

HBL

ASSET MANAGEMENT

ايسيت مينجمنت

PICIC Stock Fund

Annual Report 2016

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SCHEME'S INFORMATION:

Management Company*

PICIC Asset Management Company Limited
3rd Floor, PNSC Building, M.T. Khan Road, Karachi -74000
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

A.F. Ferguson & Co.
Chartered Accountants

Legal Adviser

Bawaney & Partners

Registrar and Share Transfer Office

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

VISION / MISSION / VALUES

OUR VISION

Enabling people to advance with confidence and success.

OUR MISSION

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

OUR VALUES

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

- **Excellence**

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

- **Integrity**

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

- **Customer Focus**

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

- **Meritocracy**

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

- **Progressiveness**

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

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

INTRODUCTION

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

FUND OBJECTIVE

The fund aims to provide investors a diversified equity portfolio with a primary objective of maximizing risk-adjusted returns over longer investment horizon; through a combination of capital gains and dividend income.

FUND PROFILE

PICIC Stock Fund (PICIC-SF) is an open end equity Scheme which will invest in listed equity securities, cash and or near cash instruments (excluding TDRs) and treasury bills not exceeding 90 days remaining maturity and any other product or avenue of investment approved by the commission from time to time and as per the Rules and the Regulations.

CHANGE IN THE OWNERSHIP STRUCTURE OF THE MANAGEMENT COMPANY

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

MARKET REVIEW

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

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

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

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

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

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

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

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

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

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

FUTURE OUTLOOK

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

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

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

FUND PERFORMANCE

During the year ended June 30, 2016, PSF has earned a net income of Rs. 6 million (including income on sale of investments of Rs 13 million, dividend income of Rs 17 million, unrealized loss of Rs 0.4 million and profit from bank deposits of Rs 2 million) as compared to Rs 27 million for the corresponding period. The net assets of the Fund stood at Rs 174 million on June 30, 2016 as compared to Rs 270 million as on June 30, 2015.

INCOME DISTRIBUTION

During the year under review the Fund has distributed a Cash dividend of Rs 1.50 per unit (1.50% of the par value) and a bonus dividend of Rs 25.00 per unit (25% of the par value) on June 24, 2016.

MANAGEMENT COMPANY QUALITY RATING

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

CORPORATE GOVERNANCE

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

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

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

AUDITORS

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

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

فنڈ کے مقاصد

فنڈ میں سرمایہ کاری کا مقصد متنوع پورٹ فولیو کے ساتھ اپنے سرمایہ کاروں کو کم سے کم ریسک اور زیادہ زیادہ سے زیادہ منافع فراہم کرنا ہے۔ جو کہ کپٹیل گین اور ڈیویڈنڈ انکم کا مجموعہ ہے جس کے فوائد سرمایہ کاروں کو طویل عرصے تک حاصل ہوتے رہیں

فنڈ پر وفاقی

PICIC اسٹاک فنڈ ایک اوپن اینڈ ایکویٹی اسکیم ہے جس کی سرمایہ کاری رجسٹرڈ ایکویٹی سیکورٹیز میں، کیش یا کیش کی مالیت کے اثاثوں (علاوہ TDRs) اور ٹریزی بل جن کی مچھوری کی مدت 90 دن سے زیادہ نہ ہو اور کوئی بھی دوسری پروڈکٹ یا سرمایہ کاری (جس کی منظوری وقتاً فوقتاً کمیشن تو اند و ضوابط کے مطابق دے گا) میں کی جاتی ہے۔

مینجمنٹ کمپنی کے انتظامی ڈھانچے میں تبدیلی

رواں سال میں HBL ایسیٹ مینجمنٹ کمپنی لمیٹڈ نے NIB بینک لمیٹڈ کی ایسیٹ 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 (AKFED)

S.A

حبیب بینک لمیٹڈ کی سرپرست کمپنی ہے۔

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

(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 کیا، 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 اونچے 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 شیئرز میں اضافہ دیکھا گیا۔ 3- سیاسی بحران 4- ایف آئی اے کے بروکرز پر چھاپے اور ڈائریکٹروں کی گرفتاریاں، امن وامان کی سنگین صورت حال باچا خان یونیورسٹی پر حملے جیسے واقعات اور سرحدی علاقوں میں مایوس کن جذبات کی بدولت انڈیکس میں بتدریج کمی ہوئی جس کے پیش نظر انڈیکس 29784 کی ٹچلی سطح تک جا پہنچا۔

بعد ازاں، خام تیل کی قیمتوں کا بڑھنا، مارکیٹ کی صورت حال میں بہتری، غیر ملکی سرمائے کے انخلا میں کمی اور شرح سود میں مسلسل کمی کی وجہ سے انڈیکس میں بہتری نظر آئی۔ اس تبدیلی کی ایک بڑی وجہ MSCI کے وہ فیصلہ تھا جن کے لیے طویل انتظار کیا گیا جس کے مطابق جون 2016 میں پاکستان کی فرنیئر 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 درجہ ذیل ہیں (1) ECCs کا صنعتی صارفین کے لیے پاکستانی 3 روپے فی یونٹ کمی کا فیصلہ، (2) حکومت کا 3.2 bcfed کی استعداد کے حامل چار نئے ایل این جی ٹریٹل 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 ڈسکانٹ ریٹ کا ریٹ کا

معیار جو 6.25 فی صد کی انتہائی کم شرح ہونے کی وجہ سے ویلوائیشن میں بہتری آئی۔ (75bps cut during FY16) 10) رواں مالی 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 ملین امریکی ڈالر کے خالص ان فلو کے مقابلے میں مالی سال 2016 میں 281.63 ملین 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 کمی کے ساتھ 2457 ملین امریکی ڈالر رہی۔ صرف آخری چوتھائی (مالی سال 2016 کے آخری تین مہینے FY16 4q) 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 ایمریکنگ مارکیٹ اور MSCI فرنیچر مارکیٹ کی شرح منافع 10.64 فی صد، 20 فی صد اور 24 فی صد سے بہتر رہی۔

