

**HBL**

**ASSET MANAGEMENT**

**ايسيت مينجمنت**

PICIC Islamic Stock Fund

**Annual Report 2016**

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## SCHEME'S INFORMATION:

### Management Company\*

PICIC Asset Management Company Limited  
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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. Towfiq H. Chinoy  
Mr. Nadeem Abdullah  
Ms. Ava Ardeshir Cowasje  
Ms. Sima Kamil  
Mr. Rizwan Haider  
Mr. Salahuddin Manzoor  
Mr. Rehan N. Shaikh

Chairman  
Director  
Director  
Director  
Director  
Director  
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  
Ms. Ava Ardeshir Cowasje  
Mr. Rizwan Haider

Chairman  
Member  
Member

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

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

Chairman  
Member  
Member

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

Mr. Towfiq H. Chinoy  
Ms. Sima Kamil  
Mr. Rehan N. Shaikh

Chairman  
Member  
Member

### Trustee

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

### Bankers

Al Baraka Bank Limited  
Bank Islami Pakistan Limited  
Burj Bank Limited  
NIB Bank Limited  
United Bank Limited

### Auditors

BDO Ebrahim & Co.  
Chartered Accountants

### Shariah Advisor

Al-Hilal Shariah Advisors (Pvt) Limited

### 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.

## **INTRODUCTION**

The Board of Directors of PICIC Asset Management Company Limited, the Management Company of PICIC Islamic Stock Fund (PICIC-ISF 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 capital growth of the Unit Holders for which investments would be made in the best available opportunities, while considering acceptable risk parameters and applicable rules and regulations.

## **FUND PROFILE**

PICIC Islamic Stock Fund (PICIC-ISF) is an open end equity Scheme which will invest in Shariah Compliant listed equity securities.

## **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, PICIC-ISF has earned a net income of Rs 29 million (including gain on sale of investment of Rs. 29 million, dividend income of Rs. 16 million unrealized gain of 3 million and profit on bank deposits of Rs 4 million) as compared to Rs. 48 million for the corresponding period. The net assets of the Fund stood at Rs. 349 million on June 30, 2016 as compared to Rs. 229 million as on June 30, 2015.

#### **INCOME DISTRIBUTION**

During the year under review the Fund has distributed a Cash dividend of Rs 3.00 per unit (3.00% of the par value) and a bonus dividend of Rs 20.00 per unit (20% of the par value) on June 24, 2016.

#### **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 Islamic Stock 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 اسلامک اسٹاک (PICIC-ISF or Fund) کے تحت پبلک ایسیٹ مینجمنٹ کمپنی لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے پبلک اسلامک اسٹاک فنڈ رپورٹ فنانشل اسٹیٹمنٹ کے ساتھ پیش خدمت ہے

## فنڈ کے مقاصد

فنڈ کا مقصد سرمایہ کاروں کے Capital Market کے لیے سرمایہ کاری کے بہترین مواقعوں سے فائدہ اٹھانا اور اس بات کو مد نظر رکھنا کہ رسک کا تناسب قابل قبول ہے۔

## فنڈ پروفائل

PICIC (PICIC-ISF) فنڈ ایک اسلامک اسٹاک اوپن اینڈ ایکٹیو اسکیم ہے جس کی سرمایہ کاری شرعی تقاضوں کے عین مطابق رجسٹرڈ کمپنیوں 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 نیچے کا رجحان 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 ختام کیا۔ اس کے پس منظر میں ایک مثبت پہلو یہ ہے کہ MSCI EM کورواں مالی سال جون 2016 میں اپ گریڈ ہوا، CPEC سے متعلق FDIs 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 جانا جا سکتا ہے۔ مالی سال 2016 میں مثبت کارپوریٹ نتائج کی وجہ سے انڈیکس 36471 کی سطح پر پہنچا۔ تاہم (1) غیر ملکی سرمائے 260mn امریکی ڈالر 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 بڑھا جاسکے۔ 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 (Y/Y +9.84% points) تک بتدریج جا پہنچی تھے۔ 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 کی کا فیصلہ، (2) حکومت کا 2.3 bcfcd 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 آؤٹ 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 ویلویویشن میں بہتری آئی۔ (75bps cut during FY16)

10 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 آؤٹ فلور ہوا۔ مالی سال 2015 میں مجموعی تجارت (خریداری) کے مقابلے میں مالی سال 2016 میں غیر ملکی تاجروں کے ذریعے کل تجارت 11 فی صد کمی کے ساتھ 2457 بلین امریکی ڈالر رہی۔ صرف آخری چوتھائی (مالی سال 2016 کے آخری تین مہینے 16qFY4) 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 بی 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: شعبہ دواسازی ( دواؤں اور اس سے متعلقہ اشیاء کی قیمتوں میں اضافے کی وجہ سے کارکردگی 48.09 فی صد رہی ) (2) سینٹ (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) ٹیکسٹائل کمپوزٹ ( عالمی اور مقامی مارکیٹ میں کٹن 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 ( انونٹری کے خسارے ) (Inventory losses) اور مقامی تیل کی قیمتوں میں کمی کے باعث کارکردگی 12.42 فی صد رہی ) فرنیچر ( 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 ڈسکاونٹ 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 سیکٹر کی نج کاری کو حتمی شکل دیے 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 ٹیکسٹائل 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 (پاور سیکٹر 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 (+2.9% vs USD) رہی۔

CAD نے مالی سال 2016 میں بہتر FDI درآمدات (+39% 1.28t 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 کثیرالاجتی امداد اور آئل امپورٹ 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۔

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۔ 1-Emerging Funds 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- ڈسکاؤنٹ ریٹ کی بدولت چلنی سطح پر استحکام سے نجی شعبے کو فائدہ ہونا۔ سیاسی اور امن و امان 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 و امان 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 لیکویڈائیٹائی اسکرپٹ 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 کپٹل مارکیٹ میں تبدیلی بھی ہمارے پیش نظر ہے۔ فنڈ مینجمنٹ ٹیم کرنسی، ملک میں جنرل پرائس لیول، بیرونی اکاؤنٹ اور BoP پر وفائل پر خاص توجہ دیتے ہوئے مائیکرو انکس 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 کو استعمال میں لاکر 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 مچپول فنڈ انڈسٹری کی پیٹل 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

30 جون 2016 کو ختم ہونے والے سال کے دوران PICIC-ISF کو گزشتہ سال 48 ملین کے مقابلے میں 29 ملین پاکستانی روپے کا خالص منافع ہوا (اس میں 29 ملین روپے سرمائے کی فروخت سے حاصل ہونے والا منافع، ڈیوڈنڈ سے حاصل ہونے والی آمدنی 16 ملین روپے، unrealized gain 3 ملین پاکستانی روپے ہے، بینکوں میں رکھے گئے ڈپازٹ پر ملنے والا 4 ملین روپے کا منافع بھی شامل ہے) 30 جون 2015 تک 229 ملین کے مقابلے میں 30 جون 2016 تک فنڈ کے خالص اثاثے 349 ملین کی سطح پر تھے۔

## آمدنی کی تقسیم (انکم ڈسٹری بیوشن)

رواں سال کے دوران فنڈ کی تقسیم کرتے ہوئے 24 جون 2016 کو 3.00 روپے فی یونٹ (3.00 فی صد فی یونٹ) نقد منافع کا اعلان کیا ہے اور بونس کے طور پر 20 روپے فی یونٹ (20 فی صد فی یونٹ) مختص کیے ہیں۔

## مینجمنٹ کمپنی کو الٹی ریٹنگ

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

## کارپوریٹ گورننس

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

- ☆ مینجمنٹ کمپنی نے مالیاتی گوشوارہ تیار کیا ہے جس میں فنڈ سے متعلق تمام معاملات، فنڈ کی سرگرمیاں اور نتائج، کیش فلوز پونٹ ہولڈرز فنڈ کے (statement of movement) کو شفاف انداز سے پیش کیا ہے۔
- ☆ فنڈ کے حسابات کے 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 اسٹینڈرڈز جن کا اطلاق پاکستان میں ہوتا ہو، نان بینکنگ فنانس کمپنیز (اسٹیبلشمنٹ اینڈ ریگولیشنز) رولز 2003، نان بینکنگ فنانس کمپنیز اینڈ نوٹیفائیڈ انٹیٹیڈ 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 گزشتہ چھ سال کی تفصیلات ساتھ منسلک ہیں (ضمیمہ -A)
- ☆ اس مالیاتی گوشوارے میں تمام غیر معمولی ادائیگیوں، ٹیکسیز، ڈیویڈنڈ اجبات اور اخراجات سے متعلق حسابات کو مالیاتی گوشوارے میں واضح طور پر ظاہر کیا گیا ہے
- ☆ مینجمنٹ 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 -B)

☆ رواں سال کے دوران انسٹی ٹیوٹ آف بزنس اینڈ منسٹریشن کراچی (IBA) کے تحت ڈائریکٹرز ترقیتی 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 -C)

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

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 PICIC اسٹاک اسٹاک 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)، 30 جون 2017 کو ختم والے سال کے لیے خود کو تقرر کیے 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 تقرر 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 ریگولیٹرز 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

ریحان این شیخ  
چیف ایگزیکٹو آفیسر

کراچی 26 اگست 2016

**STATEMENT SHOWING ATTENDANCE OF THE BOARD OF DIRECTORS' MEETING OF  
PICIC ASSET MANAGEMENT COMPANY LIMITED (THE MANAGEMENT COMPANY)  
FOR PICIC ISLAMIC STOCK 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 meetings 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 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 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.

