

**HBL**

**ASSET MANAGEMENT**

**ايسيت مينجمنت**

PICIC Investment Fund

**Annual Report 2016**

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## SCHEME'S INFORMATION:

### Management Company\*

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

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

### Board of Directors of the Management Company

(As of August 26, 2016)

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

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

Mr. Imad Zahid Nagi

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

(As of August 26, 2016)

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

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

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

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

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

### Trustee

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

### Bankers

NIB Bank Limited

### Auditors

BDO Ebrahim & Co.  
Chartered Accountants

### Legal Adviser

Bawaney & Partners

### Registrar and Share Transfer Office

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

# VISION / MISSION / VALUES

## OUR VISION

Enabling people to advance with confidence and success.

## OUR MISSION

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

## OUR VALUES

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

- **Excellence**

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

- **Integrity**

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

- **Customer Focus**

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

- **Meritocracy**

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

- **Progressiveness**

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

## REPORT OF THE DIRECTORS' OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2016

The Board of Directors of PICIC Asset Management Company Limited, the Management Company of PICIC Investment Fund (PIF or Fund) is pleased to present the 12th Annual Report of the PICIC Investment Fund.

### 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.

### FINANCIAL RESULTS

The financial results of PICIC Investment Fund for the year under review are summarized as under:

	(Rupees in '000')
Un-appropriated (Loss) brought forward	(616,294)
Profit after taxation for the year	245,059
(Loss) available for appropriation	<u>(371,235)</u>
Appropriation:	
Final Dividend for the year ended June 30, 2015	-
@ Nil%	-
Accumulated loss carried forward	<u>(371,235)</u>
Earning per certificate (Rupees)	<u>0.86</u>

### 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.

#### **OPERATING RESULTS**

During the period under review total income stood at Rs. 391 million including unrealized gain of Rs. 113 million (2015: unrealized loss of Rs 239 million) as compared to a total income of Rs 95 million reported for the corresponding period.

Realized capital gain during the period stood at Rs 76 million as compared to Rs 138 million in the corresponding period. The dividend income during the period stood at Rs 185 million as compared to Rs 178 million in the corresponding period.

Total expenditure during the period stood at Rs 146 million as compared to Rs 176 million during the corresponding period.

Tax provision for the current year amounted to NIL due to tax exemption under Clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 and Regulation 63 of NBFC & NE Regulations, 2008.

The net profit for the period stood at Rs 245 million as compared to a net loss of Rs 81 million reported for the corresponding period. This translates into earning per certificate of Re 0.86 for the period as compared to loss of Re 0.28 in the corresponding period.

The net assets increased from Rs 5,043 million as on June 30, 2015 to Rs 5,251 million as on June 30, 2016 and accordingly the net asset value per certificate increased from Rs 17.75 per certificate as on June 30, 2015 to Rs 18.48 per certificate as on June 30, 2016.

#### **INCOME DISTRIBUTION**

The Board of Directors of PICIC Asset Management Company Limited (the Management Company) has declared a final cash dividend of 4.20% (i.e. Rs 0.42 per certificate) of PICIC Investment Fund for the year ended June 30, 2016 resulting in total cash payout of Rs. 119 million.

#### **COMPLIANCE WITH THE REGULATION 65 OF THE NON-BANKING FINANCE COMPANIES AND NOTIFIED ENTITIES REGULATIONS, 2008**

As per Regulation 65 of the NBFC & NE Regulations every close-end fund needs to hold a General Meeting of its certificate holders on or before January 31, 2013 to seek their approval to convert the Fund into an open-end scheme or to revoke the close-end fund except for close-end funds having frozen portfolio as a result of an agreement with the Privatization Commission of Pakistan, Government of Pakistan. PICIC Investment Fund being a close-end fund with frozen portfolio requires to comply with the requirements of the Regulation 65 of the NBFC & NE Regulation within three months from the date of removal of freezing of the portfolio. For details please refer to note no: 1.5 to the financial statements of the Fund.

#### **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 changes in equity.
- 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 operating and financial data of last seven years is summarized (Annexure-A).
- 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-B).
- 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 certificate-holding has been annexed. (Annexure-C).
- 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-D).

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 has served as auditors of PICIC Investment Fund for five consecutive years and hence they are non-eligible (as per 38 (i) of the NBFC Regulation, 2008) to offer themselves for re-appointment for the annual audit for the year ending June 30, 2016. 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 once again avail this opportunity to thank all our valued certificate holders and correspondents for their continuing patronage and support. We would also like to thank the Ministry of Finance, Securities & Exchange Commission of Pakistan, State Bank of Pakistan, Central Depository Company of Pakistan Limited (Trustee), National Clearing Company of Pakistan Limited and 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 certificate-holders for the trust and confidence reposed in us.

Karachi  
August 26, 2016

For and on behalf of the Board

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 انوسٹمنٹ فنڈ (PICIC-PIF or Fund) کے تحت پبلک ایسیٹ مینجمنٹ کمپنی لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے 12 ویں سال کی رپورٹ پیش خدمت ہے۔

### مینجمنٹ کمپنی کے انتظامی ڈھانچے میں تبدیلی

رواں سال میں HBL ایسٹ 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۔

### مالیاتی نتائج

سال رواں کے دوران پبلک انوسٹمنٹ فنڈ کے مالیاتی نتائج کا مختصر جائزہ پیش خدمت ہے۔

(Rupees in '000')

Un-appropriated (Loss) brought forward (616,294)

Profit after taxation for the year 245,059

(Loss) available for appropriation (371,235)

#### Appropriation:

Final Dividend for the year ended June 30, 2015

- @ Nil%

Accumulated loss carried forward (371,235)

Earning per certificate (Rupees) 0.86

## کاروباری مارکیٹ کا جائزہ

مالی سال 2016 کے دوران کاروباری مارکیٹ میں اونچ نیچ کا رجحان اس طرح دیکھنے میں آیا کہ 6 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 اختتام 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 FDI میں اضافہ اور macros بہتر ہوئے۔ مالی سال 2016 میں کراچی اسٹاک ایکسچینج کا شیئر انڈیکس (ADV) Average daily volumes (ADV) 207 mn تک رہا جو پچھلے سال کے مقابلے میں پانچ فی صد کم ہے، جبکہ AVD کے مطابق مالی سال 2015 میں 219 mn شیئرز کی تجارت ہوئی تھی۔

رواں مالی سال کے دوران مارکیٹ کی کارکردگی کو دو مرحلوں میں جانچا جاسکتا ہے۔ مالی سال 2016 میں مثبت کارپوریٹ نتائج کی وجہ سے انڈیکس 36471 کی سطح پر پہنچا۔ تاہم (1) غیر ملکی سرمائے 260mn امریکی 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 میں اضافہ دیکھا گیا۔ 3- سیاسی بحران 4- ایف آئی اے کے بروکرز پر چھاپے اور ڈائریکٹروں کی گرفتاریاں، امن و امان 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 چٹائی 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 فیصلے تھے جن کے لیے طویل انتظار کیا گیا جس کے مطابق جون 2016 میں پاکستان کی فرنیچر مارکیٹ سے emerging Market میں درجہ بندی ہوئی، جس کے نتیجے میں اسٹاک مارکیٹ 38777 پوائنٹس جبکہ مالی سال کے اختتام پر 37783 پوائنٹس (+9.84% Y/Y +3,384 points) تک بتدریج جا پہنچی تھی۔ اس مثبت تبدیلی میں مزید عوامل جو مددگار ثابت ہوئے وہ درج ذیل ہیں (1) ECCs کا صنعتی صارفین کے لیے پاکستانی روپے نی یونٹ کمی کا فیصلہ، (2) حکومت کا 3. bcf 2 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 عائد عالمی پابندیوں کے ہٹائے جانے کی روشنی میں اسٹیٹ بینک آف 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 فلو کے رہا۔ مالی سال 2015 میں مجموعی تجارت (خریداری) کے مقابلے میں مالی سال 2016 میں غیر ملکی تاجروں کے ذریعے کل تجارت 11 فی صد کی کے ساتھ 2457 بلین امریکی ڈالر رہی۔ صرف آخری چوتھائی (مالی سال 2016 کے آخری تین مہینے 4qFY16) میں 59.65 امریکی ڈالر کی سرمایہ کاری پاکستان کی ایکویٹی مارکیٹ میں کی گئی جس کی ایک بڑی وجہ EM انڈکس کی شمولیت کا متوقع اعلان تھا۔ پاکستان کی MSCI EM میں شمولیت کے علاوہ بیرونی اکاؤنٹس کا منظر نامہ تیل کی کم قیمتوں کی وجہ سے امید دلاتا ہے۔ IMF کی جانب سے امداد، اور قبائلی علاقوں میں آرمی 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 ایئر جگ مارکیٹ اور MSCI فرنیچر مارکیٹ کی شرح منافع 10.64 فی صد، 20 فی صد اور 24 فی صد سے بہتر رہی۔

PSX (کراچی اسٹاک ایکسچینج 100) انڈکس کی کارکردگی مستحکم رہنے کی وجوہات مندرجہ ذیل ہیں۔ جس کی وجہ: شعبہ دواسازی (دواؤں اور اس سے متعلقہ اشیاء کی قیمتوں میں اضافے کی وجہ سے کارکردگی 48.09 فی صد رہی) 2) سیمنٹ (CPEC کی وجہ سے مقامی طلب میں اضافہ اور مستحکم قیمتوں کے باعث کارکردگی کا تناسب 19.53 فی صد رہا) 3) بجلی کی پیداوار اور تقسیم (کول منسوبوں 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 (انٹرنی کے خسارے Inventory Losses) اور مقامی تیل کی قیمتوں میں کمی کے باعث کارکردگی 12.42 فی صد رہی) فریڈلائزرز (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۔

## مستقبل کا منظر نامہ

مالی سال 2016 کے اختتام پر PSX کا حجم بلند سطح پر رہا۔ کراچی اسٹاک ایکسچینج 100 انڈیکس 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- ڈسکاونٹ ریٹ کی بدولت نجلی 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 بہتری 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 لیکویڈائیٹی اسکریپٹ میں مختص کریں، جو یقینی طور پر وصولیابی اور ادائیگی دونوں طرح کی صورت حال میں لچک فراہم کرتی ہے۔ ہماری توجہ اس امر پر بھی مرکوز ہے کہ براہ راست سرمایہ کاری کے ذریعے رکے ہوئے اداروں کی بحالی، مصدقہ ٹریڈ ریکارڈ کے ساتھ پیشہ ورانہ مینجمنٹ، آمدنی میں مسلسل اضافہ اور ادائیگی کی استعداد کو مستحکم بنایا