PSX (کراچی اسٹاک ایکسچینج 100) انڈکس کی کارکردگی مستحکم رہنے کی وجوہات مندرجہ ذیل ہیں۔ جس کی وجہ: شعبہ دواسازی) دو اداں اور اس سے متعلقہ اشیاء کی قیمتوں میں اضافے کی وجہ سے کارکردگی 48.09 فی صد رہی (2) سیمنٹ (CPEC کی وجہ سے مقامی طلب میں اضافہ اور مستحکم قیمتوں کے باعث کارکردگی کا تناسب 19.53 فی صد رہا) (3) بجلی کی پیداوار اور تقسیم (کول منصوبوں کی توسیع کی وجہ سے کارکردگی کا تناسب 12.46 فی صد رہا) (4) ٹیکسٹائل کمپوزٹ (عالمی اور مقامی مارکیٹ میں کاسٹن کی قیمتوں میں استحکام کے باعث کارکردگی کا تناسب 2.25 فی صد رہا) دوسری جانب، عالمی مارکیٹ میں تیل کی قیمتوں کے گرنے کی وجہ سے تیل اور گیس کی تلاش کے عمل کا تناسب مالی سال 2016 کے دوران انڈکس میں 16 فی صد رہا۔ اسی طرح، آئل اینڈ مارکیٹنگ کمپنیاں (انٹرنی کے خسارے Inventory Losses) اور مقامی تیل کی قیمتوں میں کمی کے باعث کارکردگی 12.42 فی صد رہی) فریڈلائزرز (کھاد) (یورپا 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

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

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

حکومت کے نج کاری کے پروگرام کو مالی سال 2016 میں عملی جامہ نہیں پہنایا جاسکا۔ تیل کی قیمتوں میں کمی کی وجہ سے آئل اینڈ گیس ڈیلو پمنٹ کارپوریشن کی نج کاری کا عمل بھی تاخیر کا شکار ہے۔ تاہم مالی سال 2017 میں پاور سیکٹر کی نج کاری کو حتمی شکل دیئے جانے کی توقع ہے۔ اس کے علاوہ مالی سال 2017 کے لیے PSX میں listing کا بڑھتا رہتا دیکھا جا رہا ہے۔ بیرونی جانب کرنٹ اکاؤنٹ (CA) کے خسارہ کا اندراج 2.5 بلین امریکی ڈالر (سال بہ سال 7 فی صد کمی) جو کہ جی ڈی پی کا 0.9 فی صد ہے، جبکہ ادائیگی کا توازن (BoP) مالی سال 2016 کے لیے 2.6 بلین امریکی ڈالر کے خسارے کے ساتھ اسی سطح پر برقرار ہے۔ تجارتی خسارے کے پس پردہ بڑی وجہ ٹیکسٹائل کی برآمدات میں قیمتوں میں کمی، (جس کی ایک بڑی وجہ یوروزون سے طلب میں کمی اور مقامی تاجروں کے درمیان سخت مقابلے کی فضا ہے) تیل کی درآمد میں اضافہ (پاور سیکٹر کی طلب میں اضافہ) اور نسبتاً کرنسی کا استحکام ہے۔ اس کے علاوہ، پاکستان کے زرمبادلہ کے ذخائر میں بھی سالانہ 18 فی صد تک بہتری آئی اور مالی سال 2016 کے دوران یہ 21.7 بلین امریکی ڈالر تک پہنچ گیا۔

گئے 15 (up from USD ~18bn in FY15)۔ اس دوران پاکستانی کرنسی نسبتاً مستحکم (USD vs +2.9%) رہی۔ CAD نے مالی سال 2016 میں بہتر FDI درآمدات (39%+1.28t امریکی ڈالر سالانہ) اور آئی ایم ایف کی 2.0 بلین امریکی ڈالر کی قسط کی ادائیگی کے ساتھ اپنے ہدف کی تکمیل کے سبب باہمی اور کثیرالجہتی امداد اور آئی ایم ایف میں حکومت کو چاہیے کہ توانائی کی فراہمی میں حائل مزید کاؤٹوں کو دور کرے اور مسلسل توجہ دیتے ہوئے معاشی بہتری کے لیے FDI پر عمل کرے۔

مالی سال 2015 میں بجٹ خسارہ جی ڈی پی کا 5.3 فی صد کے مقابلے میں مالی سال 2016 کا خسارہ جی ڈی پی کا 4.3 فی صد رہا۔ اس خسارے کی وجہ اخراجات میں سست روی ہے۔ سال 2015 اخراجات میں استحکام (پاکستانی 4.4 ٹریلین روپے) رہا۔ مالی سال 2016 کے دوران ٹیکس آمدنی اور نان ٹیکس آمدنی میں سالانہ اضافہ بالترتیب 18 فی صد اور 13 فی صد رہا جبکہ جاری اخراجات 3.4 فی صد سالانہ کی شرح سے ریکارڈ کیے گئے۔ واضح رہے کہ PSDP نے مالی سال 2016 کے دوران 6 فی صد سالانہ کا تخمینہ لگایا تھا۔

مستقبل کا منظر نامہ

مالی سال 2016 کے اختتام پر PSX کا حجم بلند سطح پر رہا۔ کراچی اسٹاک ایکسچینج 100 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- ڈسکاؤنٹ ریٹ کی بدولت نچلی سطح پر استحکام سے نچلی 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 کے top tire 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 لیکویڈائیٹ کیونٹی اسکرپٹ میں مختص کریں، جو یقینی طور پر وصولیابی اور ادائیگی دونوں طرح کی صورت حال میں پک فراہم کرتی ہے۔ ہماری توجہ اس امر پر بھی مرکوز ہے کہ براہ راست سرمایہ کاری کے ذریعے رکے ہوئے اداروں کی بحالی، مصدقہ ٹریک ریکارڈ کے ساتھ پیشہ ورانہ مینجمنٹ، آمدنی میں مسلسل اضافہ اور ادائیگی کی استعداد کو مستحکم بنایا