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

Annexure - B

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

<b>PARTICULARS</b>	<b>UNITS HELD</b>
Individuals	544,875
Associated Companies, undertakings & related parties	0
Management Company PICIC Asset Management Company Limited	2,108,446
Director & CEO	0
Executives	10,569
Mutual Funds & Modaraba	0
Banks	0
Insurance Companies	0
Public Sector Companies and Corporation	613,201
Other	0
<b>TOTAL =&gt;</b>	<b>3,277,092</b>

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

<b>PARTICULARS</b>	<b>HOLDING</b>	<b>%</b>
PICIC ASSET MANAGEMENT COMPANY LIMITED.	2,108,446	64.34
HAMDARD LABORATORIES (WAQF) PAKISTAN	487,040	14.86

**STATEMENT SHOWING ATTENDANCE OF THE BOARD OF DIRECTORS' MEETING OF  
PICIC ASSET MANAGEMENT COMPANY LIMITED (THE MANAGEMENT COMPANY)  
FOR PICIC ISLAMIC STOCK FUND  
FOR THE PERIOD FROM JULY 01, 2015 TO 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	10,836	14,724	1,554	16,545	10,569

## FUND MANAGER'S REPORT FOR PICIC ISLAMIC STOCK FUND

For the year ended 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 Islamic Stock Fund (PICIC-ISF) is an open-end equity fund. The objective of the Fund is capital growth of the Unit Holders for which investments would be made in the best available opportunities, while considering acceptable risk parameters and applicable rules and regulations.

**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 total NAV increased by 10.96%, underperforming the benchmark KMI-30 Index by 4.57% during the stated period.

**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
PICIC ISF	6.16	1.63	(3.65)	2.12	(6.09)	3.87	(3.51)	(2.20)	7.60	1.95	3.54	(0.04)
Benchmark	2.24	(1.23)	(6.48)	6.06	(6.76)	3.97	(3.18)	(0.15)	8.30	3.98	4.51	4.58

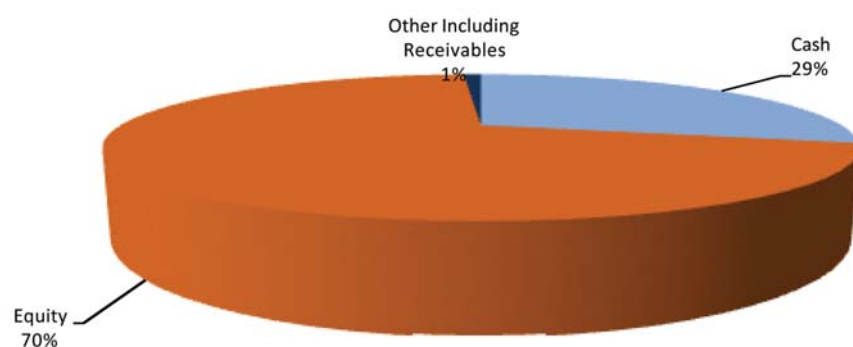
**vi) Description of the strategies and policies employed during the period under review in relation to the Collective Investment Scheme's performance**

Looking at our major holdings we have remained largely positive with diversified investment across 1) Cements, 2) Fertilizers, 3) Software and Communications 4) Oil & Gas exploration, 5) Oil & Gas Marketing 6) Pharmaceuticals and 7) Engineering.

Going forward, we plan to continue diversifying our exposure across attractive sectors and continue to evaluate the market for new investment opportunities that would benefit our valued investors, whilst maintaining our blue chip investment profile.

- 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 (% of NAV)	Jun '16	Jun '15
Equities	70	88
Cash	29	5
others including receivables	1	7



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

Fy16 Return 10.96%  
Standard Deviation 13.62%  
Sharpe Ratio 0.40

**Note:** 3 month T-Bills are used as a risk free rate for calculating Sharpe Ratio for PICIC Islamic Stock Fund Standard Deviation and Sharpe Ratio are calculated by annualizing monthly return data from Jul'15 - Jun'16

- 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		%
348,924	229,129	52.28	106.4738	116.4714	-8.58

- 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 KMI Index market went from a historic high of 60,233 points on Aug 11, 2015 to lows of 52,226 points on January 18, 2016, the KMI ended the year on a positive momentum at 70,099 points, up +22.40% Y/Y (+12,828 points) on the back of positivity surrounding the MSCI EM upgrade during the month of June 2016, increased CPEC related FDIs, and improving macros.

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, 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.

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

Distribution				Per unit	
Declared on	Cash or Bonus	Total Value	Per Unit	Cum NAV	Ex NAV
		Rupees (000)	Rupees		
24-Jun-2016	Cash Bonus	8,078	3.00	130.5710	107.5710
		53,848	20.00		

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

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 Islamic Stock Fund
1 - 9,999	130
10,000 - 49,999	18
50,000 - 99,999	1
100,000 - 499,999	1
500,000 & Above	1
<b>Total</b>	<b>151</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.**

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

**PERFORMANCE TABLE  
FOR PICIC ISLAMIC STOCK FUND  
FOR THE PERIOD FROM JULY 01, 2015 TO JUNE 30, 2016**

	2016	2015	2014
<b>NET ASSETS AS AT 30 JUNE - Rupees in '000</b>	<b>348,924</b>	<b>229,129</b>	<b>131,280</b>
<b>NET ASSETS VALUE PER UNIT AT 30 JUNE - RUPEES</b>			
- Offer	109.6677	119.9655	103.9092
- Redemption	106.4738	116.4714	100.8827
<b>RETURN OF THE FUND</b>			
Total Return of the Fund - %	10.96	24.49	0.88
Capital Growth - %	(12.04)	15.49	0.88
Date of Income Distribution	24-Jun-16	23-Jun-15	-
Income Distribution (Rs. Per unit)			
Cash	3.00	9.00	-
Bonus	20.00	-	-
<b>AVERAGE ANNUAL RETURN (CAGR) - %</b>			
Current Year	10.96	24.49	*0.88
Last two years	17.53	*12.07	N/A
Last three years	*11.70	N/A	N/A
<b>OFFER / REPURCHASE DURING THE PERIOD - (RUPEES)</b>			
Highest price per unit - Class C - Offer	136.5936	131.7140	104.7371
Highest price per unit - Class C - Redemption	132.6151	127.8777	101.6865
Lowest price per unit - Class C - Offer	107.5413	94.5681	100.4904
Lowest price per unit - Class C - Redemption	104.4090	91.8137	97.5635
<b>PORTFOLIO COMPOSITION</b>			
Percentage of Net Assets as at 30 June			
<b>PORTFOLIO COMPOSITION BY CATEGORY - %</b>			
Bank Balances	29	5	2
Equity	70	88	95
Others	1	7	3
<b>TOP 5 SECTOR IN PORTFOLIO - %</b>			
Oil & Gas	11	12	28
Const. & Mat. (Cem.)	12	25	9
Engineering	9	-	-
Fertilizer / Chemicals	8	13	11
Power Generation & Distribution	8	-	-
Automobile & Parts	-	6	7
Pharma and Bio Tech	-	6	20
Electricity	-	10	2
Others	23	16	18