جائے۔ اس کے علاوہ سیاسی حالات میں ممکنہ تبدیلی اور پاکستان کی کپیٹل مارکیٹ میں تبدیلی بھی ہمارے پیش نظر ہے۔ فنڈ میئنجمنٹ ٹیم کرنسی، ملک میں جنرل پرائس لیول، بیرونی اکاؤنٹ اور BoP پر فائل پر خاص توجہ دیتے ہوئے مائکرو اکنامکس کی علامات کی مانیٹرنگ جاری رکھے گی۔ پورٹ فولیو کی کارکردگی کو مسلسل جانچا جائے گا تاکہ فنڈ میں سرمایہ کاری کرنے والوں تک اس کے فوائد پہنچائے جاسکیں بلکہ تمام نئے مواقعوں سے بھی فائدہ اٹھایا جائے اور ہمارا یہ بھی مقصد ہے کہ مناسب کیش کواستعمال میں لا کر ایسے مواقعوں سے بھرپور فائدہ حاصل کیے جاسکیں۔

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

## آپریٹنگ کے نتائج

اس مدت کے دوران کل آمدنی 391 ملین روپے رہی جس میں unrealized منافع 113 ملین روپے شامل ہے (سال 2015 میں unrealized نقصان 239 ملین روپے تھا) جبکہ گزشتہ سال کل آمدنی 95 ملین روپے تھی۔

گزشتہ سال 138 ملین روپے کے مقابلے میں اس سال Realized capital gain 76 ملین روپے رہا۔ جبکہ ڈیویڈنڈ انکم اس گزشتہ سال 178 ملین روپے کے مقابلے میں 185 ملین روپے رہی۔

گزشتہ سال 176 ملین روپے کے مقابلے میں اخراجات 146 ملین روپے رہے۔

انکم ٹیکس آرڈیننس 2001 کے دوسرے شیڈول کے پہلے حصے کی شق 99 NBFC اینڈ NE ریگولیشنز 2008 کے ریگولیشن 63 کے تحت رواں سال کے لیے دی گئی چھوٹ کے باعث ٹیکس کی ادائیگی نہیں کی گئی۔

گزشتہ سال 81 ملین روپے کے خالص خسارے کے برعکس اس سال 30 جون 2016 تک خالص منافع 245 ملین روپے حاصل ہوا۔ یہ تبدیلی گزشتہ سال Re. 0.28 نقصان کے مقابلے میں Re: 0.86 فی سٹیفیکٹ آمدنی کے نتیجے میں آئی۔

30 جون 2015 کو 5043 ملین روپے کے مقابلے میں خالص ایسیٹس 30 جون 2016 کو بڑھ کر 5043 ہو گئے اور خالص ایسیٹس کی قدر کے مطابق 30 جون 2015 کو فی سٹریٹیکٹ کی ویلیو 17.75 پیسے سے بڑھ کر 30 جون 2016 کو 18.48 پیسے فی سٹریٹیکٹ ہو گئی۔

## آمدنی کی تقسیم (انکم ڈسٹری بیوشن)

پبلک ایسیٹس مینجمنٹ کمپنی لمیٹڈ (دی مینجمنٹ کمپنی) کے بورڈ آف ڈائریکٹرز نے 30 جون 2016 کو ختم ہونے والے سال کے لیے پبلک انوسٹمنٹ فنڈ کے 4.20 فی صد (0.42 روپے فی یونٹ) حتمی کیش منافع کا اعلان کیا ہے۔ جس کے نتیجے میں کل کیش پے آؤٹ 119 ملین روپے رہا۔

## نان بینکنگ فنانس کمپنیز ریگولیشن 65 اور نوٹیفائنڈ انٹی ریگولیشنز 2008 پر عمل درآمد

NBFC اور NE ریگولیشنز کی شق 65 کے مطابق ہر سال کے اختتام پر 31 جنوری 2013 سے پہلے سٹریٹیکٹ ہولڈرز کا اجلاس عام بلانا ضروری ہے۔ تاکہ فنڈ کی اوپن اینڈ اسکیم میں تبدیلی یا Close end fund کی منسوخی کے لیے ان کی منظوری لی جاسکے۔ سوائے ان فنڈز کے جن میں پرائیویٹائزیشن کمیشن آف پاکستان، حکومت پاکستان، PICIC انوسٹمنٹ فنڈ کے ساتھ ایک معاہدہ کیا گیا ہے جس کے مطابق ان فنڈز کے پورٹ فولیو منجمد ہیں۔ PICIC IF ایک Close-end fund ہونے کی حیثیت سے جس کا پورٹ فولیو منجمد ہے۔ NBFC اور NE ریگولیشنز کی شق 65 کے تقاضوں کی تکمیل کے لیے پورٹ فولیو کے منجمد ہونے کی تاریخ سے تین ماہ کے اندر تمام ضابطوں پر عمل درآمد کرنا ہوگا۔

مزید تفصیلات کے فنانس اسٹیٹمنٹ کا نوٹ نمبر 1.5 ملاحظہ کیا جاسکتا ہے۔

## مینجمنٹ کمپنی کوالٹی ریٹنگ

پبلک ایسیٹس مینجمنٹ کمپنی لمیٹڈ (دی مینجمنٹ کمپنی) نے JCR -VIS کی ریٹنگ پر مینجمنٹ کوالٹی 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 پابندی ہے کہ وہ لسٹڈ کمپنیوں کے لیے موجودہ **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 ہولڈرز فنڈ کے (statement of movement) کو شفاف انداز سے پیش کیا ہے۔
- ☆ فنڈ کے حسابات باقاعدہ رجسٹرڈ میں مرتب کیے گئے ہیں۔
- ☆ فنڈ 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 جاتا ہے۔
- ☆ مالیاتی گوشوارے کی تیاری میں متعلقہ انٹرنیشنل فنڈیشنل رپورٹنگ اسٹینڈرڈز جن کا اطلاق پاکستان میں ہوتا ہو، نان بینکنگ فنانس کمپنیز (اسٹیبلشمنٹ اینڈ ریگولیشنز) رولز 2003، نان بینکنگ فنانس کمپنیز اینڈ نوٹیفائیڈ ایٹھٹیز 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۔
- ☆ آپریشن اور مالی معاملات سے متعلق گذشتہ چھ ماہ کی تفصیلات کا خلاصہ ساتھ منسلک ہے (ضمیمہ -A)
- ☆ اس مالیاتی گوشوارے میں تمام غیر معمولی ادائیگیوں، ٹیکسیز، ڈیویڈنڈ اور اخراجات سے متعلق حسابات کو مالیاتی گوشوارے میں واضح طور پر ظاہر کیا گیا ہے
- ☆ 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 ایڈمنسٹریشن کراچی (IBA) کے تحت ڈائریکٹرز بیتی 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 اونا 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 کہ گزشتہ پانچ سال سے لگاتار PICIC انوسٹمنٹ فنڈ کے آڈیٹرز کی حیثیت سے خدمات انجام دے رہے تھے۔ NBFC ریگولیشن 2008 کی شق 38 کے تحت اہلیت نہیں رکھتے ہیں، تاہم انہوں نے 30 جون 2017 کو ختم ہونے والے سال کے لیے خود کو دوبارہ تقرری کے لیے پیش کیا ہے۔ تاہم مینجمنٹ کمپنی کی آڈٹ کمیٹی نے Deloitte یوسف عادل اینڈ کمپنی (چارٹرڈ اکاؤنٹنٹس) کی بطور فنڈ آڈیٹرز 30 جون 2017 تک تقرری کی منظوری دی ہے۔

## اظہار تشکر

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

بحکم بورڈ

کراچی 26 اگست 2016

ریحان این شیخ  
چیف ایگزیکٹو آفیسر



**PICIC INVESTMENT FUND  
SUMMARIZED OPERATING AND FINANCIAL RESULTS  
FOR THE LAST SEVEN YEARS IN COMPARISON TO CURRENT YEAR**

**Annexure - A**

(Rupees in '000')

YEAR ENDED	June 30, 2,016	June 30, 2,015	June 30, 2,014	June 30, 2,013	June 30, 2,012	June 30 2,011	June 30 2,010
<b>STATEMENT OF ASSETS &amp; LIABILITIES</b>							
<b>Net Assets:</b>							
Investment in HFT	2,802,089	2,481,244	3,361,494	3,112,061	2,347,660	2,344,225	2,215,837
Investment in AFS	2,313,820	2,350,987	2,359,181	1,774,763	919,945	1,032,103	1,032,681
Other Assets	354,767	406,197	403,147	137,731	274,324	316,186	229,942
Liabilities	(219,420)	(195,064)	(366,338)	(171,439)	(196,822)	(120,219)	(150,225)
Total	<u>5,251,256</u>	<u>5,043,364</u>	<u>5,757,484</u>	<u>4,853,116</u>	<u>3,345,107</u>	<u>3,572,295</u>	<u>3,328,235</u>
Financed By:							
Capital	2,841,250	2,841,250	2,841,250	2,841,250	2,841,250	2,841,250	2,841,250
Premium on issue of certificate	984,688	984,688	984,688	984,688	984,688	984,688	984,688
General Reserve	225	225	225	225	225	225	225
Reserver for issue of bonus certificate	-	-	-	-	-	-	-
Unappropriated (loss)/profit	(371,236)	(616,294)	89,631	(230,318)	(883,509)	(768,480)	(1,013,118)
Surplus on revaluation of AFS Investment	1,796,329	1,833,495	1,841,690	1,257,271	402,453	514,612	515,190
Total	<u>5,251,256</u>	<u>5,043,364</u>	<u>5,757,484</u>	<u>4,853,116</u>	<u>3,345,107</u>	<u>3,572,295</u>	<u>3,328,235</u>
Net Asset Value per Certificate (Rupees)	<u>18.48</u>	<u>17.75</u>	<u>20.26</u>	<u>17.08</u>	<u>11.77</u>	<u>12.57</u>	<u>11.71</u>
	-	-	-	-	-	-	-
<b>INCOME STATEMENT</b>							
<b>Income:</b>							
Gain/(Loss) on Sale of Investments -net	75,689	137,695	637,059	568,497	156,355	456,945	486,850
Unrealised appreciation/(diminution) on remeasurement of investment - net	112,531	(239,188)	291,433	222,166	(28,080)	(388)	(269,243)
Dividend income	185,384	178,063	202,092	217,662	197,514	216,046	126,913
Other Income	17,526	18,566	19,066	18,160	21,276	36,871	58,066
	391,130	95,136	1,149,650	1,026,485	347,065	709,474	402,586
<b>Expenditure:</b>							
Management Fee	97,087	100,573	101,795	76,458	64,904	71,887	71,816
Auditors' Remuneration	620	642	594	562	622	554	543
Other Expenses	48,364	74,772	82,952	51,005	36,510	24,997	31,186
	146,071	175,987	185,341	128,025	102,036	97,438	103,545
Profit/(Loss) Before Taxation	<u>245,059</u>	<u>(80,851)</u>	<u>964,309</u>	<u>898,460</u>	<u>245,029</u>	<u>612,036</u>	<u>299,041</u>
Worker Welfare Fund (WWF)	-	-	(19,286)	(17,969)	(4,904)	(12,241)	(5,981)
Taxation	-	-	-	-	-	-	-
Profit/(Loss) After Taxation	<u>245,059</u>	<u>(80,851)</u>	<u>945,023</u>	<u>880,491</u>	<u>240,125</u>	<u>599,795</u>	<u>293,060</u>
Earnings/(Loss) per Certificate (Rupees)	<u>0.86</u>	<u>(0.28)</u>	<u>3.33</u>	<u>3.10</u>	<u>0.85</u>	<u>2.11</u>	<u>1.03</u>