اداروں کی بحالی، مصدقہ ٹریڈ ریکارڈ کے ساتھ پیشہ ورانہ مینجمنٹ، آمدنی میں مسلسل اضافہ اور ادائیگی کی استعداد کو مستحکم بنایا جائے۔ اس کے علاوہ سیاسی حالات میں ممکنہ تبدیلی اور پاکستان کی کپیٹل مارکیٹ میں تبدیلی بھی ہمارے پیش نظر ہے۔ فنڈ مینجمنٹ ٹیم کرنسی، ملک میں جنرل پرائس لیول، بیرونی اکاؤنٹ اور Bop پر فائل پر خاص توجہ دیتے ہوئے مائیکرو اکنامکس کی علامات کی مانیٹرنگ جاری رکھے گی۔ پورٹ فولیو کی کارکردگی کو مسلسل جانچا جائے گا تا کہ فنڈ میں سرمایہ کاری کرنے والوں تک اس کے فوائد پہنچائے جاسکیں بلکہ تمام نئے مواقعوں سے بھی فائدہ اٹھایا جائے اور ہمارا یہ بھی مقصد ہے کہ مناسب کیش کو استعمال میں لاکر ایسے مواقعوں سے بھر پور فوائد 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 میچول فنڈ انڈسٹری کپیٹل مارکیٹ میں ہونے والی تبدیلیوں سے مشروط ہے۔ ہمارا مقصد کم سے کم رسک کے ساتھ زیادہ سے زیادہ منافع کا حصول ہے۔ تاہم ہم غیر متوقع صورت حال پر نظر رکھتے ہوئے آگاہ کرتے رہیں گے۔

فنڈ کی کارکردگی

گذشتہ سال حاصل ہونے والے 27 ملین روپے کے مقابلے میں 30 جون 2016 کو ختم ہونے والے سال کے دوران PSF کو 6 ملین پاکستانی روپے کا خالص منافع ہوا (اس منافع میں 13 ملین روپے کا وہ منافع بھی شامل ہے جو سرمایہ کاری کی فروخت سے ہوا۔ ڈیوڈنڈ سے حاصل ہونے والی آمدنی 17 ملین روپے، unrealized Loss جو 0.4 ملین پاکستانی روپے ہے، بینکوں میں رکھے گئے ڈپازٹ پر ملنے والا 2 ملین روپے کا منافع بھی شامل ہے) 30 جون 2015 تک 270 ملین کے مقابلے میں 30 جون 2016 تک فنڈ کے خالص اثاثے 174 ملین کی سطح پر تھے۔

آمدنی کی تقسیم (انکم ڈسٹری بیوشن)

رواں سال کے دوران فنڈ کی تقسیم کرتے ہوئے 24 جون 2016 کو 1.50 روپے فی یونٹ (1.50 فی صدی یونٹ) نقد منافع کا اعلان کیا ہے اور بونس کے طور پر 25 روپے فی یونٹ (25 فی صدی یونٹ) مختص کیے گئے۔

مینجمنٹ کمپنی کوالٹی ریٹنگ اور فنڈ پرفارمنس ریٹنگ

میںجمنٹ کے بہترین کردار کو ظاہر کرتی ہے۔

کارپوریٹ گورننس

فنڈ پاکستان اسٹاک ایکسچینج میں درج شدہ ہے اور میںجمنٹ کمپنی اس بات کی پابند ہے کہ وہ لسٹڈ کمپنیوں کے لیے مروجہ قواعد Code of

Corporate Governance کی پابندی کرے گی نیز بورڈ آف ڈائریکٹرز کی جانب سے درج ذیل نکات یہ ہیں:

☆ میںجمنٹ کمپنی نے مالیاتی گوشوارہ تیار کیا ہے جس میں فنڈ سے متعلق تمام معاملات، فنڈ کی سرگرمیاں اور نتائج، کیش فلوز

یونٹ ہولڈرز فنڈ کے (statement of movement) کو شفاف انداز سے پیش کیا ہے

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

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

فیصلوں کی بنیاد پر کیا گیا ہے۔

☆ مالیاتی گوشوارے کی تیاری میں متعلقہ انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز جن کا اطلاق پاکستان میں ہوتا ہو، نان بینکنگ فنانس

کمپنیز (اسٹیبلشمنٹ اینڈ ریگولیشنز) رولز 2003، نان بینکنگ فنانس کمپنیز اینڈ نوٹیفائیڈ اسٹیٹیز ریگولیشنز 2008، ٹرسٹ ڈیڈ کے

مطلوبہ تقاضے اور سیکورٹی اینڈ ایکسچینج کمیشن آف پاکستان کے ملنے والی ہدایات کو مسلسل پیش نظر رکھا گیا ہے۔

☆ انٹرنل کنٹرول کا نظام بہترین صورت میں ہے اور اسے موثر طریقے سے نافذ کرنے کے ساتھ اس کی جانچ پڑتال بھی کی جاتی ہے

☆ فنڈ کے جاری رہنے سے متعلق کس بھی قسم کا کوئی ابہام نہیں ہے۔

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

شامل ہے

☆ اس مالیاتی گوشوارے میں تمام غیر معمولی ادائیگیوں، ٹیکسیز، ڈیوٹیز و اجبات اور اخراجات سے متعلق حسابات کو مالیاتی گوشوارے

میں واضح طور پر ظاہر کیا گیا ہے

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

☆ اس گوشوارے میں رواں سال کے دوران ہونے والے بورڈ اور کمپنی کے اجلاسوں کی تعداد اور ان میں ہر ڈائریکٹر کی حاضری کی