**Note:**

\* The Launch date of the Fund is May 29, 2014

**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.

PGF	Meetings	Resolutions	For	Against	Abstain*
Number	3	8	8	-	-
(%ages)		100%	100%	-	-

AMC did not participate in following shareholders' meetings

Investee Companies	Meeting Date	Meeting Type
Meezan Bank Ltd	29-Sep-15	EOGM
Pakistan Petroleum Ltd	30-Sep-15	AGM
Pakistan Oilfields Ltd	18-Sep-15	AGM
Attock Petroleum Ltd	18-Sep-15	AGM
Cherat Cement Ltd	16-Oct-15	AGM
Kot Addu Power Company Ltd	22-Oct-15	AGM
Pakistan State Oil Company Ltd	14-Oct-15	AGM
National Foods Ltd	21-Oct-15	AGM
Maple Leaf Cement Factory Ltd	31-Oct-15	AGM
Lucky Cement Ltd	31-Oct-15	AGM
Pioneer Cement Ltd	29-Oct-15	AGM
Meezan Bank Limited	17-Nov-15	EOGM
Nishat Mills Limited	30-Nov-15	AGM
GlaxoSmithKline Pakistan Ltd.	30-Nov-15	EOGM
Hub Power Company Ltd	14-Jan-16	EOGM
Cherat Cement Company Ltd	21-Mar-16	EOGM
Fauji Fertilizer Company Ltd	17-Mar-16	AGM
Engro Fertilizers Ltd	28-Mar-16	AGM& EOGM
Meezan Bank Ltd	29-Mar-16	AGM
Engro Corporation Ltd	15-Apr-16	AGM
Abbot Laboratories (Pakistan) Ltd	21-Apr-16	AGM
Lotte Chemical Pakistan Ltd	21-Apr-16	AGM
Avanceon Ltd	21-Apr-16	AGM
Fatima Fertilizer Company Ltd	27-Apr-16	AGM
GlaxoSmithKline Pakistan Ltd	27-Apr-16	AGM
Systems Ltd	27-Apr-16	AGM
Pak Elektron Ltd	28-Apr-16	AGM
Pak Suzuki Motor Co. Ltd	28-Apr-16	AGM
Hascol Petroleum Ltd	28-Apr-16	AGM
Pakistan Telecommunication Co Ltd	28-Apr-16	AGM

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



## REPORT OF THE SHARIA ADVISOR

Aug 15, 2016.

The purpose of this report is to provide an opinion on the Shariah Compliance of the Fund's investment and operational activities with respect to Shariah guidelines provided.

It is the core responsibility of the Management Company to operate the Fund and invest the amount of money in such a manner which is in compliance with the Shariah principles as laid out in the Shariah guidelines. In the capacity of the Shariah Advisor, our responsibility lies in providing Shariah guidelines and ensuring compliance with the same by review of activities of the fund. We express our opinion based on the review of the information, provided by the management company, to an extent where compliance with the Shariah guidelines can be objectively verified.

Our review of Fund's activities is limited to enquiries of the personnel of Management Company and various documents prepared and provided by the management company.

Keeping in view the above; we certify that:

We have reviewed all the investment and operational activities of the fund including all transaction and found them to comply with the Shariah guidelines. On the basis of information provided by the management company, all operations of the fund for the year ended June 30, 2016 comply with the provided Shariah guidelines. Therefore, it is resolved that investments in PICIC- Islamic Stock Fund (PICIC-ISF) are halal and in accordance with Shariah principles.

May Allah (SWT) bless us and forgive our mistakes and accept our sincere efforts in accomplishment of cherished tasks and keep us away from sinful acts.

Mufti Irshad Ahmad Aijaz  
Shariah Advisor

Faraz Younus Bandukda  
Chief Executive

## INDEPENDENT ASSURANCE REPORT ON SHARIAH COMPLIANCE TO THE UNIT HOLDERS

We have performed our independent assurance engagement of PICIC ISLAMIC STOCK FUND "the Fund" to assess the Fund's compliance with the Shariah Guidelines prescribed by the Shariah Advisor of the Fund for the year ended June 30, 2016.

### **Management Company's responsibility**

Management Company of the Fund is responsible for the appointment of Shariah Advisor of the Fund and for compliance with the Shariah Guidelines prescribed by the Shariah Advisor. This responsibility includes: designing, implementing and maintaining internal control to ensure compliance with the Shariah Guidelines issued by the Shariah Advisor of the Fund.

### **Responsibility of independent assurance providers**

Our responsibility is to express our conclusion on the compliance based on our independent assurance engagement, performed in accordance with the International Standards on Assurance Engagements (ISAE 3000) 'Assurance Engagement other than Audits or Review of Historical Financial Information'. This standard requires that we comply with ethical requirements and plan and perform the engagement to obtain reasonable assurance whether the Fund has complied with the guidelines issued by the Shariah Advisor.

The procedures selected depend on our judgement, including the assessment of the risks of material non-compliances with the Shariah guidelines. In making those risk assessments, we have considered internal controls relevant to the entity's compliance with the guidelines in order to design our procedures that are appropriate in the circumstances, for gathering sufficient appropriate evidence to determine that the Fund was not materially non-compliant with the guidelines. Our engagement was not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

### **Conclusion**

In our opinion, the Fund was in all material respects, in compliance with the Shariah Guidelines issued by the Shariah Advisor of the Fund for the year ended June 30, 2016.

**KARACHI**

**DATED:**

**CHARTERED ACCOUNTANTS**  
**Engagement Partner: Zulfikar Ali Causer**

## 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 Islamic Stock 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. Tawfiq H. Chinoy (Chairman) Ms. Sima Kamil Mr. 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 NBFII 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 ISLAMIC STOCK 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 ISLAMIC STOCK 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 Islamic 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 12, 2016

## INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS

We have audited the accompanying financial statements of PICIC Islamic Stock 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.

**KARACHI**

**DATED : August 26, 2016**

**CHARTERED ACCOUNTANTS**

Engagement Partner: Zulfikar Ali Causer

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

	Note	2016 ----- Rupees in '000 -----	2015
<b>ASSETS</b>			
Bank balances	5	111,376	14,152
Investments	6	263,994	220,240
Dividends and other receivable	7	549	548
Receivable from equity settlement		-	12,117
Deposits and prepayments	8	2,632	2,600
Preliminary and floatation costs	9	589	792
<b>TOTAL ASSETS</b>		<b>379,140</b>	<b>250,449</b>
<b>LIABILITIES</b>			
Payable to the Management Company	10	746	911
Payable to the Trustee	11	72	60
Annual fee Payable to the Securities and Exchange Commission of Pakistan	12	377	189
Payable against equity settlement		13,060	
Dividend payable		1,630	15,135
Payable against redemption of units		3,536	
Accrued expenses and other liabilities	13	10,794	5,025
<b>TOTAL LIABILITIES</b>		<b>30,216</b>	<b>21,320</b>
<b>NET ASSETS</b>		<b>348,924</b>	<b>229,129</b>
<b>UNIT HOLDERS' FUND (as per statement of movement in Unit holders' Fund)</b>		<b>348,924</b>	<b>229,129</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	14	<b>(Number of units)</b>	
<b>Number of units in issue</b>	15	<b>3,277,092</b>	<b>1,967,249</b>
		<b>(Rupees)</b>	
<b>Net assets value per unit</b>		<b>106.4738</b>	<b>116.4714</b>

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

For PICIC Asset Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director



# PICIC ISLAMIC STOCK FUND

## Income Statement

For the year ended June 30, 2016

	2016	2015
Note	----- Rupees in '000 -----	
<b>Income</b>		
Capital gain on sale of investments - net	28,766	12,377
Dividend income	16,253	5,910
Profit on bank deposits	3,895	1,985
Unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	6.1	27,326
	<u>51,876</u>	<u>47,598</u>
<b>EXPENSES</b>		
Remuneration of the Management Company	10.1	11,526
Sindh Sales Tax on remuneration of the Management Company		1,614
Federal Excise Duty on the Management Fee	13.2	2,102
Remuneration to the Trustee	11.1	929
Annual fee to Securities and Exchange Commission of Pakistan	12.1	377
Amortisation of preliminary and floatation costs	9.1	203
Auditors' remuneration		195
Securities transaction, settlement and bank charges		2,153
Fee and subscription		189
Printing charges		359
Fund operations, accounting and related costs	13.3	220
Shariah advisory services		78
		<u>19,945</u>
		<u>10,183</u>
Net income from operating activities		31,931
Element of (loss) / income and capital gain included in prices of units issued less those in units redeemed		(2,769)
Workers' Welfare Fund	13.1	-
		(977)
Net income for the year before taxation		29,162
Taxation	16	-
Net income for the year after taxation		<u>29,162</u>
Other comprehensive income for the year		<u>47,857</u>
Total comprehensive income for the year		<u>29,162</u>
		<u>47,857</u>
Earnings per unit	4.11	