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

Annexure - B

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 PATTERN OF CERTIFICATES HELD BY THE CERTIFICATE-HOLDERS  
AS AT JUNE 30, 2016**

**Annexure - C**

CERTIFICATES		NUMBER OF CERTIFICATE-HOLDERS	TOTAL HOLDERS
FROM	TO		
1	100	3168	199,204
101	500	6899	1,761,445
501	1,000	2319	1,724,061
1,001	5,000	2264	5,384,091
5,001	10,000	479	3,666,037
10,001	15,000	184	2,290,487
15,001	20,000	138	2,471,991
20,001	25,000	91	2,079,991
25,001	30,000	61	1,699,754
30,001	35,000	40	1,331,692
35,001	40,000	32	1,233,248
40,001	45,000	21	892,658
45,001	50,000	43	2,093,437
50,001	55,000	19	999,353
55,001	60,000	16	918,778
60,001	65,000	10	627,590
65,001	70,000	13	889,392
70,001	75,000	16	1,172,925
75,001	80,000	8	630,000
80,001	85,000	7	582,970
85,001	90,000	4	353,989
90,001	95,000	8	747,294
95,001	100,000	29	2,887,369
100,001	500,000	114	25,063,359
510,001	1,000,000	24	16,556,747
1,000,001	5,000,000	16	42,943,090
5,000,001	10,000,000	3	22,872,393
10,000,001	50,000,000	5	140,051,655
	<b>TOTAL=&gt;</b>	<b>16,031</b>	<b>284,125,000</b>

**STATEMENT SHOWING OF CERTIFICATE - HOLDERS  
AS AT JUNE 30, 2016**

<b>CATEGORY DESCRIPTION</b>	<b>NUMBER OF CERTIFICATE-HOLDERS</b>	<b>HOLDING</b>	<b>%</b>
Individuals	15,841	99,119,269	34.89%
Associated companies / directors	9	51,344,172	18.07%
Insurance companies	15	1,886,747	0.66%
Banks / DFIs	27	79,114,417	27.84%
NBFCs	1	4,748	0.00%
Foreign companies	3	25,881,706	9.11%
Others	135	26,773,941	9.42%
<b>TOTAL =&gt;</b>	<b>16,031</b>	<b>284,125,000</b>	<b>100.00</b>

**PATTERN OF CERTIFICATE HOLDING  
AS PER REQUIREMENTS OF CODE OF CORPORATE GOVERNANCE  
AS AT JUNE 30, 2016**

PARTICULARS	CERTIFICATE HELD
Individuals	
Local	96,908,492
Foreign	2,210,777
Associated Company	
Habib Bank Limited	48,662,161
Jubilee General Insurance Company Limited	1,607,879
Jubilee General Insurance Company Limited-S.P.F Trust	118,454
Aga Khan University Employee P.F Trust	588,000
Aga Khan University Employee G.F Trust	138,000
Jubilee General Insurance Company Limited - G.F Trust	224,000
Management Company	
PICIC Asset Management Company Limited	-
National Investment Unit Trust (NIUT)	10,168,848
Investment Corporation of Pakistan (ICP)	40,900
Banks, DFI & NBFIs	79,114,417
Insurance Companies	1,886,747
Modarabas	11,084
Foreign Investors	25,881,706
Others	16,563,535
<b>TOTAL =&gt;</b>	<b>284,125,000</b>

**DETAILS OF CERTIFICATE-HOLDING FIVE PERCENT OR MORE  
CERTIFICATES OF PICIC INVESTMENT FUND AS AT JUNE 30, 2016**

PARTICULARS	HOLDING	%
HABIB BANK LIMITED-TREASURY DIVISION	48,661,800	17.13%
NIB BANK LIMITED	48,042,021	16.91%
MCB BANK LIMITED - TREASURY	18,498,500	6.51%
ADVANCE FRONTIER MARKETS FUND LTD	14,741,206	5.19%

**STATEMENT SHOWING CERTIFICATES TRADED BY DIRECTORS, CEO AND EXECUTIVES OF  
THE MANAGEMENT COMPANY AND THEIR SPOUSES AND MINOR CHILDREN**

Annexure - D

S.No.	Names	Designation	Beginning	Purchased	Bonus	Sold	Closing
			Certificates				
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	-	-	-	-	-

**FUND MANAGER'S REPORTS  
PICIC INVESTMENT FUND  
FOR THE YEAR ENDED JUNE 30, 2016**

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

Equity / Closed-end

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

PICIC Investment Fund (PIF) is a closed-end equity fund. The objective of the Fund is capital growth of the Certificate Holders for which investments would be made in the best available opportunities, while considering acceptable risk parameters and applicable rules and regulations.

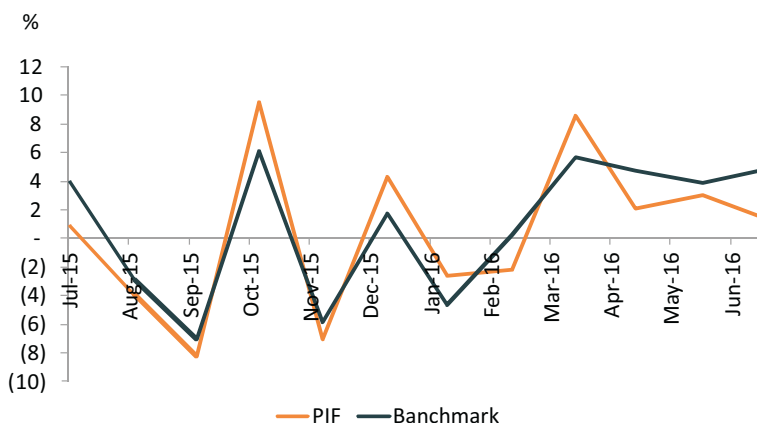
**iii) Explanation as to whether the Collective Investment Scheme achieved its stated objective**

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 4.11%, underperforming the benchmark KSE 100 Index by 5.73% during Fy16. The Fund's ex. Frozen NAV increased by 9.08% during the stated period and it underperformed the benchmark KSE 100 Index by 0.76%.

**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
<b>PIF</b>	0.85	(3.91)	(8.26)	9.51	(7.00)	4.29	(2.57)	(2.20)	8.58	2.08	2.99	1.37
<b>Frozen</b>	(3.00)	(9.98)	(13.00)	16.76	(8.40)	4.12	(1.42)	0.20	9.11	1.57	6.00	0.26
<b>Ex-Frozen</b>	4.20	1.02	(4.82)	4.70	(5.97)	4.42	(3.38)	(3.96)	8.17	2.47	0.70	2.26
<b>Benchmark</b>	3.90	(2.84)	(7.02)	6.11	(5.86)	1.74	(4.62)	0.23	5.64	4.77	3.87	4.78

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

Exposure in equities remained high amidst favorable dynamics of the equity markets of Pakistan which was driven by 1) reclassification of Pakistan in MSCI Emerging markets from Frontier markets, 2) increased CPEC related activity 3) ECCs decision to reduce power tariff for industrial consumers by PKR 3/unit 4) 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 5) Balochistan govt. lifted a ban on new exploration activities in the Oil & Gas segment and started negotiation with various ENP companies, 6) SBP allowed Pakistani banks to restore normal financial relations with Iran in the wake of lifting of sanctions on Iran, 7) Fitch Ratings rated Pakistan at 'B' with stable outlook, 8) Govt. auctioned 4G license to only bidder Telenor with base price of USD 395mn, 9) CPI continued to remain within projected targets, 10) Corporate Valuations improved as benchmark discount rate was lowered to 6.25% (75bps cut during FY16) and 11) FX reserves closed the year at USD 21.76bn +18% Y/Y.

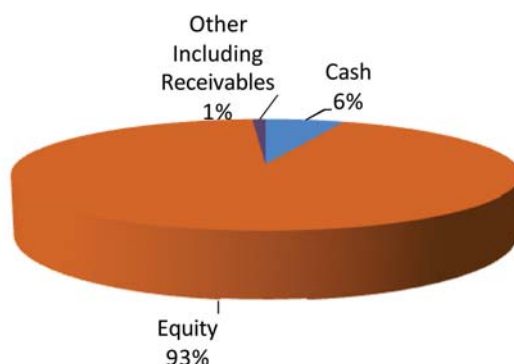
Looking at our major holdings we have remained largely positive on 1) Cements sector - robust demand growth amid increased focus on infrastructure development 2) Commercial Banks sector - proxy for economic growth 3) Chemicals sector - improved fundamentals. Over the course of Fy16, we also diversified our exposure across selected Oil and Gas Exploration, Power Generation and Distribution, Engineering and Pharmaceuticals. Going forward, we plan to continue diversifying our exposure across sectors with attractive fundamentals. In the absence of exogenous shocks, expected inflows from emerging market funds, strong corporate results coupled with payouts and improving economic numbers should drive the market performance



We would like to place emphasis on our investment philosophy and stock selection which is primarily composed of blue chips and dividend yielding stocks. Our investment strategy would largely remain in line with this philosophy going forward. The investment strategy of our fund mainly considers investing in blue chip growth and value dividend paying stocks which in turn also reduces our overall investment risk. The consistency of our investment strategy is vindicated by a predominant exposure of our funds in blue chip companies.

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

Asset Allocation(%)	Jun '16	Jun '15
Cash	6	7
Equity	93	92
Other Including Receivables	1	1



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

The Fund has achieved a return of 4.11%, underperforming the KSE100 index by 5.73%. Further details of performance analysis are provided in para vi of this report.

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

Net Asset Value			NAV per unit		
30 June 2016	30 June 2015	Change	30 June 2016	30 June 2015	Change
Rupees (000)			Rupees		
%			%		
5,251,256	5,043,364	4.11	18.48	17.75	4.11

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

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

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

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

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

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

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

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

During the year no distribution was announced.