تفصیلات بیان کی گئی ہیں (ضمیمہ A)

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

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

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

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

آڈیٹرز

A.F فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، جو کہ گزشتہ پانچ سال سے لگا تار PICIC اسٹاک فنڈ کے آڈیٹرز کی حیثیت سے خدمات انجام دے رہے تھے۔ جس کی وجہ سے NBFC ریگولیشن 2008 کی شق 38 کے تحت اہلیت نہیں رکھتے، 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، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان، سینٹرل ڈیپازٹری کمیٹی آف پاکستان لمیٹڈ (ٹرسٹی)، نیشنل کلیئرنگ کمپنی آف پاکستان لمیٹڈ، دیگر ریگولریٹرز اتھارٹیز، مالیاتی ادارے اور آڈیٹرز کے بھی ممنون ہیں جنہوں نے مستقل ہماری رہنمائی کی۔ بورڈ اپنے عملے کی محنت، لگن اور کاوشوں کو قدر کی نگاہ سے دیکھنے کے ساتھ اپنے یونٹ ہولڈرز کا بھی شکر گزار ہے کہ جن کے بھروسے کی وجہ سے ہماری خود اعتمادی میں اضافہ ہوا۔

بحکم بورڈ

کراچی 26 اگست 2016

ریحان این شیخ

چیف ایگزیکٹو آفیسر

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

Annexure - A

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

During the year 5 BOD meetings were held.

¹ Directors resigned on March 2, 2016.

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

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

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

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

**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 ¹	3	2	1	50th
Mr. Shah Miftah UI Azim Azmi ¹	3	3	-	-
Mr. Tufail Jawed Ahmed ¹	3	3	-	-
Mr. Salahuddin Manzoor ²⁻³⁻⁴⁻⁵	1	1	-	-
Mr. Rizwan Haider ²⁻³⁻⁴	1	1	-	-
Mr. Ayaz Ahmed ²⁻³	1	1	-	-
Ms. Ava Ardeshir Cowasje ⁴	-	-	-	-
Mr. Nadeem Abdullah ⁶	-	-	-	-

During the year 4 Board Audit Committee meetings were held.

¹ Members resigned from Board effective from March 2, 2016.

² Appointed as committee members effective from March 2, 2016.

³ Members resigned from Board effective from April 29, 2016.

⁴ Appointed as committee members effective from August 18, 2016.

⁵ Vacated office as committee member effective from August 26, 2016.

⁶ 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 ¹	3	3	-	-
Mr. Imran Ahmad Mirza ¹	3	2	1	72nd
Mr. Shah Miftah Ul Azim Azmi ¹	3	3	-	-
Mr. Suleman Chhagla ¹	3	3	-	-
Mr. Rizwan Haider ²⁻³⁻⁴	-	-	-	-
Mr. Salahuddin Manzoor ²⁻³⁻⁴	-	-	-	-
Mr. Rehan N. Shaikh ²⁻³⁻⁴	-	-	-	-

During the year 2 Board Investment Committee meetings were held.

¹ Members resigned from Board effective from March 2, 2016.

² Appointed as committee members effective from March 2, 2016.

³ Members resigned from Board effective from April 29, 2016.

⁴ 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 ¹	2	2	-	
Mr. Jaudat Hussain ¹	2	-	2	34th and 35th
Mr. Suleman Chhagla ¹	2	2	-	
Ms. Sima Kamil ²⁻³⁻⁴	-	-	-	-
Ms. Sadia Khan ²⁻³	-	-	-	-
Mr. Salahuddin Manzoor ²⁻³	-	-	-	-
Mr. Rehan N. Shaikh ²⁻³⁻⁴	-	-	-	-
Mr. Tawfiq H. Chinoy ⁴	-	-	-	-

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

¹ Members resigned from Board effective from March 2, 2016.

² Appointed as committee members effective from March 2, 2016.

³ Members resigned from Board effective from April 29, 2016.

⁴ Appointed as committee members effective from August 26, 2016.

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

Annexure - B

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

PARTICULARS	UNITS HELD
Individuals	611,802.0
Associated Companies, undertakings & related parties	-
Management Company PICIC Asset Management Company Limited	750,315.0
Executives	934
Director & CEO	-
Retirement Funds	161,081.6
Mutual Funds & Modaraba	-
Banks	-
Trust	90,477.3
Insurance companies	3,489.9
Other	-
TOTAL =>	1,618,100

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

PARTICULARS	HOLDING	%
PICIC ASSET MANAGEMENT COMPANY LIMITED.	750,315	46.37
PAKISTAN SOCIETY FOR THE WELFARE OF MENTALLY RETARDED CHILDREN [SMA]	90,477	5.59

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

Annexure - C

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

S.No.	Names	Designation	Beginning	Purchased	Bonus	Sold	Closing
			Units				
1	Mr. Towfiq H. Chinoy	Chairman	-	-	-	-	-
2	Mr. Nadeem Abdullah	Director	-	-	-	-	-
3	Ms. Ava Ardeshir Cowasjee	Director	-	-	-	-	-
4	Ms. SimaKamil	Director	-	-	-	-	-
5	Mr. Rizwan Haider	Director	-	-	-	-	-
6	Mr. Salahuddin Manzoor	Director	-	-	-	-	-
7	Mr. Rehan N. Shaikh	CEO	-	-	-	-	-
8	Executives	Executives	40	1,240	-	347	933