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

For PICIC Asset Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

## PICIC ISLAMIC STOCK FUND

### Distribution Statement

For the year ended June 30, 2016

	2016	2015
	----- Rupees in '000 -----	
<b>Undistributed income brought forward</b>		
- Realised income / (loss)	5,078	(815.00)
- Unrealised income	27,326	1,964.00
	<u>32,404</u>	<u>1,149</u>
Net income for the year after taxation	29,162	47,857
Net element of income and capital gains included in prices of units issued less those in units redeemed - amount transferred to the Distribution Statement	21,575	587
Final distribution during the year ended June 30, 2016 <del>Applied to units</del> Rs. 3.00 approved on June 24, 2016 (2015: Rs 9.00 per unit approved on June 23, 2015)	(8,078)	(17,189)
Issue Bonus units Rs. 20.00 approved on June 24, 2016 (2015: nil)	(53,848)	-
Undistributed income carried forward	<u>21,215</u>	<u>32,404</u>
<b>Undistributed income carried forward</b>		
- Realised income	18,253	5,078
- Unrealised income	2,962	27,326
	<u>21,215</u>	<u>32,404</u>

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

For PICIC Asset Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

**PICIC ISLAMIC STOCK FUND**  
**Statement of Movement In Unit Holders' Fund**  
*For the year ended June 30, 2016*

	2016	2015
	----- Rupees in '000 -----	
Net assets at beginning of the year	229,129	131,280
Issuance of 3,632,909 (2015 : 2,628,772) units	381,834	310,639
Redemption of 2,323,066 (2015 : 1,962,834) units	(285,891)	(232,039)
	95,943	78,600
Issue of 500,571 Bonus Units (2015 : nil )	53,847	-
Final distribution for the year ended June 30, 2016 at Rs. 3 per unit declared on June 23, 2016 (2015: Rs. 9 per unit)		
Cash distribution @ Rs. 3	(8,078)	(17,189)
Issue Bonus units @ Rs. 20	(53,847)	-
Element of income and capital gain included in prices of units issued less those in units redeemed - net	2,768	(11,419)
Total comprehensive income for the year	29,162	47,857
Net assets at the end of the year	348,924	229,129
	<b>(Rupees)</b>	
<b>Net asset value per unit at the beginning of the year</b>	116.4714	100.8827
<b>Net asset value per unit at the end of the year</b>	106.4738	116.4714

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

For PICIC Asset Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

## PICIC ISLAMIC STOCK FUND

### Cash Flow Statement

For the year ended June 30, 2016

	2016	2015
	----- Rupees in '000 -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year	29,162	47,857
<b>Adjustments for non-cash charges and other items:</b>		
Capital (gain) / loss on sale of investments - net	(28,766)	(12,377)
Unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	(2,962)	(27,326)
Amortisation of preliminary and floatation costs	203	203
Element of income and capital gains included in prices of units issued less those in units redeemed - net	2,769	(11,419)
	406	(3,062)
<b>Increase in assets</b>		
Investments - net	(12,026)	(49,710)
Dividends and other receivable	(1)	(386)
Deposits and prepayments	(32)	(12,117)
Receivable from equity settlement	12,117	-
	58	(62,213)
<b>Increase in liabilities</b>		
Payable to the Management Company	(165)	(3,213)
Payable to the Trustee	12	2
Annual fee Payable to the Securities and Exchange Commission of Pakistan	188	177
Payable against equity settlement	13,060	15,135
Accrued expenses and other liabilities	5,769	3,037
	18,864	15,138
Net cash used in operating activities	19,328	(50,137)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash received from issuance of units	381,834	310,639
Cash paid on redemption of units	(282,355)	(232,039)
Cash dividend paid	(21,583)	(17,189)
Net cash generated from financing activities	77,896	61,411
Net increase in cash and cash equivalents	97,224	11,274
Cash and cash equivalents at the beginning of the year	14,152	2,878
Cash and cash equivalents at the end of the year	111,376	14,152

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

For PICIC Asset Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

# PICIC ISLAMIC STOCK FUND

## Notes To The Financial Statements

For the year ended June 30, 2016

### 1. LEGAL STATUS AND NATURE OF BUSINESS

The PICIC Islamic Stock Fund ("the Fund") was established 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. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter no. SCD/AMCW/PISF/965/2014 dated April 23, 2014 and the Trust Deed was executed on February 20, 2014.

The Fund has been categorised as a Shariah Compliant equity scheme as per the criteria laid down by the SECP for categorisation of Open-End Collective Investment Schemes (CISs) and was listed on the Islamabad Stock Exchange which merged into Pakistan Stock Exchange Limited with effect from January 11, 2016. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed 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 located 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 Habib Bank Limited.

The objective of PICIC Islamic Stock Fund is to provide the maximum total return to the unit holders from investment in "Shariah Compliant" equity investments for the given level of risk. Title to the assets of the Fund is held in the name of Central Depository Company Limited as trustee of the Fund.

JCR-VIS credit rating company has assigned and 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 (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, requirements of Trust Deed, requirements of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

In case, the requirements differ, the provisions and directive of Companies Ordinance, 1984, the requirements of Trust deed, Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, and Non-Banking Finance Companies and Notified Entities Regulations, 2008 shall 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.

#### 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:

**PICIC ISLAMIC STOCK FUND**  
**Notes To The Financial Statements**  
*For the year ended June 30, 2016*

**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 4.12 and note 16 to these financial statements.

**Workers' Welfare Fund**

For details please refer note 13.1 to these financial statements.

**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 Fund has adopted the following accounting standards and interpretations which became effective during the year:

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:

		<b>Effective date annual periods beginning on or after)</b>
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

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		<b>Effective date annual periods beginning on or after)</b>
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.

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.

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**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been applied consistently to all the years presented 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 bank balances in savings accounts and other deposits with banks having original maturities of three months or less.

**4.2 Investments**

**4.2.1 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) Financial assets at fair value through profit or loss - Held for trading**

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

**b) Loans and receivables**

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

**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.

**4.2.2 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.

**4.2.3 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.

**4.2.4 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:
- 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.
- Net gains and losses arising on 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 from changes in fair value of 'available for sale' financial assets are recognised as 'other comprehensive income' in the Statement Of Comprehensive Income until these are derecognised or impaired. At this time, the cumulative gain or loss previously recognised as 'other comprehensive income' is transferred to income before taxation as capital gain/(loss).



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**b) Loans and receivables**

- Subsequent to initial recognition financial assets classified as 'loans and receivables' are carried at amortised cost using the effective interest method.
- Gains or losses are recognised in the Income Statement through the amortisation process or when financial assets carried at amortised cost are derecognised or impaired.

**4.3 Security deposits**

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.

**4.4 Preliminary and floatation costs**

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

**4.5 Accrued expenses and other liabilities**

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.

**4.6 Unit holders' fund**

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

**4.7 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 asset of the Fund by the number of units in issue at the period end.

**4.8 Issue and redemption of units**

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that day. The offer price represents the net assets 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 assets 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.

**4.9 Revenue recognition**

- Income from government securities is recognised on an accrual basis.
- Realised capital gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Dividend income from equity securities is recognised when the right to receive dividend is established.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are included in the income statement in the period in which they arise.
- Profit on bank deposits is recognised on an accrual basis.
- Element of income / (loss) and capital gain / (losses) included in prices of units issued less those in units redeemed is included in the income statement on the date of issue and redemption of units.

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**4.10 Element of income / (loss) and capital gains / (losses) included in the 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 opening unappropriated income / (losses) held in the Unit Holder's 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 Earnings per unit**

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

**4.12 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 period.

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 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 / period as reduced by capital gains, whether realised or unrealised, to its unit holders every year.

**4.13 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.

**4.14 Offsetting of financial assets and financial liabilities**

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

**4.15 Impairment loss**

The Fund assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available for sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the Income Statement is reclassified from other comprehensive income to income before taxation.

