been made the net assets value of the Fund as at June 30, 2016 would have been higher by Re. 0.3536 (2015: Re 0.3227) per unit.

**11.2 Provision for Federal Excise Duty and additional sales tax arising as a result of imposition thereof**

As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective 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 may result in double taxation, which does not appear to be the spirit of the law. On September 4, 2013, a Constitutional Petition has been filed in Honourable Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED. In this respect, the Honourable SHC has issued a stay order against recovery proceedings. The hearing of the petition is pending.

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As a matter of abundant caution, the Management Company has made a provision with effect from June 13, 2013, aggregating to Rs. 12.246 million for Federal Excise Duty and additional sales tax on management remuneration arising as a result of imposition thereof.

Had the provision not been made the net asset value of the Fund as at June 30, 2016 would have been higher by Re 0.1752 (2015: Re 0.1214) per unit.

The Finance Act, 2016 has excluded service provided by Asset Management Companies from chargeability of FED where such provincial sales tax is applicable on such services. However, provision made till June 30, 2016 has not been reversed as the above lawsuit is pending in the SHC.

**11.3 Fund operations, accounting and related costs**

During the year, the Securities and Exchange Commission of Pakistan notified amendments in the Non-Banking Finance Companies and Notified Entities Regulation, 2007 dated November 25, 2015, where the asset management companies are allowed to charge fees and expenses related to registrar services, accounting, operation and valuation services related to CIS maximum up to 0.1% of average annual net assets of the Scheme or actual whichever is less. In this regard, the Management Company has started charging these expenses effective from December 1, 2015.

**12 CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding as at June 30, 2016.

**13 AUDITORS' REMUNERATION**

	<b>2016</b>	<b>2015</b>
	-----Rupees in '000'-----	
Annual statutory audit fee	313	240
Fee for half yearly review	122	135
Other certifications	23	37
Out of pocket expenses	<u>28</u>	<u>16</u>
	<u>486</u>	<u>428</u>

**14 OTHER EXPENSES**

Central Depository System charges	22	308
NCCPL transaction charges	<u>256</u>	<u>338</u>
	<u>278</u>	<u>646</u>

**15 SECURITIES TRANSACTION COSTS**

Transaction costs associated with initial recognition of financial assets	428	1,086
Transaction costs associated with derecognition of financial assets	333	758
Federal excise duty on initial recognition / derecognition	<u>121</u>	<u>351</u>
	<u>882</u>	<u>2,195</u>

**16 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 90 percent of its accounting income for the year, as reduced by capital gains, whether (realised or unrealised), is distributed amongst the unit holders. The Fund has not recorded provision for taxation as the Fund does not have any accounting income for the year ended June 30, 2015 after reduction of capital gains, whether realised or unrealised.

**17 EARNINGS PER UNIT**

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

**PICIC ENERGY FUND**  
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**18 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES**

Connected persons include PICIC Asset Management Company Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, HBL Group being the Holding Group, other collective investment schemes managed by the Management Company, other associated companies of the Management Company and directors and officers of the Management Company.

The transactions with connected persons are in the normal course of business, at contracted rates and term determined in accordance with the market rates.

Remuneration and front-end load payable to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

Remuneration payable to the Trustee is determined in accordance with the provisions of the Trust Deed.

Details of transactions carried out by the Fund with connected persons and balances with them other than those disclosed elsewhere in these financial statements, as at year end, are as follows:

	2016	2015
	----- Rupees in '000' -----	
<b>18.1 Transactions during the year</b>		
<b>PICIC Asset Management Company Limited</b>		
Remuneration of the Management Company	19,276	23,399
Sindh sales tax on remuneration of the Management Company	2,699	3,510
Sales load accrued to the Management Company	72	584
Reimbursement of fund operations, accounting and related costs	219	-
Issue of nil (2015: 8,130,033) units	-	94,587
<b>NIB Bank Limited - Connected person due to holding more than 10% units*</b>		
Profit on bank deposit	4,017	10,103
Bank charges	15	48
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee	2,184	2,170
Central Depository System charges	22	308
<b>Jubilee General Insurance Company Limited - Associated Company</b>		
Redemption of 852,806 (2015: nil) units	10,047	-
<b>18.2 Amount outstanding as at year end</b>		
<b>PICIC Asset Management Company Limited</b>		
Management fee payable	1,537	1,862
Sindh Sales Tax on Management Company's remuneration	246	279
Sales load payable	-	42
Outstanding 9,668,299 (2015: 9,668,299) units	116,138	119,551
<b>NIB Bank Limited - Connected person due to holding more than 10% units*</b>		
Bank balances	79,129	55,145
Profit receivable on bank deposits	295	483
Outstanding 31,825,782 ( 2015: 31,825,782) units	382,298	393,535