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

i) Description of the Collective Investment Scheme category and type

Equity / Open-end

ii) Statement of Collective Investment Scheme's investment objective

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

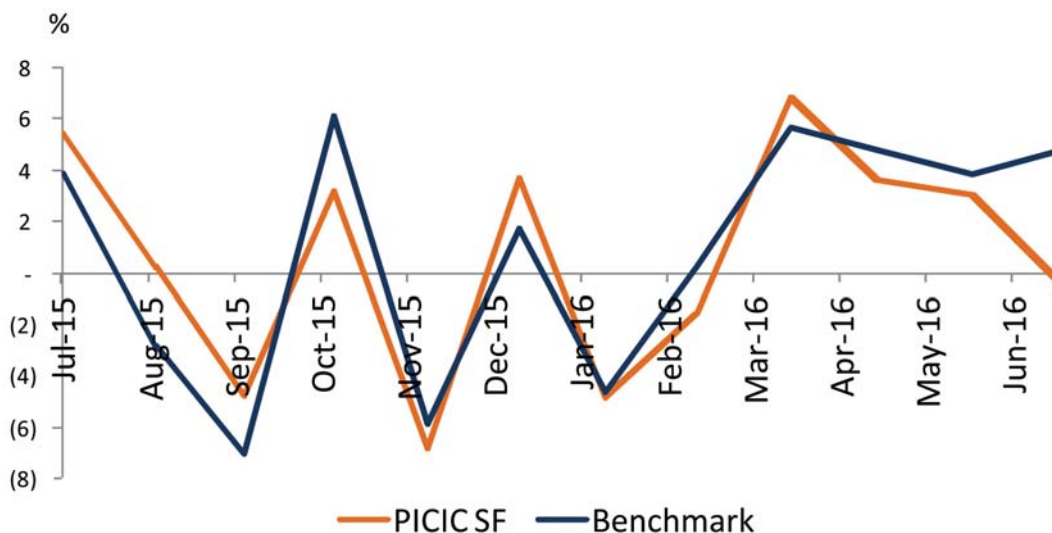
iii) Explanation as to whether the Collective Investment Scheme achieved its stated objective

The Collective Investment Scheme achieved its stated objective.

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

The Collective Scheme's total NAV increased by 6.71%, underperforming the benchmark KSE 100 Index by 3.13% during the stated period.

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



1M Return	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16
PICIC SF	5.41	0.23	(4.75)	3.21	(6.83)	3.68	(4.86)	(1.54)	6.84	3.61	3.0	(0.44)
Benchmark	3.90	(2.84)	(7.02)	6.11	(5.86)	1.74	(4.62)	0.23	5.64	4.77	3.87	4.78

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

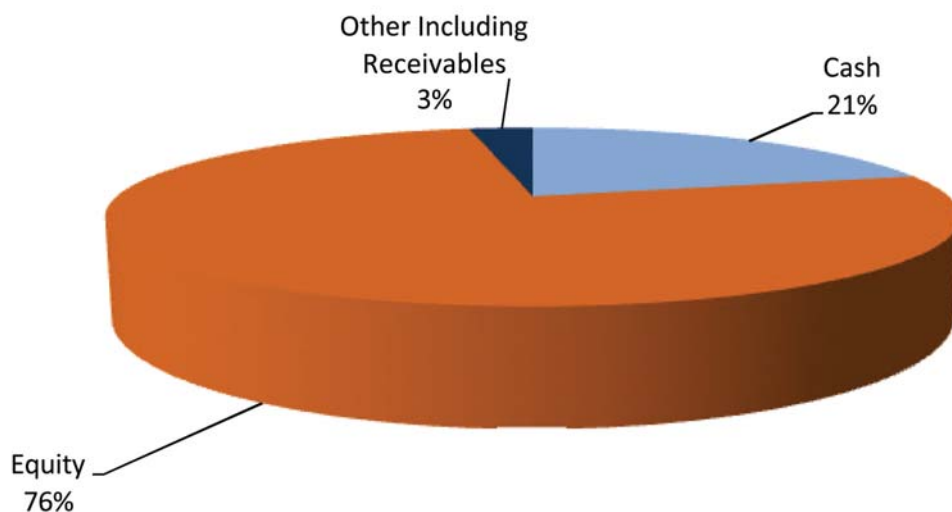
PICIC Stock Fund (PICIC-SF) provided return of 6.71% during FY16 compared to 9.84% by the benchmark KSE-100 Index. Exposure in equities remained high amidst favorable dynamics of the equity markets of Pakistan which was driven by 1) reclassification of Pakistan in MSCI Emerging markets from Frontier 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 with diversified investment across 1) Cements, 2) Fertilizers, 3) Commercial Banks, 4) Software and Communications 5) Oil & Gas exploration, 6) Oil & Gas Marketing 7) Pharmaceuticals and 8) Engineering.

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

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

Asset Allocation (% of NAV)	Jun '16	Jun '15
Equities	76	68
Cash	21	19
others including receivables	3	13



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

Fy16 Return **6.71%**
 Standard Deviation **14.37%**
 Sharpe Ratio **0.11**

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

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

Net Asset Value			NAV per unit		
30 June 2016	30 June 2015	Change	30 June 2016	30 June 2015	Change
Rupees (000)		%	Rupees		%
173,508	269,694	-35.66	107.2297	124.8151	-14.09

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

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

Distribution				Per unit	
Declared on	Cash or Bonus	Total Value	Per Unit	Cum NAV	Ex NAV
		Rupees (000)			
24-Jun-2016	Cash Bonus	1,942	1.50	135.9814	109.4814
		32,372	25.00		

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

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

xiii) Breakdown of unit holdings by size

Range of Units	Number of Investors	
	PICIC	Stock Fund
1 - 9,999		99
10,000 - 49,999		18
50,000 - 99,999		3
100,000 - 499,999		0
500,000 & Above		1
Total		121

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

There were no unit splits during the period.

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

Investments are subject to market risk.