For financial assets classified as 'loans and receivables', a provision for impairment is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The amount of the provision is determined based on the provisioning criteria specified by SECP.

**4.16 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.

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**4.17 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.

**4.18 Foreign currency translation**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Foreign currency 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>	<b>2015</b>
		<b>Rupees in '000'</b>	
<b>5 BANK BALANCES</b>			
Current accounts		2,270	470
PLS savings accounts	5.1	<u>109,106</u>	<u>13,682</u>
		<u>111,376</u>	<u>14,152</u>

5.1 These accounts carry mark-up at rates ranging between 1.00% and 6.25% per annum.

**6 INVESTMENTS**

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

Listed equity securities	6.1	<u>263,994</u>	<u>220,240</u>
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**Listed equity securities**

Unless otherwise stated, the par value of ordinary shares are Rs. 10/- each

Name of Investee Company	----- Number of shares -----				Balance as at June 30, 2016				Percentage in relation to		
	As at July 01, 2015	Purchases during the period	Bonus / rights issue	Sales during the period	As at June 30, 2016	Carrying value	Market value	Appreciation/ (diminution)	Net assets of the Fund	Invested paid up capital	Total investments
<b>Textile Composite</b>											
Nishat Mills Limited	-	145,200	-	135,200	10,000	1,228	1,079	(149)	0.31%	0.00%	0.41%
<b>Cement</b>											
Cherat Cement Company Limited	245,000	72,500	-	218,000	99,500	8,673	11,897	3,224	3.41%	0.06%	4.51%
D G Khan Cement Company Limited	-	185,900	-	185,900	-	-	-	-	-	-	-
Fauji Cement Company Limited	-	641,000	-	516,000	125,000	5,261	4,475	(786)	1.28%	0.01%	1.70%
Lucky Cement Limited	44,500	69,500	-	92,000	22,000	11,619	14,267	2,648	4.09%	0.00%	5.40%
Maple Leaf Cement Factory Limited	38,000	352,000	-	390,000	-	-	-	-	0.00%	0.00%	0.00%
Pioneer Cement Limited	170,000	232,000	-	274,500	127,500	12,228	13,694	1,466	3.92%	0.08%	5.19%
	<b>497,500</b>	<b>1,552,900</b>	-	<b>1,676,400</b>	<b>374,000</b>	<b>37,781</b>	<b>44,333</b>	<b>6,552</b>	<b>12.71%</b>		<b>16.79%</b>
<b>Power Generation &amp; Distribution</b>											
Hub Power Company Limited	-	140,500	-	140,500	-	4,258	4,659	401	1.34%	0.03%	1.76%
K-Electric Limited (Par value Rs 3.50 per share)	280,000	2,373,000	-	1,795,000	578,000	25,887	26,775	888	7.67%	0.03%	10.14%
Kot Addu Power Company Limited	-	64,000	-	44,000	300,000	25,887	26,775	888	7.67%	0.03%	10.14%
	<b>280,000</b>	<b>2,577,500</b>	-	<b>1,979,500</b>	<b>878,000</b>	<b>30,145</b>	<b>31,434</b>	<b>1,289</b>	<b>9.01%</b>		<b>11.91%</b>
<b>Engineering</b>											
Amrell Steels Limited	-	400,000	-	75,500	324,500	16,590	15,258	(1,332)	4.37%	0.11%	5.78%
Crescent Steel & Allied Products Ltd	-	52,500	-	35,000	17,500	1,992	2,006	14	0.57%	0.02%	0.76%
Mughal Iran & Steel Inds Ltd	-	243,500	-	15,000	228,500	16,286	15,353	(933)	4.40%	0.18%	5.82%
	-	<b>696,000</b>	-	<b>125,500</b>	<b>570,500</b>	<b>34,868</b>	<b>32,617</b>	<b>(2,251)</b>	<b>9.35%</b>		<b>12.36%</b>
<b>Automobile Assembler</b>											
Honda Atlas Cars (Pakistan) Limited	-	58,000	-	58,000	-	9,099	7,949	(1,150)	2.28%	0.03%	3.01%
Pak Suzuki Motor Company Limited	30,000	29,000	-	38,200	20,800	9,099	7,949	(1,150)	2.28%	0.03%	3.01%
	<b>30,000</b>	<b>87,000</b>	-	<b>96,200</b>	<b>20,800</b>	<b>9,099</b>	<b>7,949</b>	<b>(1,150)</b>	<b>2.28%</b>		<b>3.01%</b>
<b>Cable &amp; Electrical Goods</b>											
Pak Elektron Limited	-	457,500	-	309,000	148,500	9,106	9,601	495	2.75%	0.03%	3.64%
<b>Pharma and Bio Tech</b>											
Abbott Laboratories (Pakistan) Limited	16,000	-	-	3,000	13,000	8,675	9,802	1,127	2.81%	0.01%	3.71%
GlaxoSmithKline Pakistan Limited	27,100	25,000	-	5,100	47,000	8,815	9,734	919	2.79%	0.01%	3.69%
GlaxoSmithKline Pakistan Limited Consumer Healthcare Pakistan Ltd	-	14,100	-	-	14,100	874	874	-	0.25%	0.01%	0.33%
The Searle Company Ltd	-	11,000	-	4,000	7,000	3,643	3,753	110	1.08%	0.01%	1.42%
	<b>43,100</b>	<b>50,100</b>	-	<b>12,100</b>	<b>81,100</b>	<b>22,007</b>	<b>24,163</b>	<b>2,156</b>	<b>6.92%</b>		<b>9.15%</b>
<b>Oil and Gas Exploration Companies</b>											
Mari Petroleum Company Limited	120	-	-	-	120	56	109	53	0.03%	-	0.04%
Oil & Gas Development Company Limited	25,000	122,100	-	117,000	30,100	4,355	4,156	(199)	1.19%	-	1.57%
Pakistan Oilfields Limited	23,000	100,500	-	110,500	13,000	4,452	4,517	65	1.29%	0.01%	1.71%
Pakistan Petroleum Limited	10,100	120,000	-	128,600	1,500	194	233	39	0.07%	0.00%	0.09%
	<b>58,220</b>	<b>342,600</b>	-	<b>356,100</b>	<b>44,720</b>	<b>9,057</b>	<b>9,015</b>	<b>(42)</b>	<b>2.58%</b>		<b>3.41%</b>

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Unless otherwise stated, the par value of ordinary shares are Rs. 10/- each