**PICIC ENERGY FUND**  
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	2016	2015
	---- Rupees in '000' ----	
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee payable	178	175
Security deposit	300	300
CDS charges payable	1	1
<b>Directors and Executives of the Management Company</b>		
Outstanding 1,248 ( 2015: 1,248) units	15	15
<b>Jubilee General Insurance Company Limited - Associated Company</b>		
Outstanding Nil ( 2015: 852,806) units	-	10,545

\*NIB Bank Limited ceased to be holding company of the management company effective from March 2, 2016

**19 FINANCIAL INSTRUMENTS BY CATEGORY**

	-----As at June 30, 2016-----			
	Loans and receivables	Financial assets 'at fair value through profit or loss'	Available for sale	Total
	-----Rupees in '000'-----			
<b>Assets</b>				
Bank balances	79,129	-	-	79,129
Investments	-	924,971	-	924,971
Dividend and profit receivable	551	-	-	551
	<u>79,680</u>	<u>924,971</u>	<u>-</u>	<u>1,004,651</u>
	-----As at June 30, 2016-----			
	Liabilities at fair value through profit or loss	Other financial liabilities	Total	
	-----Rupees in '000'-----			
<b>Liabilities</b>				
Payable to the Management Company	-	1,783	1,783	
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	179	179	
Accrued expenses and other liabilities	-	2,968	2,968	
Unclaimed dividend	-	5,431	5,431	
	<u>-</u>	<u>10,361</u>	<u>10,361</u>	
	-----As at June 30, 2015-----			
	Loans and receivables	Financial assets 'at fair value through profit or loss'	Available for sale	Total
	-----Rupees in '000'-----			
<b>Assets</b>				
Bank balances	55,145	-	-	55,145
Investments	-	1,035,531	-	1,035,531
Dividend and profit receivable	579	-	-	579
Receivable against sale of investments	16,150	-	-	16,150
	<u>71,874</u>	<u>1,035,531</u>	<u>-</u>	<u>1,107,405</u>

**PICIC ENERGY FUND**  
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	-----As at June 30, 2015-----		
	Liabilities at fair value through profit or loss	Other financial liabilities	Total
	-----Rupees in '000'-----		
<b>Liabilities</b>			
Payable to the Management Company		2,183	2,183
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	176	176
Accrued expenses and other liabilities	-	3,058	3,058
Unclaimed dividend		5,605	5,605
	-	<u>11,022</u>	<u>11,022</u>

**20 FINANCIAL RISK MANAGEMENT**

The Fund's activities expose it to a variety of financial risks: market 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.

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 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 Pak Rupees.

**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 because of changes in market interest rates. As the Fund has no significant interest-bearing assets, the Fund's income and operating cash flows are substantially independent of changes in market interest rates.

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

	----- As at June 30, 2016 -----				
	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		
	----- Rupees in '000' -----				
<b>On-balance sheet financial instruments</b>					
<b>Financial Assets</b>					
Bank balances	79,129	-	-	-	
Investments	-	-	-	924,971	924,971
Dividend and profit receivable	-	-	-	551	551
Receivable against sale of investments	-	-	-	16,150	16,150
	<u>79,129</u>	-	-	<u>941,672</u>	<u>1,020,801</u>



**PICIC ENERGY FUND**  
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----- As at June 30, 2016 -----

Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
Upto three months	More than three months and upto one year	More than one year		

----- Rupees in '000' -----

**Financial Liabilities**

Payable to the Management Company  
 Payable to the Central Depository Company of Pakistan Limited - Trustee  
 Accrued expenses and other liabilities

-	-	-	1,783	1,783
-	-	-	179	179
-	-	-	2,968	2,968
-	-	-	4,930	4,930

**On-balance sheet gap (a)**

79,129	-	-	936,742	1,015,871
--------	---	---	---------	-----------

**Off-balance sheet financial instruments**

-	-	-	-	-
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**Off-balance sheet gap (b)**

-	-	-	-	-
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**Total interest rate sensitivity gap (a+b)**

79,129	-	-	-	-
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**Cumulative interest rate sensitivity gap**

79,129	79,129	79,129	-	-
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----- As at June 30, 2015 -----

Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
Upto three months	More than three months and upto	More than one year		

----- Rupees in '000' -----

**On-balance sheet financial instruments**

**Financial Assets**

Bank balances  
 Investments  
 Dividend and profit receivable  
 Receivable against sale of investment