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

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

PERFORMANCE TABLE

	2016	2015	2014	2013	2012
NET ASSETS AS AT 30 JUNE - Rupees in '000	173,508	269,694	381,325	190,415	116,701
NET ASSETS VALUE PER UNIT AT 30 JUNE - RUPEES					
Class C Units - Offer	110.4466	128.5596	115.6606	116.7227	116.4200
- Redemption	107.2297	124.8151	112.2918	113.3230	113.0291
RETURN OF THE FUND					
Total Return of the Fund - %	6.71	11.15	41.93	48.18	13.03
Capital Growth - %	(19.79)	-	(6.07)	13.18	0.03
Date of Income Distribution	24-Jun-16	-	25-Jun-14	26-Jun-13	6-Jul-12
Income Distribution (Rs. Per unit)	26.50	-	48.00	35.00	13.00
AVERAGE ANNUAL RETURN (CAGR) - %					
Current Year	6.71	11.15	41.93	48.18	*13.03
Last two years	8.91	25.60	45.05	*29.42	N/A
Last three years	18.96	32.72	*33.46	N/A	N/A
OFFER / REPURCHASE DURING THE PERIOD - (RUPEES)					
Highest price per unit - Class C - Offer	143.4474	135.0221	167.7836	160.8641	121.9965
Highest price per unit - Class C - Redemption	139.2693	131.0894	162.8967	156.1787	118.4432
Lowest price per unit - Class C - Offer	107.9068	104.7831	114.3614	107.1635	96.8059
Lowest price per unit - Class C - Redemption	104.7639	101.7312	111.0305	104.0422	93.9863
PORTFOLIO COMPOSITION					
Percentage of Net Assets as at 30 June					
PORTFOLIO COMPOSITION BY CATEGORY - %					
Bank Balances	21	19	9	8	3
Equity	76	68	87	92	94
Others	3	13	4	-	3
TOP 5 SECTOR IN PORTFOLIO - %					
Banks	19	-	17	15	18
Oil & Gas	11	9	24	30	28
Cement / Construction & Materials	10	17	5	14	-
Fertilizers / Chemicals	10	12	-	-	15
Engineering	9	-	-	11	-
Electricity	-	-	-	13	17
Personal Goods	-	-	-	11	-
Pharma and Bio Tech	-	7	23	-	-
Non Life Insurance	-	-	7	-	-
Software & Computer Services	-	7	-	-	-
Others	17	17	11	9	16

Note:

* The Launch date of the Fund is September 24, 2011

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.

PSF	Meetings	Resolutions	For	Against	Abstain*
Number	5	15	15	-	-
(%ages)		100%	100%	-	-

Management Company did not participate in following shareholders' meetings

Investee Companies	Meeting Date	Meeting Type
Pakistan Petroleum Ltd	30-Sep-15	AGM
Pakistan Oilfields Ltd	18-Sep-15	AGM
Attock Petroleum Ltd	18-Sep-15	AGM
TPL Trakker Ltd	28-Oct-15	AGM
Nishat Power Ltd	30-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
Maple Leaf Cement Factory Ltd	31-Oct-15	AGM
Lucky Cement Ltd	31-Oct-15	AGM
Pioneer Cement Ltd	29-Oct-15	AGM
Nishat Mills Limited	30-Nov-15	AGM
GlaxoSmithKline Pakistan Ltd.	30-Nov-15	EOGM
MCB Bank Limited	8-Jan-16	EOGM
Hub Power Company Ltd	14-Jan-16	EOGM
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 Powergen Qadirpur	29-Mar-16	AGM
Askari Bank Ltd	30-Mar-16	AGM
Engro Corporation Ltd	15-Apr-16	AGM
Abbot Laboratories (Pakistan) Ltd	21-Apr-16	AGM
GlaxoSmithKline Pakistan Ltd	27-Apr-16	AGM
Systems Ltd	27-Apr-16	AGM
Pak Elektron Ltd	28-Apr-16	AGM
Pak Suzuki Motor Co. Ltd	28-Apr-16	AGM
Hascol Petroleum Ltd	28-Apr-16	AGM
Pakistan Telecommunication Co Ltd	28-Apr-16	AGM
TPL Direct Insurance Ltd	29-Apr-16	AGM

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

PICIC STOCK FUND

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 Stock Fund (Fund), has applied the principles contained in the CCG in the following manner:

1. 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.

2. 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).
3. All the resident directors of the Management Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. 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.
5. 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.
6. 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.
7. 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.
8. 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.
9. 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).
10. 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.
11. 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.
12. The financial statements of the Fund were duly endorsed by the Chief Executive Officer and the Chief Financial Officer before approval of the Board.

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

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

For and behalf of the board

Karachi
August 26, 2016

Rehan N. Shaikh
Chief Executive Officer

REVIEW REPORT TO THE UNIT HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF 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 Stock Fund** (the Fund) for the year ended June 30, 2016 to comply with the clause 5.19 of Pakistan Stock Exchange Regulation where the Fund is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Management Company (PICIC Asset Management Company Limited) of the Fund. 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 Fund'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 of the Fund's 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 for and on behalf of the Fund, 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.

Chartered Accountants
Dated: September 27, 2016
Karachi

TRUSTEE REPORT TO THE UNIT HOLDERS PICIC STOCK FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of PICIC Stock Fund (the Fund) are of the opinion that PICIC Asset Management Company Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2016 in accordance with the provisions of the following:

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

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

Karachi, September 16, 2016

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

We have audited the accompanying financial statements of PICIC Stock Fund (hereinafter referred to as "the Fund"), which comprise the statement of assets and liabilities as at June 30, 2016, and the related income statement, distribution statement, statement of movement in unit holders' fund and cash flow statement for the year then ended, and a 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 approved accounting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 the International Standards on Auditing as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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, whether 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 the 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 financial position of the Fund as at June 30, 2016 and of its financial performance, its cash flows and transactions for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Chartered Accountants
Engagement Partner: **Shahbaz Akbar**
Dated: September 27, 2016
Karachi