Name of Investee Company	----- Number of shares -----						Balance as at June 30, 2016			Percentage in relation to	
	As at July 01, 2015	Purchases during the period	Bonus / rights issue	Sales during the period	As at June 30, 2016	Carrying value	Market value	Appreciation/ (diminution)	Net assets of the Fund	Invested e paid up capital	Total investments
<b>Oil and Gas Marketing Companies</b>											
Attock Petroleum Limited	5,000	41,050	-	-	46,050	24,208	20,149	(4,059)	5.77%	0.06%	7.63%
Hasco Petroleum Limited	7,500	150,000	-	157,500	-	-	-	-	0.00%	0.00%	-
Pakistan State Oil Company Limited	25,000	65,000	-	36,000	54,000	19,302	20,274	972	5.81%	0.02%	7.68%
	<b>37,500</b>	<b>256,050</b>	-	<b>193,500</b>	<b>100,050</b>	<b>43,510</b>	<b>40,423</b>	<b>(3,087)</b>	<b>11.59%</b>		<b>15.31%</b>
<b>Bank</b>											
Meezan Bank Limited	125,000	46,000	-	-	171,000	7,302	7,267	(35)	2.08%	0.02%	2.75%
<b>Fertilizer</b>											
Engro Corporation Limited	82,000	93,000	-	144,500	30,500	9,646	10,155	509	2.91%	0.01%	3.85%
Engro Fertilizers Limited	25,000	261,500	-	72,500	214,000	18,547	13,798	(4,749)	3.95%	0.02%	5.23%
Fatima Fertilizer Company Limited	100,000	-	-	75,000	25,000	976	849	(127)	0.24%	0.00%	0.32%
Fauji Fertilizers Bin Qasim Limited	15,000	35,000	-	50,000	-	-	-	-	0.00%	0.00%	-
Fauji Fertilizers Company Limited	-	94,000	-	50,000	44,000	5,449	5,048	(401)	1.45%	0.01%	1.91%
	<b>222,000</b>	<b>483,500</b>	-	<b>392,000</b>	<b>313,500</b>	<b>34,618</b>	<b>29,850</b>	<b>(4,768)</b>	<b>8.55%</b>		<b>11.31%</b>
<b>Chemicals</b>											
Lotte Chemical Pakistan Limited	150,000	-	-	-	150,000	1,038	902	(136)	0.26%	0.01%	0.34%
<b>Automobiles Parts &amp; Accessories</b>											
Exide Pakistan Limited	1,940	-	-	1,940	-	-	-	-	-	-	-
<b>Technology &amp; Communication</b>											
Avanceon Limited	-	500	-	500	-	-	-	-	-	-	-
Pakistan Telecommunication Company Limited	280,000	475,000	-	755,000	-	-	-	-	-	-	-
System Limited	627,000	68,500	-	255,500	440,000	21,273	25,361	4,088	7.27%	0.40%	9.61%
	<b>907,000</b>	<b>544,000</b>	-	<b>1,011,000</b>	<b>440,000</b>	<b>21,273</b>	<b>25,361</b>	<b>4,088</b>	<b>7.27%</b>		<b>9.61%</b>
<b>Food Producers</b>											
Engro Foods Limited	-	82,400	-	82,400	-	-	-	-	-	-	-
National Foods Limited (Par value Rs 5 per)	6,300	-	-	6,300	-	-	-	-	-	-	-
	<b>6,300</b>	<b>82,400</b>	-	<b>88,700</b>	-	-	-	-	-	-	-
<b>June 30, 2016 Total:</b>	<b>2,358,560</b>	<b>7,320,750</b>	-	<b>6,377,140</b>	<b>3,056,170</b>	<b>261,032</b>	<b>263,994</b>	<b>2,962</b>	<b>75.66%</b>		<b>100.00%</b>
<b>June 30, 2015 Total:</b>	<b>1,756,800</b>	<b>2,777,300</b>	<b>244,400</b>	<b>2,419,940</b>	<b>2,358,560</b>	<b>192,914</b>	<b>220,240</b>	<b>27,326</b>			

6.1.1 The above investments include shares with market value aggregating to Rs. 24.50 million (June 30, 2015: Rs. 24.06 million) which have been pledged with the National Clearing Company of Pakistan (NCCPL) as collateral for guaranteeing settlement of the Fund's trades in accordance with Circular no. 11 dated October 23, 2007 issued by the SECP.

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	Note	2016 ----- Rupees in '000' -----	2015
<b>7 DIVIDENDS AND OTHER RECEIVABLE</b>			
Unsecured - considered good			
Dividend receivable		311	372
Profit receivable		238	176
		<u>549</u>	<u>548</u>
<b>8 DEPOSITS &amp; PREPAYMENTS</b>			
National Clearing Company of Pakistan Limited		2,500	2,500
Central Depository Company of Pakistan Limited		100	100
Advance tax on Dividend		32	-
		<u>2,632</u>	<u>2,600</u>
<b>9 PRELIMINARY AND FLOATATION COSTS</b>			
Unamortised cost	9.1	792	995
Amortized to the income statement during the year		(203)	(203)
Closing balance		<u>589</u>	<u>792</u>

9.1 This represents expenditure incurred prior to the commencement of operations of the Fund and are being amortised over a period of five years commencing from May 29, 2014 (post IPO) as per the requirements set out in the Trust Deed.

**10 PAYABLE TO MANAGEMENT COMPANY**

Remuneration to Management Company	10.1	716	773
Formation costs and other payable		-	-
Sales load payable to Management Company		30	138
		<u>746</u>	<u>911</u>

10.1 In line with amendments introduced in Regulation 61 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008 the Management Company as reduced its remuneration at 2% of the average annual net assets of the Fund effective from May 25, 2016. Up till May 24, 2016 the Management Company were charging its Remuneration at 3% per annum. 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.

**11 PAYABLE TO THE TRUSTEE**

Remuneration to the Trustee	11.1	72	59
CDC settlement charges		-	1
		<u>72</u>	<u>60</u>

11.1 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 are as follows:

**Amount of funds under management  
[Average Net Assets Value (NAV)]**

Upto Rs 1,000 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

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	Note	2016 ----- Rupees in '000' -----	2015
<b>12 ANNUAL FEE PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF</b>			
Annual fee	12.1	<u>377</u>	<u>189</u>
<b>12.1</b> Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 a collective investment scheme categorised as an income 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.			
<b>13 ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Provision for Workers' Welfare Fund	13.1	1,000	1,000
Provision for Federal excise duty on Management fee	13.2	3,268	1,166
Donation payable		2,068	459
Brokerage charges		386	55
Withholding tax		3,716	2,109
Auditors' remuneration		115	110
Redemption payable		-	-
Funds operation, accounting and related cost payable	13.3	31	-
Printing charges		175	125
Others		<u>35</u>	<u>1</u>
		<u>10,794</u>	<u>5,025</u>

**13.1 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", "SHC"), challenging the applicability of WWF to the CISs, which is pending adjudication.

During the year ended June 30, 2011, 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. 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 500,000 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.

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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 made till June 30, 2015 amounting to Rs. 1.00 million in this condensed financial information. Had the same not been made the net asset value of the Fund as at June 30, 2016 would have been higher by Re. 0.3051 per unit.

**13.2 PROVISION FOR FEDERAL EXCISE DUTY AND ADDITIONAL SALES TAX ON MANAGEMENT FEE**

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 4 September 2013, a Constitutional Petition has been filed in Honorable Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED. In this respect, the Honorable SHC has issued a stay order against recovery proceedings. The hearing of the petition is pending.

As a matter of abundant caution, the Management Company has made a provision with effect from June 13, 2013, aggregating to Rs. 3.268 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 assets value of the Fund as at March 31, 2016 would have been higher by Rs. 0.9972 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.

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

During the year Securities and Exchange Commission of Pakistan notified amendments in the Non-Banking Finance Companies and Notified Entities Regulation, 2007 date 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.

**14 CONTINGENCIES AND COMMITMENTS**

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

	2016	2015
	(Number of units)	
<b>15 NUMBER OF UNITS IN ISSUE</b>		
Total units in issue at the beginning of the year	1,967,249	1,301,311
Sales during the year	3,132,338	2,628,772
Redemption during the year	(2,323,066)	(1,962,834)
Bonus during the year	500,571	-
Total units in issue at the end of the year	<u>3,277,092</u>	<u>1,967,249</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 Management Company has distributed more than 90 percent of the Fund's accounting income for the year as reduced by capital gains (whether realised or unrealised) to its unit holders.

**17 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.



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

Remuneration of 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 this condensed interim financial information, as at period end, are as follows:

	2016	2015
	----- Rupees in '000' -----	
<b>17.1 Balance as at June 30, 2016</b>		
<b>PICIC Asset Management Company Limited</b>		
2,108,446 (2015: 1,399,094) units	224,494	162,956
Management fee payable	716	773
Sales load payable	30	138
Dividend payable	-	11,018
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee Fee payable	72	59
CDS charges payable	-	1
<b>Directors and executives of the Management Company</b>		
10,569 (2015: 11,863) units	1,125	1,382
<b>Hamdard Laboratories (WAQF) Pakistan</b>		
<b>Connected Person due to holding more than 10% units</b>		
487,040 (2015: 82,722) units	51,857	9,635
<b>NIB Bank Limited*</b>		
Deposits in current accounts	2,271	471
<b>17.2 Transactions relating to units of the fund</b>		
<b>PICIC Asset Management Company Limited</b>		
Remuneration of the Management Company for the period	11,526	5,966
Sindh Sales tax on remuneration of the Management Company	1,614	895
Sale load	1,043	432
Issue of 856,508 (2015: 607,242) units	104,250	69,687
Bonus of 326,395 units (2015: nil units)	35,111	-
Cash Dividend	5,267	12,592
Redemption of 473,551 units (2015: 321,213 units)	56,756	37,592
Reimbursement of fund operations, accounting and related costs	112	-
<b>Directors and executives of the Management Company</b>		
Issue of 14,724 (2015: 24,844) units	1,738	2,754
Bonus of 1,636 (2015: nil) units	176	-
Cash Dividend	-	25
Redemption of 16,628 (2015: 34,699) units	2,033	2,110
<b>Hamdard Laboratories (WAQF) Pakistan</b>		
<b>Connected Person due to holding more than 10% units</b>		
Issue of 331,205 units (2015: 82,722 units)	41,087	10,000
Bonus of 73,113 (2015: nil) units	7,865	-
Cash Dividend	1,242	866
<b>Central Depository Company of Pakistan Limited</b>		
Trustee fee	929	373
CDS charges	-	30

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\*NIB Bank Limited ceased to be connected party effective from March 2, 2016. Transactions and balances from effective date are not reported in these financial statements.