55,145	-	-	-	55,145
-	-	-	1,035,531	1,035,531
-	-	-	579	579
-	-	-	16,150	16,150
55,145	-	-	1,052,260	1,107,405

**Financial Liabilities**

Payable to the Management Company  
 Payable to the Central Depository Company of Pakistan Limited - Trustee  
 Accrued expenses and other liabilities  
 Unclaimed Dividend

-	-	-	2,183	2,183
-	-	-	176	176
-	-	-	3,058	3,058
-	-	-	5,605	5,605
-	-	-	11,022	11,022

**On-balance sheet gap (a)**

55,145	-	-	1,041,238	1,096,383
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**Off-balance sheet financial instruments**

-	-	-	-	-
---	---	---	---	---

**Off-balance sheet gap (b)**

-	-	-	-	-
---	---	---	---	---

**Total interest rate sensitivity gap (a+b)**

55,145	-	-	-	-
--------	---	---	---	---

**Cumulative interest rate sensitivity gap**

55,145	55,145	55,145	-	-
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**PICIC ENERGY FUND**  
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The rates of return on financial instruments are as follows:	<b>2016</b>	<b>2015</b>
	-----Percentage per annum-----	
Bank balances - in saving accounts	3.75% to 6.00%	4.50% to 6.34%

**20.1.3 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 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 and classified on the Statement of Assets and Liabilities as available for sale and 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 Trust Deed.

In case of 5% increase / decrease in prices of all shares held by Fund at the year end, net income of the Fund for the year would increase / decrease by Rs. 46.249 million (2015: 51.777 million) and the net assets would increase / decrease by the same amount, as a result of gains / losses on equity securities at fair value through profit or loss.

**20.2 Credit risk**

Credit risk represents the risk of a loss if counter parties fail to perform as contracted. Credit risk arises from deposits with banks and financial institutions, credit exposure arising as a result of dividends receivable on equity securities, receivable against sale of investments and accrued income on bank deposits. For banks and financial institutions, only reputed parties are accepted. Credit risk on dividend receivable is minimal due to statutory protection. All transactions in listed securities are settled / paid for upon delivery using the National Clearing Company of Pakistan Limited. The risk of default is considered minimal due to inherent systematic measures taken therein. The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. The Fund does not expect to incur material credit losses on its financial assets.

The analysis below summarises the credit quality of the Fund's bank balances as at June 30, 2016:

Name of the bank	-----As at June 30, 2016-----			
	Balance as at June 30, 2016	Rating agency	Published rating	Percentage of total bank balances
	Rupees in '000'			
<b>Savings accounts</b>				
NIB Bank Limited	<u>79,129</u>	PACRA	A1+	<u>100.00%</u>

The credit quality of the Fund's bank balances as at June 30, 2015 was as follows:

Name of the bank	-----As at June 30, 2015-----			
	Balance as at June 30, 2015	Rating agency	Published rating	Percentage of total bank balances
	Rupees in '000'			
<b>Savings accounts</b>				
NIB Bank Limited	<u>55,145</u>	PACRA	A1+	<u>100.00%</u>
	<u>55,145</u>			<u>100.00%</u>

**PICIC ENERGY FUND**  
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The maximum exposure to credit risk before any credit enhancement as at June 30, 2015 is the carrying amount of the financial assets. Investments in equity securities, however, are not exposed to credit risk.

**Concentration of credit risk**

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

**20.3 Liquidity risk**

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

The Fund has a policy to invest the majority of its assets in investments that are traded in an active market and can be readily disposed. The Fund's listed securities are considered readily realisable, as they are listed on the Karachi Stock Exchange.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through other facilities. The Fund manages the liquidity risk by maintaining sufficient cash balance with banks and marketable securities.

The Fund is not materially exposed to liquidity risk as all obligations / commitments of the Fund are short-term in nature and are restricted to the extent of available liquidity and significant assets of the Fund are readily disposable in the market.

The table below 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.

-----As at June 30, 2016-----

Total	Upto three months	More than three months and upto one year	More than one year
-------	-------------------	--	--------------------

-----Rupees in '000'-----

Payable to the Management Company	1,783	1,783	-	-
Payable to the Central Depository Company of Pakistan	179	179	-	-
Accrued expenses and other liabilities	2,968	2,968	-	-
Unclaimed dividend	5,431	5,431	-	-
	<u>10,361</u>	<u>10,361</u>	<u>-</u>	<u>-</u>

-----As at June 30, 2015-----

Total	Upto three months	More than three months and upto one year	More than one year
-------	-------------------	--	--------------------

-----Rupees in '000'-----

Payable to the Management Company	2,183	2,183	-	-
Payable to the Central Depository Company of Pakistan	176	176	-	-
Accrued expenses and other liabilities	3,058	3,058	-	-
Unclaimed dividend	5,605	5,605	-	-
	<u>11,022</u>	<u>11,022</u>	<u>-</u>	<u>-</u>

**PICIC ENERGY FUND**  
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**21 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES**

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 Asset Management Company 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 company 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 (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); and
- Inputs for the assets or liability that are not based on observable market data (that is, unobservable inputs) (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.