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

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

- xiii) Breakdown of certificate holdings by size**

Refer Annexure "C" of Director's Report

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

There were no certificates 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

	2016	2015	2014	2013	2012	2011	2010	2009
Net Assets at June 30 - Rupees in '000'	5,251,256	5,043,364	5,757,484	4,853,116	3,345,107	3,572,294	3,328,235	3,012,161
Net Assets Value per certificate -Rupees	18.48	17.75	20.26	17.08	11.77	12.57	11.71	10.60
<b>Distribution per Certificate: -Rupees</b>								
Cash Dividend								
Interim	-	-	-	-	-	0.75	0.50	-
Final	0.42	-	2.20	2.20	0.80	1.25	0.50	-
<b>Distribution dates:</b>								
Cash Dividend								
Interim				-	-	11-Feb-11	16-Oct-09	-
Final	26-Aug-16	-	27-Aug-14	4-Sep-13	30-Aug-12	9-Sep-11	19-Oct-10	-
KSE 100 Index Growth percentage	9.84%	16.01%	41.16%	52.20%	10.44%	28.54%	35.74%	-41.72%
<b>Return of Fund as a percentage of average NAV:</b>								
Total return	4.11%	-1.12%	35.39%	54.85%	4.27%	18.32%	14.94%	-40.55%
Capital growth	-0.09%	-1.12%	13.39%	32.85%	-3.73%	-1.68%	4.94%	-40.55%
Income distribution	4.20%	0.00%	22.00%	22.00%	8.00%	20.00%	10.00%	0.00%
<b>Average Annual Return (CAGR):</b>								
Current year	4.11%	-1.12%	35.39%	54.85%	4.27%	18.32%	14.94%	-40.55%
Last two years	1.46%	15.70%	44.79%	27.06%	11.07%	16.61%	17.34%	-24.18%
Last three years	11.70%	27.52%	29.78%	24.08%	12.34%	-6.84%	-12.90%	-9.94%

**Note:**

- The Fund was reorganized in June 2004

**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.

PIF	Meetings	Resolutions	For	Against	Abstain*
Number	4	16	16	-	-
(%ages)		100%	100%	-	-

Management Company did not participate in following shareholders' meetings

Investee Companies	Meeting Date	Meeting Type
TPL Trakker Ltd	28-Oct-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
Lucky Cement Ltd	31-Oct-15	AGM
Pioneer Cement Ltd	29-Oct-15	AGM
GlaxoSmithKline Pakistan Ltd.	30-Nov-15	EOGM
MCB Bank Limited	8-Jan-16	EOGM
Hub Power Company Ltd	14-Jan-16	EOGM
Sui Northern Gas Pipelines Ltd	29-Jan-16	AGM
Fauji Fertilizer Bin Qasim Ltd	8-Mar-16	AGM
Cherat Cement Company Ltd	21-Mar-16	EOGM
Fauji Fertilizer Company Ltd	17-Mar-16	AGM
United Bank Ltd	25-Mar-16	AGM
Wyeth Pakistan Ltd	28-Mar-16	AGM
Bank Alfalah Ltd	28-Mar-16	AGM
Engro Fertilizers Ltd	28-Mar-16	AGM& EOGM
MCB Bank Ltd	29-Mar-16	AGM
Engro Corporation Ltd	15-Apr-16	AGM
Pakistan Tobacco Company Ltd	20-Apr-16	AGM
Abbot Laboratories (Pakistan) Ltd	21-Apr-16	AGM
Lotte Chemical Pakistan Ltd	21-Apr-16	AGM
GlaxoSmithKline Pakistan Ltd	27-Apr-16	AGM
Pak Elektron Ltd	28-Apr-16	AGM
TPL Direct Insurance Ltd	29-Apr-16	AGM
TPL Trakker Ltd	7-Jun-16	EOGM

The Proxy Voting Policy of the Fund is available on the website of the Management Company and detailed information regarding actual proxies voted by the Management Company in respect of the Fund is also available without charge, upon request, to all certificate holders.

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

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

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

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

Category	Names
Independent Directors	Mr. Nadeem Abdullah Ms. Ava Ardeshir Cowasjee
Executive Directors	Mr. Rehan N. Shaikh (Chief Executive Officer)
Non- Executive Directors	Mr. Towfiq H. Chinoy (Chairman) Ms. Sima Kamil Mr. 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 NBFI 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 Certificates 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 certificates 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 certificate, 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 CERTIFICATE 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 INVESTMENT 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 CERTIFICATE HOLDERS PICIC INVESTMENT 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 Investment 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 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 CERTIFICATE HOLDERS

We have audited the accompanying financial statements of PICIC Investment 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, statement of movement in certificate holders' fund and statement of changes in equity 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 Limited") 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:**

**CHARTERED ACCOUNTANTS**

Engagement Partner: Zulfikar Ali Causer

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

	2016	2015
Note	-----Rupees in '000'-----	
<b>ASSETS</b>		
Bank balances	5 316,611	366,044
Investments	6 5,115,909	4,832,231
Dividend and profit receivable	7 35,456	37,453
Security deposits	2,700	2,700
<b>TOTAL ASSETS</b>	5,470,676	5,238,428
<b>LIABILITIES</b>		
Payable to the Management Company	8 9,977	9,667
Payable to the Trustee	9 416	361
Payable to the Securities and Exchange Commission of Pakistan	10 4,612	4,777
Payable against purchase of investments	6,636	-
Accrued expenses and other liabilities	11 118,831	100,915
Unclaimed dividend	78,948	79,344
<b>TOTAL LIABILITIES</b>	219,420	195,064
<b>NET ASSETS</b>	5,251,256	5,043,364
<b>CAPITAL AND RESERVES</b>		
Issued, subscribed and paid-up capital	12 2,841,250	2,841,250
Premium on issue of certificates	984,688	984,688
General reserve	225	225
Accumulated loss	(371,235)	(616,294)
Net unrealised appreciation on re-measurement of investments classified as 'available for sale'	6.2 1,796,328	1,833,495
<b>TOTAL CERTIFICATE HOLDERS' FUNDS</b>	5,251,256	5,043,364
<b>CONTINGENCIES AND COMMITMENTS</b>		
<b>NET ASSETS VALUE PER CERTIFICATE</b>	14 18.48	17.75

The annexed notes 1 to 29 form an integral part of these financial statements.

For PICIC Asset Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

**PICIC INVESTMENT FUND**  
**Statement of Comprehensive Income**  
*For the year ended June 30, 2016*

	2016	2015
Note	-----Rupees in '000'-----	
<b>INCOME</b>		
Capital gain on sale of investments - net	6.1 75,689	137,695
Dividend income	185,384	178,063
Net unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	112,531	(239,188)
Profit on bank deposits	17,526	18,566
	391,130	95,136
<b>EXPENSES</b>		
Remuneration of the Management Company	8.1 97,087	100,573
Sindh Sales Tax on remuneration of the Management Company	13,592	15,086
Provision for Federal Excise Duty and additional sales tax on remuneration of the Management Company	11.2 17,722	18,442
Fund operations, accounting and related costs	11.3 2,523	-
Remuneration of the Trustee	9.1 4,313	3,886
Annual fee - Securities and Exchange Commission of Pakistan	10.1 4,612	4,777
Security transaction charges	15 2,269	27,647
Auditors' remuneration	16 620	642
Other expenses	17 3,333	4,934
	146,071	175,987
Net income / (loss) from operating activities	245,059	(80,851)
Provision for Workers' Welfare Fund	11.1 -	-
Net income / (loss) for the year before taxation	245,059	(80,851)
Taxation	18 -	-
Net income / (loss) for the year after taxation	245,059	(80,851)
Other comprehensive (loss) / income for the year		
Items that will be reclassified to profit and loss account		
Net unrealised (diminution) on re-measurement of investment classified as 'available for sale'	(37,167)	(8,195)
Total comprehensive income/ (loss) for the year	207,892	(89,046)
<b>Earnings per certificate</b>		
	-----Rupees-----	
With net unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	19 0.86	(0.28)
Without net unrealised appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	19 0.47	0.56

The annexed notes 1 to 29 form an integral part of these financial statements.

For PICIC Asset Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

## PICIC INVESTMENT FUND

### Distribution Statement

For the year ended June 30, 2016

	2016	2015
	-----Rupees in '000'-----	
<b>Accumulated loss brought forward:</b>		
Realised loss	(377,106)	(201,802)
Unrealised (loss) / gain	<u>(239,188)</u>	<u>291,433</u>
Net income / (loss) for the year after taxation	(616,294)	89,631
Final cash dividend: nil (June 30, 2014 at 22% Rs. 2.20 per certificate)	245,059	(80,851)
Accumulated loss carried forward	<u>(371,235)</u>	<u>(616,294)</u>
<b>Accumulated loss comprising of:</b>		
Realised loss	(483,766)	(377,106)
Unrealised loss	<u>112,531</u>	<u>(239,188)</u>
	<u>(371,235)</u>	<u>(616,294)</u>

The annexed notes 1 to 29 form an integral part of these financial statements.

For PICIC Asset Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

## PICIC INVESTMENT FUND

### Statement of Movement In Certificate Holders' Fund - Per Certificate

For the year ended June 30, 2016

	2016	2015
	-----Rupees-----	
Net assets value at the beginning of the year	17.75	20.26
Movement in net assets value from operating activities		
Capital gain on sale of investments - net	0.27	0.48
Dividend income	0.65	0.63
Net unrealised appreciation / (diminution) on re-measurement of investment classified as financial assets 'at fair value through profit or loss'	0.40	(0.84)
Profit on bank deposits	0.06	0.07
Operating expenses	1.38	0.34
	(0.51)	(0.62)
Net increase / (decrease) in net assets value from operating activities	0.87	(0.28)
Provision for Workers' Welfare Fund	-	-
Movement in net assets value from financing activities		
Final cash dividend	-	(2.20)
Net unrealised diminution on re-measurement of investments classified as 'available for sale'	(0.13)	(0.03)
Net decrease in net assets value from financing and investing activities	(0.13)	(2.23)
Net assets value at the end of the year	<u>18.48</u>	<u>17.75</u>

The annexed notes 1 to 29 form an integral part of these financial statements.