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

	Note	2016	2015
		----- Rupees in '000 -----	
ASSETS			
Bank balances	4	41,775	52,855
Investments	5	150,088	192,826
Dividend and profit receivable	6	348	1,039
Deposits and prepayments	7	2,683	2,666
Receivable against sale of investments		1,871	34,451
Preliminary expenses and floatation costs	8	54	281
Total assets		196,819	284,118
LIABILITIES			
Payable to the Management Company	9	749	890
Payable to the Trustee	10	67	56
Payable to the Securities and Exchange Commission of Pakistan	11	291	375
Accrued expenses and other liabilities	12	13,610	9,603
Payable against purchase of investments		8,594	-
Payable against redemption of units		-	3,500
Total liabilities		23,311	14,424
NET ASSETS		173,508	269,694
UNIT HOLDERS' FUND (as per statement attached)		173,508	269,694
CONTINGENCIES AND COMMITMENTS			
	13		
		----- Number of units -----	
NUMBER OF UNITS IN ISSUE	21	1,618,100	2,160,747
		----- Rupees -----	
NET ASSETS VALUE PER UNIT	3.5	107.2297	124.8151

The annexed notes 1 to 27 form an integral part of these financial statements.

For PICIC Asset Management Limited
(Management Company)

Chief Executive

Director

PICIC STOCK FUND

Income Statement

For the year ended June 30, 2016

	Note	2016	2015
		----- Rupees in '000 -----	
INCOME			
Capital gain on sale of investments - net		13,001	58,268
Dividend income		16,590	14,361
Profit on bank deposits		1,878	3,815
Unrealised (diminution) appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	5.1	(431)	14,320
Total income		31,038	90,764
EXPENSES			
Remuneration of the Management Company	9.1	8,938	11,829
Sindh sales tax on remuneration of the Management Company		1,251	1,774
Federal Excise Duty and additional sales tax on the Management Fee	12.2	1,630	2,177
Remuneration of the Trustee	10.1	804	850
Annual fee to the Securities and Exchange Commission of Pakistan	11.1	291	375
Fund operation, accounting and related costs	12.3	163	-
Amortisation of preliminary expenses and floatation costs	8.1	227	226
Auditors' remuneration	14	454	428
Securities transaction costs and settlement charges		2,054	3,066
Fee and subscription charges		207	179
Printing and postage expenses		347	294
Bank charges		14	13
Total expenses		16,380	21,211
Net income from operating activities		14,658	69,553
Element of (loss) and capital (losses) included in prices of units issued less those in units redeemed - net		(8,798)	(41,941)
Provision for Workers' Welfare Fund	12.1	-	(552)
Net income for the year before taxation		5,860	27,060
Taxation	15	-	-
Net income for the year after taxation		5,860	27,060
Other comprehensive income for the year		-	-
Total comprehensive income for the year		5,860	27,060
Earnings per unit	16		

The annexed notes 1 to 27 form an integral part of these financial statements.

For PICIC Asset Management Limited
(Management Company)

Chief Executive

Director

PICIC STOCK FUND

Distribution Statement

For the year ended June 30, 2016

	2016	2015
	----- Rupees in '000 -----	
Undistributed income brought forward		
- Realised income	39,301	1,862
- Unrealised income	<u>14,320</u>	<u>39,881</u>
	53,621	41,743
Net income for the year after taxation	5,860	27,060
Net element of (loss) and capital (losses) included in prices of units issued less those in units redeemed - amount transferred to the Distribution Statement	(13,466)	(15,182)
Final distribution for the year ended June 30, 2016 at Rs. 26.5 per unit declared on June 24, 2016		
- cash dividend at Rs 1.50 per unit	(1,942)	-
- issue of bonus units at Rs 25 per unit	(32,372)	-
	<u>11,701</u>	<u>53,621</u>
Undistributed income carried forward		
Undistributed income comprising:		
- Realised income	12,132	39,301
- Unrealised (Loss) income	<u>(431)</u>	<u>14,320</u>
	<u>11,701</u>	<u>53,621</u>

The annexed notes 1 to 27 form an integral part of these financial statements.

For PICIC Asset Management Limited
(Management Company)

Chief Executive

Director

PICIC STOCK FUND

Statement of Movement In Unit Holders' Fund

For the year ended June 30, 2016

	2016	2015
	----- Rupees in '000 -----	
Net assets at the beginning of the year	269,694	381,325
Issue of 2,971,310 units (2015: 7,204,995 units)	376,832	842,844
Redemption of 3,809,627 units (2015: 8,440,101 units)	(485,734)	(1,023,476)
	(108,902)	(180,632)
Net element of loss and capital losses included in prices of units issued less those in units redeemed		
- transferred to the Income Statement	8,798	41,941
- transferred to the Distribution Statement	13,466	15,182
	22,264	57,123
Capital gain on sale of investments - net	13,001	58,268
Unrealised (diminution) appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	(431)	14,320
Other income (net of expenses) for the year	(6,710)	(45,528)
	5,860	27,060
Net element of (loss) and capital (losses) included in prices of units issued less those in units redeemed - amount transferred to the Distribution Statement	(13,466)	(15,182)
Final distribution for the year ended June 30, 2016 at Rs. 26.5 per unit declared on June 24, 2016		
- cash dividend at Rs 1.50 per unit	(1,942)	-
- issue of bonus units at Rs 25 per unit	(32,372)	-
Issue of 295,670 Bonus Units (2015: Nil Bonus Units)	32,372	-
Net assets at the end of the year	173,508	269,694
	----- Rupees -----	
Net assets value per unit at the beginning of the year	124.8151	112.2918
Net assets value per unit at the end of the year	107.2297	124.8151

The annexed notes 1 to 27 form an integral part of these financial statements.