		June 30, 2016							
		Carrying amount							
	Note	Fair value through profit and loss	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		Rupees in '000'							
<b>On-balance sheet financial instruments</b>									
<b>Financial assets measured at fair value</b>									
Investments in listed securities									
	6	924,971	-	-	924,971	924,971	-	-	924,971
		924,971	-	-	924,971	924,971	-	-	924,971
<b>Financial assets not measured at fair value</b>									
	21.1	79,129	-	-	79,129	-	-	-	-
		551	-	-	551	-	-	-	-
		79,680	-	-	79,680	-	-	-	-
<b>Financial liabilities not measured at fair value</b>									
		-	-	1,783	1,783	-	-	-	-
		-	-	179	179	-	-	-	-
		-	-	916	916	-	-	-	-
		-	-	3	3	-	-	-	-
		-	-	2,881	2,881	-	-	-	-

**PICIC ENERGY FUND**  
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		June 30, 2015							
		Carrying amount							
	Note	Fair value through profit and loss	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		Rupees in '000'							
<b>On-balance sheet financial instruments</b>									
<b>Financial assets measured at fair value</b>									
Investments in listed securities									
Listed Securities	6	1,035,531	-	-	1,035,531	1,035,531	-	-	1,035,531
		<u>1,035,531</u>	<u>-</u>	<u>-</u>	<u>1,035,531</u>	<u>1,035,531</u>	<u>-</u>	<u>-</u>	<u>1,035,531</u>
<b>Financial assets not measured at fair value</b>									
Bank balances	21.1	55,145			55,145	-	-		-
Dividend and other receivable		579			579	-	-		-
		<u>55,724</u>	<u>-</u>	<u>-</u>	<u>55,724</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities not measured at fair value</b>									
Payable to the Management Company		-	-	2,183	2,183	-	-	-	-
Payable to the Trustee		-	-	176	176	-	-	-	-
Payable to the Securities and Exchange Commission of Pakistan		-	-	1,111	1,111	-	-	-	-
Payable against redemption of units		-	-	-	-	-	-	-	-
		<u>-</u>	<u>-</u>	<u>3,470</u>	<u>3,470</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

21.1 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.

21.2 Valuation techniques

For level 1 investments at fair value through profit or loss - held for trading investment in respect of quoted shares, Fund uses daily quotation rates which are taken from Pakistan Stock Exchange Limited at reporting date.

21.3 During the year ended June 30, 2016, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 financial instruments.

**22 UNIT HOLDERS' FUND RISK MANAGEMENT**

The unit holders' fund is represented by redeemable units. These units 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 in the Statement of Movement in Unit Holders' Fund. The Fund has no restrictions on the subscription and redemption of units except for maintaining minimum fund size of Rs100 million at all times.

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

In accordance with the risk management policies stated in note 19, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption requests, which would be augmented by short-term borrowings or disposal of investments where necessary.

**PICIC ENERGY FUND**  
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**23 LIST OF TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID**

		2016 Percent			2015 Percentag
1	JS Global Capital Limited	8.28%	1	Fortune Securities Limited	29.68%
2	KASB Securities Limited	8.18%	2	KASB Securities Limited	14.72%
3	BMA Capital Management Limited	7.47%	3	Taurus Securities Limited	8.81%
4	Bhayani Securities (Private) Limited	6.56%	4	AKD Securities Limited	6.97%
5	Taurus Securities Limited.	6.06%	5	Moonaco Securities (Private) Limited	6.17%
6	Global Securities Pakistan Limited	5.64%	6	Global Securities Pakistan Limited	5.31%
7	M.M. Securities (Private) Limited	5.13%	7	Ismail Iqbal Securities (Private) Limited	4.60%
8	Next Capital Limited	4.57%	8	Al-Hoqani Securities and Investment Corp. (Private) Limited	4.08%
9	Moonaco Securities (Private) Limited	4.34%	9	Shajar Capital Pakistan (Private) Limited	3.24%
10	AL Habib Capital Markets (Private) Limited	4.24%	10	Bhayani Securities (Private) Limited	3.21%