For PICIC Asset Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

## PICIC INVESTMENT FUND

### Cash Flow Statement

For the year ended June 30, 2016

	2016	2015
Note	-----Rupees in '000'-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income / (loss) for the year before taxation	245,059	(80,851)
<b>Adjustments:</b>		
Capital gain on sale of investments - net	(75,689)	(137,695)
Dividend income	(185,384)	(178,063)
Net unrealised (appreciation) / diminution on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	(112,531)	239,188
Profit on bank deposits	(17,526)	(18,566)
Remuneration of the Management Company	97,087	100,573
	<u>(48,984)</u>	<u>(75,414)</u>
<b>(Increase) / Decrease in assets</b>		
Investments - net	<u>(132,625)</u>	<u>778,755</u>
Receivable against sale of investments	<u>-</u>	<u>312,296</u>
	<u>(132,625)</u>	<u>1,091,051</u>
<b>Increase / (Decrease) in liabilities</b>		
Payable to the Trustee	<u>55</u>	<u>(36)</u>
Payable to the Securities and Exchange Commission of Pakistan	<u>(165)</u>	<u>(58)</u>
Payable against purchase of investments	<u>6,636</u>	<u>(190,868)</u>
Accrued expenses and other liabilities	<u>17,917</u>	<u>15,492</u>
	<u>24,443</u>	<u>175,470</u>
Dividend received	187,272	142,155
Profit received on bank deposits	17,635	18,005
Remuneration paid to the Management Company	<u>(96,777)</u>	<u>(102,037)</u>
Net cash (used in) / generated from operating activities	<u>(49,036)</u>	<u>898,290</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid and net cash used in financing activities	<u>(397)</u>	<u>(619,413)</u>
Net (decrease) / increase in cash and cash equivalents	<u>(49,433)</u>	<u>278,877</u>
Cash and cash equivalents at the beginning of the year	<u>366,044</u>	<u>87,167</u>
Cash and cash equivalents at the end of the year	<u>5</u> <u>316,611</u>	<u>366,044</u>

The annexed notes 1 to 29 form an integral part of these financial statements.

For PICIC Asset Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

**PICIC INVESTMENT FUND**  
**STATEMENT OF CHANGES IN EQUITY**  
*For the year ended June 30, 2016*

	Issued, subscribed and paid-up capital	Premium on issue of certificates	General reserve	Accumulated loss	Net unrealised appreciation on re-measurement of investments classified as 'available for sale	Total
----- Rupees in '000' -----						
<b>Balance as at July 01, 2014</b>	2,841,250	984,688	225	89,631	1,841,690	5,757,484
<b>Transactions with certificate holders</b>						
Final cash dividend at 22% for the year ended June 30, 2013 (Rs. 2.20 per certificate)	-	-	-	(625,074)	-	(625,074)
<b>Total comprehensive income for the year</b>						
Loss for the year	-	-	-	(80,851)	-	(80,851)
Net unrealised appreciation on re-measurement of investments classified as 'available for sale'	-	-	-	-	(8,195)	(8,195)
<b>Balance as at June 30, 2015</b>	2,841,250	984,688	225	(616,294)	1,833,495	5,043,365
<b>Total comprehensive profit for the year</b>						
Profit for the year	-	-	-	245,059	-	245,059
Net unrealised diminution on re-measurement of investments classified as 'available for sale'	-	-	-	-	(37,167)	(37,167)
<b>Balance as at June 30, 2016</b>	2,841,250	984,688	225	(371,235)	1,796,328	5,251,256

The annexed notes 1 to 29 form an integral part of these financial statements.

For PICIC Asset Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

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

**1 STATUS AND NATURE OF BUSINESS**

- 1.1 PICIC Investment Fund (the Fund) is a closed end scheme. The registered office of the Fund is situated at Karachi, Pakistan. The certificates of the Fund were listed on all the Stock Exchanges of Pakistan which merged into Pakistan Stock Exchange Limited with effect from January 11, 2016. The principal business of the Fund is to invest in listed equity securities with an objective to generate capital growth.
- 1.2 The Fund is being managed by PICIC Asset Management Company Limited which is the Management Company and Central Depository Company of Pakistan is the Trustee of the Fund. The registered office of the Management Company is situated at 3rd floor, PNSC Building, M.T. Khan Road, Karachi.
- 1.3 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.
- 1.4 JCR-VIS credit rating company has assigned asset manager rating of "AM2" to the Management Company.
- 1.5 As per regulation 65 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, a closed end fund shall, upon expiry of 5 years from November 21, 2007, hold within one month of such period, a meeting of certificate holders to seek the approval of the certificate holders to convert the Fund into an open end scheme or revoke the closed end fund. In case of closed end fund, where their portfolio is frozen as a result of an agreement with Privatization Commission of Pakistan, the meeting is required to be held within three months from the date of removal of freezing of the portfolio or five years from November 21, 2007, whichever is later. As the 'Available for sale' portfolio of PICIC Investment Fund is frozen as a result of an agreement with the Privatization Commission, Government of Pakistan, the Fund is required to hold the aforementioned meeting within three months from the date of removal of freezing of the portfolio as required by above regulation. The said agreement was due to expire on June 30, 2016, however, during the year aforementioned agreement with Privatization Commission of Pakistan has been renewed on June 27, 2016 for a period of two years. Therefore, the Fund will continue in its current legal form till the expiration of agreement with Privatization Commission of Pakistan, Government of Pakistan on June 30, 2018.

**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.



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

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

**Classification and valuation of investments**

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

**Provision for taxation**

For details please refer note 4.7 and note 18 to these financial statements.

**Workers' Welfare Fund**

For details please refer note 11.1 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 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
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

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

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

## **4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

### **4.1 Cash and cash equivalents**

Cash and cash equivalents are carried in the Statement of Assets and Liabilities at cost. These comprise of bank balances in savings accounts and other deposits with banks having original maturities of three months or less.

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

**4.2 Financial assets**

**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) Loans and receivables**

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

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

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

**c) Available for sale**

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

**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 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 are expensed in the statement of comprehensive income.

**4.2.4 Subsequent measurement**

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

**Basis of valuation of equity securities**

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

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

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

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

Gain or loss is also recognised in the statement of comprehensive income when financial assets carried at amortised cost are derecognised or impaired, and through the amortisation process.

**4.2.5 Impairment**

The Fund assesses at each reporting date whether there is an objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered, among other indicators, as an indicator that the securities are 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 statement of comprehensive income is reclassified from equity to statement of comprehensive income. Impairment losses recognised on equity instruments are not reversed through the statement of comprehensive income.

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

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.

**4.2.6 Derecognition**

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

**4.2.7 Offsetting of financial assets and liabilities**

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

**4.3 Derivatives**

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

**4.4 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 and subsequently stated at amortised cost.

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

**4.5 Provisions**

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

**4.6 Proposed distributions**

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

**4.7 Taxation**

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

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

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

**4.8 Net assets value per certificate**

The net assets value (NAV) per certificate, as disclosed on the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of certificates in issue at the year end.

**4.9 Revenue recognition**

- Realised capital gains / (losses) arising on sale of investments are included in the statement of comprehensive income on the date at which the transaction takes place.
- Dividend income is recognised in the statement of comprehensive income when the right to receive dividend is established.
- Unrealised gains / (losses) arising on remeasurement of securities classified as 'financial assets at fair value through profit or loss' are included in the statement of comprehensive income in the period in which they arise.
- Profit on bank deposits is recognised on an accrual basis.

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

	2016	2015
Note	-----Rupees in '000'-----	
<b>5 BANK BALANCES</b>		
In saving accounts	5.1 <u>316,611</u>	<u>366,044</u>
5.1 These carry rates of return ranging from 3.75% to 6.70% (2015: 4.50% to 6.34%) per annum.		
<b>6 INVESTMENTS</b>		
Investments in marketable securities:		
Financial assets 'at fair value through profit or loss'	2,802,089	2,481,244
Available for sale	6.2 <u>2,313,820</u>	<u>2,350,987</u>
	<u>5,115,909</u>	<u>4,832,231</u>

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

**6.1 Financial asset 'at fair value through profit or loss'**

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

Name of investee company	----- Number of shares -----					Balance as at June 30, 2016					Percentage in relation to		
	As at July 1, 2015	Purchases during the year	Bonus / rights issue	Sales during the year	As at June 30, 2016	Carrying value	Market value	Appreciation / (diminution)	Capital Gain / (Loss)	Dividend Income	Net assets of the Fund	Investee paid up capital	Total investments
<b>Oil and Gas Exploration Companies</b>													
Oil and Gas Development Co Limited	-	795,700	-	-	795,700	106,796	109,862	3,066	-	560	2.09%	2.18%	2.15%
Pakistan Oilfields Limited	-	118,500	-	22,500	96,000	32,287	33,358	1,071	57	2,788	0.64%	0.39%	0.65%
	-	<b>914,200</b>	-	<b>22,500</b>	<b>891,700</b>	<b>139,083</b>	<b>143,220</b>	<b>4,137</b>	<b>57</b>	<b>3,347</b>	<b>2.73%</b>		<b>2.80%</b>
<b>Fertilizer</b>													
Engro Corporation Limited	187,500	270,100	-	80,000	377,600	117,018	125,729	8,711	1,732	7,298	2.39%	0.07%	2.46%
Engro Fertilizers Limited	5,230,000	-	-	250,000	4,980,000	441,676	321,110	(120,566)	(326)	30,105	6.11%	0.37%	6.28%
Fauji Fertilizers Bin Qasim Limited	-	109,500	-	-	109,500	5,983	5,805	(178)	-	239	0.11%	0.01%	0.11%
Fauji Fertilizers Company Limited	-	50,000	-	-	50,000	6,275	5,736	(539)	-	401	0.11%	-	0.11%
	<b>5,417,500</b>	<b>429,600</b>	-	<b>330,000</b>	<b>5,517,100</b>	<b>570,953</b>	<b>458,380</b>	<b>(112,572)</b>	<b>1,405</b>	<b>38,043</b>	<b>8.73%</b>		<b>8.96%</b>
<b>Chemicals</b>													
Lotte Chemical Pakistan Limited	12,617,000	-	-	5,921,500	6,695,500	46,333	40,240	(6,093)	3,373	-	0.77%	0.44%	0.79%
	<b>12,617,000</b>	-	-	<b>5,921,500</b>	<b>6,695,500</b>	<b>46,333</b>	<b>40,240</b>	<b>(6,093)</b>	<b>3,373</b>	-	<b>0.77%</b>		<b>0.79%</b>
<b>Engineering</b>													
Aisha Steel Mills Limited	2,000,000	-	-	652,500	1,347,500	11,346	10,416	(930)	803	-	0.20%	0.50%	0.20%
Aisha Steel Mills Limited - Preference Shares	130,000	-	-	-	130,000	1,053	910	(143)	-	-	0.02%	0.18%	0.02%
Aisha Steel Mills Limited - Conv. Cum Pref Shares	1,065,000	-	-	-	1,065,000	11,183	14,378	3,195	-	-	0.27%	0.62%	0.28%
Amrell Steel Limited	-	925,000	-	35,000	890,000	45,390	41,848	(3,542)	218	-	0.80%	0.30%	0.82%
	<b>3,195,000</b>	<b>925,000</b>	-	<b>687,500</b>	<b>3,432,500</b>	<b>68,971</b>	<b>67,551</b>	<b>(1,420)</b>	<b>1,021</b>	-	<b>1.29%</b>		<b>1.32%</b>