**18 FINANCIAL INSTRUMENTS BY CATEGORY**

----- As at June 30, 2016 -----			
	Loans and receivables	At fair value through profit or loss	Total
----- Rupees in '000 -----			
<b>Assets</b>			
Bank balances	111,376	-	111,376
Investments	-	263,994	263,994
Dividends and other receivable	549	-	549
	<u>111,925</u>	<u>263,994</u>	<u>375,919</u>
----- As at June 30, 2016 -----			
	Liabilities 'at fair value through profit and loss'	Other financial liabilities	Total
<b>Liabilities</b>			
Payable to the Management Company	-	746	746
Payable to the Trustee	-	72	72
Dividend Payable	-	1,630	1,630
Accrued expenses and other liabilities	-	2,744	2,744
	<u>-</u>	<u>5,192</u>	<u>5,192</u>
----- As at June 30, 2015 -----			
	Loans and receivables	At fair value through profit or loss	Total
----- Rupees in '000 -----			
<b>Assets</b>			
Bank balances	14,152	-	14,152
Investments	-	220,240	220,240
Dividends and other receivable	548	-	548
Receivable from equity settlement	12,177	-	12,177
	<u>26,877</u>	<u>220,240</u>	<u>247,117</u>
----- As at June 30, 2015 -----			
	Liabilities 'at fair value through profit and loss'	Other financial liabilities	Total
<b>Liabilities</b>			
Payable to the Management Company	-	911	911
Payable to the Trustee	-	60	60
Dividend Payable	-	15,135	15,135
Accrued expenses and other liabilities	-	749	749
	<u>-</u>	<u>16,855</u>	<u>16,855</u>

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**19 FINANCIAL RISK MANAGEMENT**

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

The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

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

**19.1 Market risk**

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

The Management Company manages market risk by monitoring exposure in marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee of the Fund and the regulations laid down by the Securities and Exchange Commission of Pakistan.

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

**19.1.1 Currency risk**

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

**19.1.2 Yield / interest rate risk**

Yield / interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund is mainly exposed to interest rate risk on balance maintained with banks. The Investment Committee of the Fund reviews the portfolio of the Fund's financial instruments on a regular basis to ensure that the risk is managed within acceptable limits.

**a) Sensitivity analysis for variable rate instruments**

Presently, the Fund does not hold any variable rate instrument and is not exposed to cash flow interest rate risk.

**b) Sensitivity analysis for fixed rate instruments**

Fixed rate instruments comprise term deposit receipts. The Fund's income and net assets are substantially independent of changes in market interest rates.

As at June 30, 2016 the Fund does not hold financial instruments which are classified as 'financial assets at fair value through profit or loss', exposing the Fund to fair value interest rate risk.

The composition of the Fund's investment portfolio is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2016 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

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

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----- As at June 30, 2016-----						
Exposed to yield/interest risk						
Effective interest rate (%)	Upto three months	More than three months and upto one year	More than one year	Not exposed to yield/ interest risk	Total	
----- Rupees in '000' -----						
<b>On-balance sheet financial instruments</b>						
Financial assets						
Balances with banks	1.00 - 6.25	111,376	-	-	-	111,376
Investments		-	-	-	263,994	263,994
Dividends and other receivable		-	-	-	549	549
		<u>111,376</u>	<u>-</u>	<u>-</u>	<u>264,543</u>	<u>375,919</u>
<b>Financial liabilities</b>						
Payable to the Management Company		-	-	-	746	746
Payable to the Trustee		-	-	-	72	72
Dividend Payable		-	-	-	1,630	1,630
Payable from equity settlement		-	-	-	13,060	
Accrued expenses and other liabilities		-	-	-	2,744	2,744
		<u>-</u>	<u>-</u>	<u>-</u>	<u>18,252</u>	<u>5,193</u>
<b>On-balance sheet gap</b>		<u>111,376</u>	<u>-</u>	<u>-</u>	<u>246,291</u>	<u>357,667</u>
<b>Off-balance sheet financial instruments</b>						
<b>Off-balance sheet gap</b>						
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total interest rate sensitivity gap</b>		<u>111,376</u>	<u>-</u>	<u>-</u>	<u>246,291</u>	<u>357,667</u>
<b>Cumulative interest rate sensitivity gap</b>		<u>111,376</u>	<u>111,376</u>	<u>111,376</u>	<u>-</u>	<u>-</u>
----- As at June 30, 2015-----						
Exposed to yield/interest risk						
Effective interest rate (%)	Upto three months	More than three months and upto one year	More than one year	Not exposed to yield/ interest risk	Total	
----- Rupees in '000' -----						
<b>On-balance sheet financial instruments</b>						
Financial assets						
Balances with banks	1.00 - 4.95	14,152	-	-	-	14,152
Investments		-	-	-	220,240	220,240
Receivable from equity settlement		-	-	-	12,177	12,177
Dividends and other receivable		-	-	-	548	548
		<u>14,152</u>	<u>-</u>	<u>-</u>	<u>232,965</u>	<u>247,117</u>
<b>Financial liabilities</b>						
Payable to the Management Company		-	-	-	911	911
Payable to the Trustee		-	-	-	60	-
Dividend Payable		-	-	-	15,135	-
Accrued expenses and other liabilities		-	-	-	749	749
		<u>-</u>	<u>-</u>	<u>-</u>	<u>16,855</u>	<u>1,720</u>
<b>On-balance sheet gap</b>		<u>14,152</u>	<u>-</u>	<u>-</u>	<u>216,110</u>	<u>230,262</u>
<b>Off-balance sheet financial instruments</b>						
<b>Off-balance sheet gap</b>						
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total interest rate sensitivity gap</b>		<u>14,152</u>	<u>-</u>	<u>-</u>	<u>216,110</u>	<u>230,262</u>
<b>Cumulative interest rate sensitivity gap</b>		<u>14,152</u>	<u>14,152</u>	<u>14,152</u>	<u>-</u>	<u>-</u>

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**19.1.3 Price risk**

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

The Fund is exposed to equity price risk because of investments held by the Fund in listed equity securities classified on the Statement of Assets and Liabilities as 'financial assets at fair value through profit or loss'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within eligible stocks. The Fund's constitutive document / NBFC Regulations, 2008 also limit individual equity securities to no more than 15% of net assets of the Fund, or issued capital of the investee company and sector exposure limit to 40% of net assets.

In case of 5% increase / decrease in price of all shares held by Fund at the year end, net income for the period would increase / decrease by Rs 13.200 million and net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities at fair value through profit or loss.

**19.2 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, 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, the Fund has maintained deposit with reputed banks. 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. In addition, the risk is managed through assignment of credit limits and by following strict credit evaluation criteria laid down by the Management Company. The Fund does not expect to incur material credit losses on its financial assets.

Short term rating	2016	2015
Bank Balances		
A1	97.03%	96.5%
A-2	0.01%	0.1%
A-1+	-	0.1%
A1+	2.96%	3.3%

**Long term ratings**

Particulars	For the year ended June 30, 2016					Total
	Percentage					
<b>Rating category</b>	<b>A+</b>	<b>A</b>	<b>AAA</b>	<b>AA-</b>	<b>BBB+</b>	
Bank balances	96.69%	0.34%	0.92%	2.04%	0.01%	100%

The maximum exposure to credit risk before any credit enhancement as at June 30, 2016 is the carrying amount of the financial assets. None of these assets are 'impaired' nor 'past due but not impaired'.

**Concentration of credit risk**

The Fund mainly deals in equity securities which are primarily subject to price risk. The 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 other financial instruments comprise of bank balance which credit-worthy counterparty thereby mitigating any significant concentration of credit risk.

**19.3 Liquidity risk**

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

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

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The Fund has the ability to borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the total net asset value of the Fund at the time of borrowing and shall be repayable within 90 days. The facility would bear interest at commercial rates and would be secured against the assets of the Fund. However, during the current period no borrowings were made by the Fund.