**24 PARTICULARS OF THE INVESTMENT COMMITTEE AND THE FUND MANAGER**

Details of members of the investment committee of the Fund as on June 30, 2016 are as follow

S.No.	Name	Designation	Qualification	Experience in years
1	Mr. Rehan N. Shaikh	Chief Executive Officer	Bachelor of Commerce	19+
2	Mr. Tauqir Shamshad	Head of Fixed Income	MBA	29+
3	Mr. Noman Ameer	Manager Risk	MBA	9+
4	Mr. Adeel Abdul Wahab	Fund Manager	ACCA	7+

Mr. Adeel Abdul Wahab is the manager of the Fund. He is also Fund Manager of PICIC Growth Fund and PICIC Investment Fund.

**25 PATTERN OF UNITHOLDING HOLDING**

Pattern of unit holding as at June 30, 2016 is as follows:

Category	Number of unit holders	Number of units held	Investment amount	Percentage
Rupees in '000'				
Individuals	5,048	28,891,136	347,047	36.37%
Associated Companies and Directors	1	9,668,299	116,139	12.17%
Insurance Companies	2	156,653	1,882	0.20%
Banks and DFIs	4	31,972,823	384,065	40.25%
Retirement Funds	13	4,646,023	55,809	5.85%
Other Corporate	25	3,077,064	36,962	3.87%
NBFCs	1	1,528	18	0.00%
Trust	7	1,023,270	12,292	1.29%
	<b>5,101</b>	<b>79,436,797</b>	<b>954,214</b>	<b>100.00%</b>

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Pattern of certificate holding as at June 30, 2015 was as follows:

Category	Number of unit holders	Number of units held	Investment amount	Percentage
			Rupees in '000'	
Individuals	5,285	33,311,265	411,906	38.87%
Associated Companies and Directors	3	41,495,330	513,105	48.42%
Insurance Companies	3	1,009,459	12,482	1.18%
Banks and DFIs	3	456,839	5,648	0.53%
Retirement Funds	14	4,672,005	57,771	5.45%
Other Corporate	35	4,747,272	58,702	5.54%
	5,343	85,692,170	1,059,614	100.00%

**26 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS**

The 82nd, 83rd, 84th, 85th and 86th meetings were held on September 9, 2015, October 19, 2015, February 10, 2016, March 2, 2016 and April 29, 2016 respectively. Information in respect of the attendance by the Directors in the meetings is given below:

S.No.	Name of Director	Number of meetings			Meetings not attended
		Held	Attended	Leave granted	
1	Mr. Atif R. Bokhari 1	4	3	1	83rd
2	Mr. Shahid Zaki 1	4	4	-	-
3	Mr. Imran Ahmad Mirza 1	4	3	1	83rd
4	Mr. Jaudat Hussain <sup>1</sup>	4	1	3	82nd, 83rd and 84th
5	Mr. Shah Miftah Ul Azim Azmi 1	4	4	-	-
6	Mr. Tufail Jawed Ahmed 1	4	4	-	-
7	Mr. Suleman Chhagla 1	4	4	-	-
8	Mr. Towfiq H. Chinoy 2 - 3	2	2	-	-
9	Ms. Sadia Khan 2 - 4	2	1	1	86th
10	Mr. Ayaz Ahmed 2 - 4	2	2	-	-
11	Ms. Sima Kamil 2 - 3	2	2	-	-
12	Mr. Rizwan Haider 2 - 3	2	2	-	-
13	Mr. Salahuddin Manzoor 2 - 3	2	2	-	-
14	Mr. Rehan N. Shaikh 2 - 3	2	2	-	-
15	Mr. Nadeem Abdullah 5	-	-	-	-
16	Ms. Ava Ardeshir Cowasje 5	-	-	-	-

<sup>1</sup> Directors resigned on March 2, 2016.

<sup>2</sup> Directors appointed on March 2, 2016 on divestment of 100 % equity stake in the PICIC Asset Management Company Limited by NIB Bank Limited to HBL Asset Management Company Limited as per clause of share purchase agreement. Securities and Exchange Commission of Pakistan granted HBL Asset Management Company to appoint common Directors on the Board of PICIC Asset Management Company Limited.

<sup>3</sup> Directors resigned and re-elected on completion of their three year term on April 29, 2016.

<sup>4</sup> Directors resigned on completion of their three year term on April 29, 2016.

<sup>5</sup> Directors appointed through election of directors on April 29, 2016.

**27 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on **26 August 2016** by the Board of Directors of the Management Company.

**28 GENERAL**

Figures have been rounded off to the nearest thousand Rupees

For PICIC Asset Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

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**HBL Asset Management Limited**



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