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

Name of investee company	Number of shares				Balance as at June 30, 2016					Percentage in relation to			
	As at July 1, 2015	Purchases during the year	Bonus / rights issue	Sales during the year	As at June 30, 2016	Carrying value	Market value	Appreciation / (diminution)	Capital Gain / (Loss)	Dividend Income	Net assets of the Fund	Investee paid up capital	Total investments
<b>Power Generation &amp; Distribution</b>													
The Hub Power Company Limited	50,000	167,000	-	72,000	145,000	14,093	17,409	3,316	426	2,354	0.33%	0.01%	0.34%
K-Electric Limited	-	2,100,000	-	-	2,100,000	16,926	16,926	702	-	-	0.32%	0.01%	0.33%
Kot Addu Power Company Limited	696,000	526,000	-	-	1,222,000	105,569	109,064	3,494	-	10,286	2.08%	0.14%	2.13%
	<b>746,000</b>	<b>2,793,000</b>	<b>-</b>	<b>72,000</b>	<b>3,467,000</b>	<b>135,887</b>	<b>143,398</b>	<b>7,512</b>	<b>426</b>	<b>12,639</b>	<b>2.73%</b>		<b>2.80%</b>
<b>Commercial Banks</b>													
Bank Al-Falah Limited	13,604,000	-	-	2,454,500	11,149,500	282,082	285,093	3,010	7,693	11,437	5.43%	0.70%	5.57%
Habib Bank Limited*	-	817,800	-	-	817,800	152,350	161,565	9,215	-	4,198	3.08%	-	3.16%
MCB Bank Limited	-	363,500	-	-	363,500	78,141	79,977	1,837	-	2,380	1.52%	-	1.56%
United Bank Limited	450,000	147,000	-	-	597,000	100,876	105,621	4,745	-	7,320	2.01%	0.05%	2.06%
	<b>14,054,000</b>	<b>1,328,300</b>	<b>-</b>	<b>2,454,500</b>	<b>12,927,800</b>	<b>613,449</b>	<b>632,256</b>	<b>18,807</b>	<b>7,693</b>	<b>25,335</b>	<b>12.04%</b>		<b>12.36%</b>
<b>Insurance</b>													
TPL Direct Insurance Limited	153,708	-	-	-	153,708	3,438	2,744	(695)	-	-	0.05%	0.20%	0.05%
	<b>153,708</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>153,708</b>	<b>3,438</b>	<b>2,744</b>	<b>(695)</b>	<b>-</b>	<b>-</b>	<b>0.05%</b>		<b>0.05%</b>
<b>Cement</b>													
Cherat Cement Company Limited	4,590,500	-	-	1,911,500	2,679,000	233,153	320,328	87,175	43,678	17,996	6.10%	1.52%	6.26%
D.G Khan Cement Company Limited	-	45,000	-	45,000	-	-	-	-	259	-	-	-	-
Fauji Cement Company Limited	-	10,000	-	10,000	-	-	-	-	26	-	-	-	-
Lucky Cement Limited	245,500	55,500	-	10,500	290,500	150,008	188,392	38,384	389	2,480	3.59%	-	3.68%
Pioneer Cement Limited	3,518,000	-	-	765,000	2,753,000	234,803	295,672	60,869	12,476	22,497	5.63%	0.01%	5.78%
	<b>8,354,000</b>	<b>110,500</b>	<b>-</b>	<b>2,742,000</b>	<b>5,722,500</b>	<b>617,965</b>	<b>804,392</b>	<b>186,427</b>	<b>56,828</b>	<b>42,972</b>	<b>15.32%</b>		<b>15.72%</b>

\* Associated Company

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Name of investee company	Number of shares				Balance as at June 30, 2016					Percentage in relation to			
	As at July 1, 2015	Purchases during the year	Bonus /rights issue	Sales during the year	As at June 30, 2016	Carrying value	Market value	Appreciation / (diminution)	Capital Gain / (Loss)	Dividend Income	Net assets of the Fund	Investee paid up capital	Total investments
<b>Pharmaceuticals</b>													
Abbott Laboratories (Pakistan) Limited	148,650	-	-	20,000	128,650	85,849	97,002	11,153	554	3,860	1,855	0.13%	1.90%
GlaxoSmithKline Pakistan Limited	1,038,300	-	-	75,000	963,300	170,446	199,509	29,063	2,322	3,873	3,800	0.30%	3.90%
GlaxoSmithKline Consumer Healthcare Pakistan Limited	-	290,490	-	-	290,490	18,010	18,010	-	-	-	0,34%	0.30%	0.35%
Wyeth Pakistan Limited	35,120	-	-	-	35,120	80,776	67,460	(13,316)	-	702	1,28%	2.47%	1.32%
	<b>1,222,070</b>	<b>290,490</b>	<b>-</b>	<b>95,000</b>	<b>1,417,560</b>	<b>355,082</b>	<b>381,981</b>	<b>26,899</b>	<b>2,875</b>	<b>8,435</b>	<b>7,27%</b>		<b>7.47%</b>
<b>Miscellaneous</b>													
TPL Properties Limited	-	500,000	-	-	500,000	6,250	6,250	-	-	-	0.12%	0.24%	0.12%
	<b>-</b>	<b>500,000</b>	<b>-</b>	<b>-</b>	<b>500,000</b>	<b>6,250</b>	<b>6,250</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.12%</b>		<b>0.12%</b>
<b>Automobile Parts &amp; Accessories</b>													
Exide Pakistan Limited	60,180	-	-	5,620	54,560	59,642	43,148	(16,494)	(1,743)	451	0.82%	0.70%	0.84%
	<b>60,180</b>	<b>-</b>	<b>-</b>	<b>5,620</b>	<b>54,560</b>	<b>59,642</b>	<b>43,148</b>	<b>(16,494)</b>	<b>(1,743)</b>	<b>451</b>	<b>0.82%</b>		<b>0.84%</b>
<b>Cable &amp; Electrical Goods</b>													
Pak Elektron Limited	-	162,500	-	-	162,500	9,650	10,506	855	-	-	0.20%	0.03%	0.21%
TPL Trakker Limited	2,591,500	-	-	535,500	2,056,000	32,608	25,844	(6,764)	(30)	-	0.49%	0.95%	0.51%
	<b>2,591,500</b>	<b>162,500</b>	<b>-</b>	<b>535,500</b>	<b>2,056,000</b>	<b>32,608</b>	<b>36,350</b>	<b>(5,909)</b>	<b>(30)</b>	<b>-</b>	<b>0.69%</b>		<b>0.71%</b>
<b>Tobacco</b>													
Pakistan Tobacco Company Limited	43,420	-	-	9,960	33,460	30,246	42,178	11,932	3,784	863	0.80%	0.01%	0.82%
	<b>43,420</b>	<b>-</b>	<b>-</b>	<b>9,960</b>	<b>33,460</b>	<b>30,246</b>	<b>42,178</b>	<b>11,932</b>	<b>3,784</b>	<b>863</b>	<b>0.80%</b>		<b>0.82%</b>
<b>Personal Goods</b>													
Mohib Textile Mills Limited*	40,820	-	-	-	40,820	-	-	-	-	-	-	-	-
Sunshine Cloth Limited*	50,000	-	-	-	50,000	-	-	-	-	-	-	-	-
	<b>90,820</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>90,820</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL 2016</b>	<b>48,545,198</b>	<b>7,453,590</b>	<b>-</b>	<b>12,876,080</b>	<b>42,960,208</b>	<b>2,679,907</b>	<b>2,802,089</b>	<b>112,531</b>	<b>75,689</b>	<b>132,085</b>	<b>44.25%</b>		<b>45.42%</b>
<b>TOTAL 2015</b>	<b>81,611,808</b>	<b>100,986,843</b>	<b>549,918</b>	<b>140,328,860</b>	<b>42,819,709</b>	<b>3,042,561</b>	<b>3,333,994</b>	<b>291,433</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\*Suspended/Delisted Companies

6.1.1 11 million shares of Bank Al Falah Limited having market value amounting to Rs. 281.300 million (2015: 11 million shares of Bank Al Falah Limited having market value amounting to Rs. 278.300 million) have been pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral against trading facility in the Stock Exchange.

**6.2 Investment in marketable securities - 'available for sale'**

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

	2016		2015	
<b>Oil and Gas</b>				
Pakistan State Oil Company Limited	5,922,149	484,439	2,223,530	1,739,091
	<b>5,922,149</b>	<b>484,439</b>	<b>2,223,530</b>	<b>1,739,091</b>
<b>Gas, Water and Multiutilities</b>				
Sui Northern Gas Pipelines Limited	2,488,024	33,053	90,290	57,237
	<b>2,488,024</b>	<b>33,053</b>	<b>90,290</b>	<b>57,237</b>
<b>TOTAL 2016</b>	<b>8,410,173</b>	<b>517,491</b>	<b>2,313,820</b>	<b>1,796,328</b>
<b>TOTAL 2015</b>	<b>7,871,796</b>	<b>538,377</b>	<b>8,410,173</b>	<b>2,359,181</b>



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6.2.1 The above mentioned shares of Pakistan State Oil Company Limited and Sui Northern Gas Pipelines Limited are blocked / frozen by an order of the Government of Pakistan (GOP) as the same form part of a strategic shareholding under the control of the GOP. As a result, the Fund is restricted from selling, transferring, encumbering or otherwise disposing of or dealing with any interest in the said shares, including any future bonus / right shares in respect thereof. Consequently, the exposure limit mentioned in regulation 55 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 does not apply to frozen shares.

		2016	2015
	Note	-----Rupees in '000'-----	
<b>7</b>	<b>DIVIDEND AND PROFIT RECEIVABLE</b>		
	Dividend receivable	34,020	35,908
	Profit receivable on bank deposits	1,436	1,545
		<u>35,456</u>	<u>37,453</u>

<b>8</b>	<b>PAYABLE TO THE MANAGEMENT COMPANY</b>		
	Management fee	8.1 8,752	8,406
	Sales tax on management fee	1,225	1,261
		<u>9,977</u>	<u>9,667</u>

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

<b>9</b>	<b>PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>		
	Trustee fee	9.1 380	325
	CDS charges payable	36	36
		<u>416</u>	<u>361</u>

9.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the average net assets of the Fund. The remuneration is paid to the Trustee monthly in arrears.

Based on the Trust Deed, the tariff structure applicable to the Fund as at June 30, 2016 is as follows:

Amount of Funds under management (Average NAV)	Tariff per annum
Up to Rs. 250 million	0.20% p.a.
On amount exceeding Rs. 250 million up to Rs. 500 million	Rs. 500,000 plus 0.15% p.a. on amount exceeding Rs. 250 million
On amount exceeding Rs. 500 million up to Rs. 2,000 million	Rs. 875,000 plus 0.08% p.a. on amount exceeding Rs. 500 million
On amount exceeding Rs. 2,000 million up to Rs. 5,000 million	Rs. 2,075,000 plus 0.06% p.a. on amount exceeding Rs. 2,000 million
On amount exceeding Rs. 5,000 million	Rs. 3,875,000 plus 0.05% p.a. on amount exceeding Rs. 5,000 million

		2016	2015
	Note	-----Rupees in '000'-----	
<b>10</b>	<b>PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>		
	Annual fee	10.1 4,612	4,777

10.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, a collective investment scheme categorised as equity scheme is required to pay as annual fee to the SECP, an amount equal to 0.095 percent of the average annual net assets of the scheme. The Fund has been classified as an 'equity scheme' by the Management Company.