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

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

-----As at June 30, 2016-----				
	Upto three months	Over three months and upto one year	Over one year	Total
-----Rupees in '000 -----				
<b>Financial liabilities</b>				
Payable to the Management Company	746	-	-	746
Payable to the Trustee	72	-	-	72
Dividend Payable	1,630	-	-	1,630
Accrued expenses and other liabilities	2,489	290	-	2,779
<b>Contractual cash outflows</b>	<b>4,938</b>	<b>290</b>	<b>-</b>	<b>5,228</b>

-----As at June 30, 2015-----				
	Upto three months	Over three months and upto one year	Over one year	Total
-----Rupees in '000 -----				
<b>Financial liabilities</b>				
Payable to the Management Company	911	-	-	911
Payable to the Trustee	60	-	-	60
Dividend Payable	15,135	-	-	15,135
Accrued expenses and other liabilities	515	235	-	750
<b>Contractual cash outflows</b>	<b>16,621</b>	<b>235</b>	<b>-</b>	<b>16,856</b>

**20 FAIR VALUE OF FINANCIAL INSTRUMENTS**

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

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

The 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 services, or regulatory agency, and those prices represented actual and regularly occurring market transactions on 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 significant 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);

**PICIC ISLAMIC STOCK FUND**  
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- 'inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (level 2); and

- 'inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

20.1 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

		June 30, 2016								
		Carrying amount			Fair Value					
	Fair value through profit and loss	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total		
<b>Note</b>		----- (Rupees in '000) -----								
<b>On-balance sheet financial instruments</b>										
<b>Financial assets measured at fair value</b>										
Investments										
	Listed equity securities	6	263,994	-	-	263,994	263,994	-	-	263,994
			263,994	-	-	263,994	263,994	-	-	263,994
<b>Financial assets not measured at fair value</b>										
	Bank balances	5	-	111,376	-	-	-	-	-	-
	Dividend and profit receivable	7	-	549	-	-	-	-	-	-
			-	111,925	-	-	-	-	-	-
<b>Financial liabilities not measured at fair value</b>										
	Payable to the Management Company	11	-	-	72	-	-	-	-	-
	Payable to the Trustee	13	-	-	2,779	-	-	-	-	-
	Accrued expenses and other liabilities		-	-	3,597	-	-	-	-	-

		June 30, 2015								
		Carrying amount			Fair Value					
	Fair value through profit and loss	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total		
<b>Note</b>		----- (Rupees in '000) -----								
<b>On-balance sheet financial instruments</b>										
<b>Financial assets measured at fair value</b>										
Investments										
	Listed equity securities	6	220,240	-	-	220,240	220,240	-	-	220,240
			220,240	-	-	220,240	220,240	-	-	220,240
<b>Financial assets not measured at fair value</b>										
	Bank balances	5	-	14,152	-	-	-	-	-	-
	Dividend and profit receivable	7	-	548	-	-	-	-	-	-
	Receivable from equity settlement		-	12,117	-	-	-	-	-	-
			-	26,817	-	-	-	-	-	-
<b>Financial liabilities not measured at fair value</b>										
	Payable to the Management Company	10	-	-	911	-	-	-	-	-
	Payable to the Trustee	11	-	-	60	-	-	-	-	-
	Accrued expenses and other liabilities	13	-	-	750	-	-	-	-	-
			-	-	1,721	-	-	-	-	-
<b>Valuation techniques</b>										

**PICIC ISLAMIC STOCK FUND**  
**Notes To The Financial Statements**  
*For the year ended June 30, 2016*

**Valuation techniques**

For level 1 investments at fair value through profit or loss - held for trading investment in respect of Quoted shares Fund uses rates derived from Quotation rates at reporting date per share multiplied by the number of shares held .

**Transfers during the period**

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.

**21 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 Rs.100 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 endeavors 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.

**22 SUPPLEMENTARY NON FINANCIAL INFORMATION**

**22.1 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:

Name	Designation	Qualification	Experience in years
Mr. Rehan N. Shaikh	Chief Executive Officer	Bachelor of Commerce	19+
Mr. Tauqir Shamshad	Head of Fixed Income	MBA	29+
Mr. Noman Ameer	Manager Risk	MBA	9+
Mr. Yasir Yousuf	Fund Manager	MBA	9+

\* Mr. Yasir Yousuf is the manager of the Fund. He is also the Fund Manager of PICIC Stock Fund.

**22.2 Details of pattern of unit holding**

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

Category	No. of unit holders	Number of units held	Investment amount	Percentage of total
Individuals	145	555,445	59,140	16.95%
Associated Companies and Directors	-	-	-	0.00%
Insurance Companies	-	-	-	0.00%
Banks and DFIs	-	-	-	0.00%
Retirement Funds	3	90,503	9,636	2.76%
Others	3	2,631,144	280,148	80.29%
	151	3,277,092	348,924	100.00%

Pattern of unit holding at June 30, 2015 is as follows:



**PICIC ISLAMIC STOCK FUND**  
**Notes To The Financial Statements**  
*For the year ended June 30, 2016*

Category	No. of unit holders	Number of units held	Investment amount	Percentage of total
	(Rupees in '000)			
Individuals	102	351,461	40,935	17.87%
Associated Companies and Directors	1	1,399,094	162,956	71.12%
Insurance Companies	-	-	-	0.00%
Banks and DFIs	-	-	-	0.00%
Retirement Funds	2	111,229	12,955	5.65%
Others		105,465	12,283	5.36%
	107	1,967,249	229,129	100.00%

**22.3 Top ten brokers / dealers by percentage of commission paid / payable**

Particulars	2016
	Percentage %
Taurus Securities Limited	10.23%
AL Falah Securities (Private) Limited	7.26%
Zillion Capital Securities (Private) Limited	7.21%
WE Financial Services Limited	6.26%
Al-Hoqani Securities and Investment Corp. (Private) Limited	5.78%
First Capital Equities Limited	5.55%
M.M. Securities (Private) Limited	5.37%
IGI Finex Securities Limited	5.25%
Next Capital Limited	5.15%
Aba Ali Habib Securities (Private) Limited	4.49%
	2015
	Percentage %
AKD Securities Limited	12.75%
Invest and Finance Securities Limited	10.61%
Global Securities Pakistan Limited	7.73%
Al-Hoqani Securities and Investment Corp. (Private) Limited	7.72%
KASB Securities Limited	7.48%
Taurus Securities Limited	7.43%
WE Financial Services Limited	7.41%
BMA Capital Management Limited	7.10%
First Capital Equities Limited	6.49%
Elixir Securities Pakistan (Private) Limited	4.80%

**PICIC ISLAMIC STOCK FUND**  
**Notes To The Financial Statements**  
*For the year ended June 30, 2016*

**22.4 Attendance at the meeting 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:

Name of Director	Number of meetings			Meetings not attended
	Held	Attended	Leave granted	
Mr. Atif R. Bokhari 1	4	3	1	83rd
Mr. Shahid Zaki 1	4	4	-	-
Mr. Imran Ahmad Mirza 1	4	3	1	83rd
Mr. Jaudat Hussain1	4	1	3	82nd, 83rd and 84th
Mr. Shah Miftah Ul Azim Azmi 1	4	4	-	-
Mr. Tufail Jawed Ahmed 1	4	4	-	-
Mr. Suleman Chhagla 1	4	4	-	-
Mr. Towfiq H. Chinoy 2 - 3	2	2	-	-
Ms. Sadia Khan 2 - 4	2	1	1	86th
Mr. Ayaz Ahmed 2 - 4	2	2	-	-
Ms. Sima Kamil 2 - 3	2	2	-	-
Mr. Rizwan Haider 2 - 3	2	2	-	-
Mr. Salahuddin Manzoor 2 - 3	2	2	-	-
Mr. Rehan N. Shaikh 2 - 3	2	2	-	-
Mr. Nadeem Abdullah 5	-	-	-	-
Ms. Ava Ardeshir Cowasjee 5	-	-	-	-

1 Directors resigned on March 2, 2016.

2 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.

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

4 Directors resigned on completion of their three year term on April 29, 2016.

5 Directors appointed through election of directors on April 29, 2016.

**23 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.

**24 GENERAL**

Figures have been rounded off to the nearest thousand Rupees.

For PICIC Asset Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

(021) 111-425-262 | [www.hblasaset.com](http://www.hblasaset.com)

**HBL Asset Management Limited**



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