<b>11</b>	<b>ACCRUED EXPENSES AND OTHER LIABILITIES</b>		
	Provision for Workers' Welfare Fund	11.1 60,378	60,378
	Provision for Federal Excise Duty and additional Sales tax on Management Fee	11.2 55,961	38,239
	Securities transaction costs	268	80
	Auditors' remuneration	360	378
	Withholding tax	26	4
	Other payables	1,400	1,836
	Fund operations, accounting and related costs	11.3 438	-
		<u>118,831</u>	<u>100,915</u>

### **11.1 Provision for Workers' Welfare Fund**

The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh ("the Court", "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 the Court.

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

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

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

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

Without prejudice to the above, the Management Company, as a matter of abundant caution as the matter is still pending in the SHC, has decided to retain the provision for WWF amounting to Rs. 60.378 million in the condensed interim 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. 0.213 per certificate.

### **11.2 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 September 4, 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. 55.961 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 June 30, 2016 would have been higher by Re. 0.18 per certificate.

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

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

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

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		2016	2015
		-----Rupees in '000'-----	
<b>12</b>	<b>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>		
	<b>2016</b>		
	<b>Number of</b>		
	<b>certificates in '000'</b>		
	Fully paid ordinary certificates of Rs.10 each		
	Issued for cash	2,728,750	2,728,750
	Issued as bonus certificates	112,500	112,500
	<u>272,875</u>	<u>2,841,250</u>	<u>2,841,250</u>
	<u>11,250</u>		<u>112,500</u>
	<u>284,125</u>		<u>2,841,250</u>

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

Category	Number of certificate holders	Certificates held	Percentage
Individuals	15,841	99,119,269	34.89%
Associated companies / directors	9	51,344,172	18.07%
Insurance companies	15	1,886,747	0.66%
Banks / DFIs	27	79,114,417	27.84%
NBFCs	1	4,748	0.00%
Foreign companies	3	25,881,706	9.11%
Others	135	26,773,941	9.42%
<b>Total</b>	<u>16,031</u>	<u>284,125,000</u>	<u>100.00%</u>

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

Category	Number of certificate holders	Certificates held	Percentage
Individuals	16,267	102,707,168	36.15%
Associated companies / directors	1	96,703,821	34.04%
Insurance companies	17	5,031,626	1.77%
Banks / DFIs	28	29,872,670	10.51%
NBFCs	27	10,225,580	3.60%
Foreign companies	7	20,927,706	7.37%
Others	116	18,656,429	6.57%
<b>Total</b>	<u>16,463</u>	<u>284,125,000</u>	<u>100.00%</u>

**13 CONTINGENCIES AND COMMITMENTS**

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

**14 NET ASSETS VALUE PER CERTIFICATE**

	2016	2015
	-----Rupees in '000'-----	
Total net assets - Rupees in thousand	5,251,256	5,043,364
Total certificates in issue - in thousand	284,125	284,125
Net assets value per certificate - Rupees	18.48	17.75

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	2016	2015
	-----Rupees in '000'-----	
<b>15 SECURITY TRANSACTION CHARGES</b>		
Transaction costs associated with initial recognition of financial assets	794	11,609
Transaction costs associated with derecognition of financial assets	1,142	11,740
Capital Value Tax	62	796
Federal Excise Duty	271	3,502
	<u>2,269</u>	<u>27,647</u>

15.1 List of top ten brokers by percentage of commission paid / payable for the year ended June 30, 2016;

	Percentage
(i) Next Capital Limited	10.12%
(ii) JS Global Capital Limited	8.60%
(iii) Taurus Securities Limited	6.76%
(iv) Askari Securities Limited	6.66%
(v) Elixir Securities Pakistan (Private) Limited	6.28%
(vi) Moonaco Securities (Private) Limited	6.08%
(vii) Global Securities Pakistan Limited	5.76%
(viii) Bhayani Securities Private. Limited	5.50%
(ix) WE Financial Services Limited	5.05%
(x) Invest & Finance Securities Limited	4.34%

15.2 List of top ten brokers by percentage of commission paid / payable for the year ended June 30, 2015;

	Percentage
(i) Global Securities Pakistan Limited.	10.16%
(ii) Ismail Iqbal Securities (Private) Limited	8.10%
(iii) AKD Securities Limited	7.27%
(iv) BMA Capital Management Limited	6.41%
(v) WE Financial Services Limited	6.28%
(vi) Intermarket Securities Limited.	4.68%
(vii) Next Capital Limited	4.42%
(viii) First Capital Equities Limited.	4.08%
(ix) DJM Securities (Private) Limited	4.03%
(x) Escorts Capital Limited	3.83%

	2016	2015
	-----Rupees in '000'-----	
<b>16 AUDITORS' REMUNERATION</b>		
Statutory audit fee	360	369
Half yearly review fee	165	165
Fee for review of the statement of compliance with the best practices of the Code of Corporate Governance	55	50
Out of pocket expenses	17	59
Other certifications	15	-
Sales tax expense	10	-
	<u>620</u>	<u>642</u>

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**17 OTHER EXPENSES**

	<b>2016</b>	<b>2015</b>
	-----Rupees in '000'-----	
Printing and stationery	1,272	1,788
Postage	191	-
Central Depository System charges	906	2,208
Listing fee	711	700
Professional charges	245	210
Bank charges	8	28
	<u>3,333</u>	<u>4,934</u>

**18 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 certificate holders. The Fund has not recorded provision for taxation as the Management Company intends to distribute at least 90 percent of the Fund's accounting income for the year as reduced by capital gains, whether realised or unrealised, to its certificate holders.

**19 EARNINGS PER CERTIFICATE**

There is no dilutive effect on earnings per certificate as computed below:

Net income / (loss) for the year after taxation - with unrealised (diminution) / appreciation	<u>245,059</u>	<u>(80,851)</u>
Net income for the year after taxation - without unrealised (diminution) / appreciation	<u>132,528</u>	<u>158,337</u>
Weighted average number of certificates - in thousand	<u>284,125</u>	<u>284,125</u>

	<b>2016</b>	<b>2015</b>
	-----Rupees -----	
Basic earnings / (loss) per certificate - with unrealised (diminution) / appreciation	<u>0.86</u>	<u>(0.28)</u>
Basic earnings per certificate - without unrealised appreciation	<u>0.47</u>	<u>0.56</u>

**20 FINANCIAL INSTRUMENTS BY CATEGORY**

	-----As at June 30, 2016-----			
	Loans and receivables	At fair value through profit or loss	Available for sale	Total
	-----Rupees in '000'-----			
<b>Assets</b>				
Bank balances	316,611	-	-	316,611
Investments	-	2,802,089	2,313,820	5,115,909
Dividend and profit receivable	35,456	-	-	35,456
	<u>352,067</u>	<u>2,802,089</u>	<u>2,313,820</u>	<u>5,467,976</u>

**PICIC INVESTMENT FUND**  
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	-----As at June 30, 2016-----		
	At fair value through profit or loss	Financial liabilities at amortized cost	Total
<b>Liabilities</b>			
Payable to the Management Company	-	9,977	9,977
Payable to the Trustee	-	380	380
Accrued expenses and other liabilities	-	2,466	2,466
Unclaimed dividend	-	78,948	78,948
	-	91,771	91,771

	-----As at June 30, 2015-----			
	Loans and receivables	At fair value through profit or loss	Available for sale	Total
	-----Rupees in '000-----			
<b>Assets</b>				
Bank balances	366,044	-	-	366,044
Investments	-	2,481,244	2,350,987	4,832,231
Dividend and profit receivable	37,453	-	-	37,453
	403,497	2,481,244	2,350,987	5,235,728

	-----As at June 30, 2015-----		
	At fair value through profit or loss	Financial liabilities at amortized cost	Total
	-----Rupees in '000-----		
<b>Liabilities</b>			
Payable to the Management Company	-	9,667	9,667
Payable to the Trustee	-	361	361
Accrued expenses and other liabilities	-	2,294	2,294
Unclaimed dividend	-	79,344	79,344
	-	91,666	91,666

**21 TRANSACTIONS WITH CONNECTED PERSONS**

- 21.1** 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.
- 21.2** The transactions with connected persons are in the normal course of business, at contracted terms determined in accordance with market rates on arms length basis.
- 21.3** Remuneration of the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.
- 21.4** Remuneration of the Trustee is determined in accordance with the provisions of the Trust Deed.
- 22.5** Details of significant transactions carried out by the Fund with connected persons and balances with them, other than disclosed elsewhere in these financial statements, as at year end, are as follows:

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

	2016	2015
	-----Rupees-----	
<b>Transaction during the period</b>		
<b>PICIC Asset Management Company Limited - Management Company</b>		
Remuneration of the Management Company	97,087	100,573
Sales tax on remuneration of the Management Company	13,592	15,086
Reimbursement of Fund Operation, accounting & Related Cost	1,904	-
<b>Habib Bank Limited- Associated Company</b>		
Dividend Income	4,197	6,061
<b>NIB Bank Limited</b>		
<b>Connected person due to holding more than 10% certificates</b>		
Profit on saving accounts	17,526	18,566
Dividend paid	-	212,748
Bank charges	8	28
<b>Central Depository Company of Pakistan Limited</b>		
Trustee fee	4,313	3,886
CDS charges	625	1,096
<b>Balances as at the year end</b>		
<b>PICIC Asset Management Company Limited - Management Company</b>		
Payable to the Management Company	9,977	9,667
<b>Associated Companies:</b>		
<b>Habib Bank Limited</b>		
Certificates held: 48,662,161 (2015: 361) certificates	486,622	4
<b>Jubilee General Insurance Company Limited</b>		
Certificates held: 1,607,879 (2015: 1,881,379) certificates	16,078	18,814
<b>Jubilee General Insurance Company Limited - Staff Provident Fund Trust</b>		
Certificates held: 118,454 (2015: 118,454 ) certificates	1,185	1,185
<b>Jubilee General Insurance Company Limited - Gratuity Fund Trust</b>		
Certificates held: 224,000 (2015: 224,000 ) certificates	2,240	2,240

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

	2016	2015
	-----Rupees-----	
<b>Aga Khan University Employee Provident Fund Trust</b>		
Certificates held: 588,000 (2015: 588,000 ) certificates	<u>5,880</u>	<u>5,880</u>
<b>Aga Khan University Employee Gratuity Fund Trust</b>		
Certificates held: 138,000 (2015: 138,000) certificates	<u>1,380</u>	<u>1,380</u>
<b>NIB Bank Limited</b>		
<b>Connected person due to holding more than 10% certificates</b>		
Deposit accounts	<u>316,611</u>	<u>366,044</u>
Certificates held; 48,042,021 (2015: 96,703,821) certificates	<u>480,420</u>	<u>967,038</u>
<b>Central Depository Company of Pakistan Limited</b>		
Trustee fee payable	<u>416</u>	<u>325</u>
Security deposit	<u>200</u>	<u>200</u>
CDS Charges Payable	<u>36</u>	<u>36</u>

**22 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**

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.

**22.1 Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

**22.1.1 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.

**22.1.2 Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As the Fund has no significant interest-bearing assets, the Fund's income and operating cash flows are substantially independent of changes in market interest rates.

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



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

As at June 30, 2016					
Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		

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

**On-balance sheet financial instruments**

**Financial assets**

Bank balances	6.00% - 6.7%	316,611	-	-	-	316,611
Investments		-	-	-	5,115,909	5,115,909
Dividend and profit receivable		-	-	-	35,456	35,456
		316,611	-	-	5,151,365	5,467,976

**Financial liabilities**

Payable to Management Company		-	-	-	9,667	9,667
Payable to the Trustee		-	-	-	416	416
Accrued expenses and other liabilities		-	-	-	2,028	2,028
Unclaimed dividend		-	-	-	78,948	78,948
		-	-	-	91,059	91,059
		316,611	-	-	5,060,306	5,376,917

**On-balance sheet gap**

**Off-balance sheet financial instruments**

**Off-balance sheet gap**

**Total interest rate sensitivity gap**

		316,611	316,611	316,611	-	-
--	--	---------	---------	---------	---	---

As at June 30, 2015					
Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		

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

**On-balance sheet financial instruments**

**Financial assets**

Bank balances	4.5% - 6.34%	366,044	-	-	-	366,044
Investments		-	-	-	4,832,231	4,832,231
Dividend and profit receivable		-	-	-	37,453	37,453
		366,044	-	-	4,869,684	5,235,728

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

-----As at June 30, 2015-----					
Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		

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

**Financial liabilities**

Payable to Management Company	-	-	-	9,667	9,667
Payable to the Trustee	-	-	-	361	361
Accrued expenses and other liabilities	-	-	-	2,294	2,294
Unclaimed dividend	-	-	-	79,344	79,344
	-	-	-	91,666	91,666

**On-balance sheet gap**

	366,044	-	-	4,778,018	5,144,062
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**Off-balance sheet financial instruments**

**Off-balance sheet gap**

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

**Total interest rate sensitivity gap**

	366,044	366,044	366,044	-	-
--	---------	---------	---------	---	---

**22.1.3 Price risk**

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

The Fund is exposed to equity securities price risk because of investments held by the Fund and classified on the Statements of Assets and Liabilities as financial assets 'at fair value through profit or loss' and 'available for sale'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks prescribed in the Trust Deed. The Fund's constitutive document / regulations also limit individual equity securities to no more than 10% of net assets, or issued capital of the investee company, whichever is lower, and sector exposure limit to 30% of net assets. However, relaxation in this regard has been obtained from the regulators in respect of frozen investments classified as 'available for sale' as disclosed in note 6.2.

In case of 5% increase / decrease in all shares held by the fund on June 30, 2016, post-tax profit for the period would be affected by Rs 140.01 million (2015 : Rs 124.06 million) as a result of gains / losses on equity securities classified as financial assets at 'fair value through profit or loss'. Other components of equity would increase / decrease by Rs. 115.70 million (2015: Rs. 117.55 million) as a result of gains / losses on equity securities classified as 'available for sale'.

**22.2 Credit risk**

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

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

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

Name of the bank	-----As at June 30, 2016-----			
	Rupees in '000'	Rating agency	Latest Short Term Rating	Percentage of total bank balances

**Savings accounts**

NIB Bank Limited	316,611	PACRA	A1+	100%
------------------	---------	-------	-----	------

The analysis below summarises the credit quality of the Fund's bank balances as at June 30, 2015:

Name of the bank	-----As at June 30, 2015-----			
	Rupees in '000'	Rating agency	Latest Short Term Rating	Percentage of total bank balances

**Savings accounts**

NIB Bank Limited	366,044	PACRA	A1+	100%
------------------	---------	-------	-----	------

The maximum exposure to credit risk before any credit enhancement as at June 30, 2016 is the carrying amount of the financial assets. Investments in equity securities, however, are not exposed to credit risk.

**Concentration of credit risk**

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

**22.3 Liquidity risk**

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

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

The Fund has a policy is 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 listed securities are considered readily realisable, as they are listed on the Pakistan Stock Exchange.

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

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

	-----As at June 30, 2016-----			
	Upto three months	More than three months and upto one year	More than one year	Total
	----- Rupees in '000'-----			
<b>Financial liabilities</b>				
Payable to Management Company	9,977	-	-	9,977
Payable to the Trustee	416	-	-	416
Accrued expenses and other liabilities	2,466	-	-	2,466
Unclaimed dividend	78,948	-	-	78,948
	<u>91,807</u>	<u>-</u>	<u>-</u>	<u>91,807</u>

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

-----As at June 30, 2015-----				
	Upto three months	More than three months and upto one year	More than one year	Total
----- Rupees in '000'-----				
<b>Financial liabilities</b>				
Payable to the Management Company	9,667	-	-	9,667
Payable to the Trustee	361	-	-	361
Accrued expenses and other liabilities	2,294	-	-	2,294
Unclaimed dividend	79,344	-	-	79,344
	<u>91,666</u>	<u>-</u>	<u>-</u>	<u>91,666</u>

**23 FAIR VALUE OF FINANCIAL INSTRUMENTS**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the company is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

23.1 The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

		June 30, 2016							
		Carrying amount			Fair Value				
	Note	Fair value through profit and loss	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		----- (Rupees in '000) -----							
<b>On-balance sheet financial instruments</b>									
<b>Financial assets measured at fair value</b>									
Investment in listed equity securities									
- at fair value through profit and loss	6	2,802,088.6	-	-	2,802,089	2,802,089	-	-	2,802,089
- available for sale	6	2,313,820.0	-	-	2,313,820	2,313,820	-	-	2,313,820
		5,115,909	-	-	5,115,909	5,115,909	-	-	5,115,909
<b>Financial assets not measured at fair value</b>									
Bank balances		-	316,611	-	316,611	-	-	-	-
Dividend and profit receivable		-	35,456	-	35,456	-	-	-	-
		-	352,067	-	352,067	-	-	-	-
<b>Financial liabilities not measured at fair value</b>									
Payable to the Management Company				9,977	9,977	-	-	-	-
Payable to the Trustee				416	416	-	-	-	-
Accrued expenses and other liabilities		-	-	118,831	118,831	-	-	-	-
Payable against purchase of investments		-	-	6,636	6,636	-	-	-	-
				54,979	54,979	-	-	-	-
----- (Rupees in '000) -----									
		June 30, 2015							
		Carrying amount			Fair Value				
	Note	Fair value through profit and loss	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		----- (Rupees in '000) -----							
<b>On-balance sheet financial instruments</b>									
<b>Financial assets measured at fair value</b>									
Investment in listed equity securities									
- at fair value through profit and loss	6	2,481,244	-	-	2,481,244	2,481,244	-	-	2,481,244
- available for sale	6	2,350,987	-	-	2,350,987	2,350,987	-	-	2,350,987
		4,832,231	-	-	4,832,231	4,832,231	-	-	4,832,231
<b>Financial assets not measured at fair value</b>									
Bank balances		-	366,044	-	366,044	-	-	-	-
Dividend and profit receivable		-	37,453	-	37,453	-	-	-	-
		-	403,497	-	403,497	-	-	-	-
<b>Financial liabilities not measured at fair value</b>									
Payable to the Management Company		-	-	9,667	9,667	-	-	-	-
Payable to the Trustee		-	-	361	361	-	-	-	-
Accrued expenses and other liabilities		-	-	2,294	2,294	-	-	-	-
		-	-	12,322	12,322	-	-	-	-

**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.

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

**23.2** The Company 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

**24 CAPITAL MANAGEMENT**

The Fund's objectives when managing capital are to safeguard its ability to continue as a going concern so that it can continue to provide returns for certificate holders and to maintain a strong capital base to meet unexpected losses or opportunities.

In order to maintain or adjust the capital structure, the Fund may adjust dividends paid to certificate holders or issue new certificates.

**25 PARTICULARS OF INVESTMENT COMMITTEE AND 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	Bachelor of Commerce	19+
Mr. Tauqeer Shamshad	Officer Head of	MBA	29+
Mr. Noman Ameer	Fixed Income Manager	MBA	9+
Mr. Adeel Abdul Wahab*	Risk Fund Manager	ACCA	7+

\*Mr. Adeel Abdul Wahab is the Manager of Fund. He is also Fund Manager of PICIC Growth fund and PICIC Energy Fund.'

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

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

Name of Director	Number of meetings			Meetings not attended
	Held	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 Ul 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 Cowasjee <sup>5</sup>	-	-	-	-

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

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

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

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

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

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

**27 NON-ADJUSTING EVENT AFTER THE REPORTING DATE**

The Board of Directors of the Management Company in its meeting held on **26 August 2016** has proposed a final cash distribution of Rs.**0.42** per certificate (June 30, 2014: Rs. 2.20 per certificate). The financial statements of the Fund for the year ended June 30, 2016 do not include the effect of the final distribution which will be accounted for in the financial statements of the Fund for the year ending June 30, 2017.

**28 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.

**29 GENERAL**

Figures have been rounded off to the nearest thousand rupees.

For PICIC Asset Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

**PICIC ASSET MANAGEMENT COMPANY LIMITED**  
**INCOME STATEMENT**  
**IN RELATION TO PICIC INVESTMENT FUND (SCHEME)**  
*For the year ended June 30, 2016*

	Rupees in '000'
<b>INCOME</b>	
Management fee	97,087
<b>EXPENSES</b>	
Salaries, allowances and other benefits	28,476
Contributions to defined contribution plan - Provident Fund	1,122
Directors' fee	103
Rent, rates and taxes	1,413
Fees and subscription	427
Printing and stationery	204
Vehicle running and maintenance cost	330
Equipment and office maintenance	123
Travelling and conveyance	440
Securities transaction charges	2
Legal and professional charges	437
Computer consultancy charges	1,019
Auditors' remuneration	144
Telephone and utilities	1,173
Insurance	524
Marketing expenses	280
Depreciation	797
Amortisation of intangible assets	111
Others	544
WWF Provision	1,188
	38,856
Profit before taxation	58,231
Taxation - current	20,885
Profit before taxation	37,346

Note: Other revenue and expenses not relating to the scheme have not been included in the above statement.



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**HBL Asset Management Limited**



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