For PICIC Asset Management Limited
(Management Company)

Chief Executive

Director

PICIC STOCK FUND

Cash Flow Statement

For the year ended June 30, 2016

	Note	2016	2015
		----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year before taxation		5,860	27,060
Adjustments for:			
Capital gain on sale of investments - net		(13,001)	(58,268)
Unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net		431	(14,320)
Amortisation of preliminary expenses and floatation costs		227	226
Element of loss and capital losses included in prices of units issued less those in units redeemed - net		8,798	41,941
		<u>2,315</u>	<u>(3,361)</u>
Decrease / (increase) in assets			
Investments - net		55,308	236,908
Dividend and profit receivable		691	(769)
Deposits and prepayments		(17)	(4)
Receivable against sale of investments		32,580	(22,699)
		<u>88,562</u>	<u>213,436</u>
(Decrease) / increase in liabilities			
Payable to the Management Company		(141)	(380)
Payable to the Trustee		11	(17)
Payable to the Securities and Exchange Commission of Pakistan		(84)	64
Accrued expenses and other liabilities		4,007	2,539
Payable against purchase of investments		8,594	(19,300)
Payable against redemption of units		(3,500)	3,500
		<u>8,887</u>	<u>(13,594)</u>
Net cash generated from operating activities		<u>99,764</u>	<u>196,481</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts from issue of units		376,832	842,844
Payments on redemption of units		(487,676)	(1,023,476)
Net cash used in financing activities		<u>(110,844)</u>	<u>(180,632)</u>
Net (decrease) / increase in cash and cash equivalents during the year		<u>(11,080)</u>	<u>15,849</u>
Cash and cash equivalents at the beginning of the year		52,855	37,006
Cash and cash equivalents at the end of the year	4	<u><u>41,775</u></u>	<u><u>52,855</u></u>

The annexed notes 1 to 27 form an integral part of these financial statements.

For PICIC Asset Management Limited
(Management Company)

Chief Executive

Director

PICIC STOCK FUND

Notes To The Financial Statements

For the year ended June 30, 2016

1 STATUS AND NATURE OF BUSINESS

- 1.1 PICIC Stock Fund ("the Fund") was established under a Trust Deed executed between PICIC Asset Management Company Limited (the Management Company) and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter no. SCD/NBFC-II/PSF/249/2011 dated June 1, 2011 and the trust deed was executed on June 14, 2011.

The Fund is an open-ended mutual fund and is listed on the Pakistan Stock Exchange. The units of the Fund were initially offered to the public for subscription at par value of Rs 100 per unit from September 24, 2011 to September 26, 2011. Thereafter, the units are offered to the public for subscription on a continuous basis and are transferrable and redeemable by surrendering them to the Fund.

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

The Fund has been categorised as an equity scheme as per the criteria laid down by the SECP for categorisation of Collective Investment Schemes (CISs).

The investment objective of the Fund is to provide investors a diversified equity portfolio with a primary objective of maximizing risk-adjusted returns over longer investment horizon through a combination of capital gains and dividend income.

Title to the assets of the Fund is held in the name of CDC of Pakistan Limited as trustee of the Fund.

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

- 1.2 During the current year, HBL Asset Management Limited has acquired 100% shares of the Management Company of the Fund from NIB Bank Limited, with effect from the close of business on March 2, 2016 under an agreement dated February 17, 2016. The acquisition was approved by the SECP vide the letter dated February 8, 2016.

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. The approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

2.2 Standards and amendments to approved accounting standards which became effective during the year ended June 30, 2016

There were certain new standards and amendments to the approved accounting standards which became effective during the year ended June 30, 2016 but are considered not to be relevant or have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements except for IFRS 13 'Fair Value Measurement'. IFRS 13 consolidates the guidance on how to measure fair value, which was spread across various IFRSs, into one comprehensive standard. It introduces the use of an exit price, as well as extensive disclosure requirements, particularly the inclusion of non-financial instruments into the fair value hierarchy. The application of IFRS 13 does not have any impact on financial statements except for disclosures which are included in note 24 to these financial statements.

2.3 Amendments to approved accounting standards that are effective for the Fund's accounting periods beginning after July 1, 2016:

There are certain new amendments to the approved accounting standards that are mandatory for the Fund's accounting periods beginning after July 1, 2016 but are considered not to be relevant or are not expected to have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise the judgment in application of its accounting policies. The estimates, judgments and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The areas involving a degree of judgment or complexity, or areas where estimates and assumptions are significant to the financial statements are as follow:

- classification, impairment and valuation of investments (notes 3.2.1.1, 3.2.1.4, 3.2.1.5 and 5);
- Taxation (note 3.7 and 15) and
- amortisation of preliminary expenses and floatation costs (notes 3.3 and 8)

2.5 Accounting convention

These financial statement have been prepared under the historical cost convention, except for investments held at 'fair value through profit or loss' category which have been marked to market and are measured at fair value.

2.6 Functional and presentation currency

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

3 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 applied consistently to all the years presented unless otherwise stated.

3.1 Cash and cash equivalents

Cash and cash equivalents comprise of balances with banks and short term highly liquid investments with original maturity of three months or less.

3.2 Financial instruments

3.2.1 Financial assets

3.2.1.1 Classification

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

a) Financial assets at 'fair value through profit or loss'

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as financial assets at fair value through profit or loss category. These include held for trading investments and such other investments that, upon initial recognition, are designated under this category.

b) Loans and receivables

Subsequent to initial recognition, financial assets categorised as 'loans and receivables' are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

c) Available for sale

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

3.2.1.2 Regular way contracts

All regular way purchases / sales of investments are recognised on the trade date, i.e. the date on which the Fund commits to purchase / sell the investment. Regular way purchases / sales of investments require delivery of securities within two days after transaction date as per the stock exchange regulations.

3.2.1.3 Initial recognition and measurement

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

3.2.1.4 Subsequent measurement

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

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

- Basis of valuation of equity securities

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

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

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

b) Loans and receivables

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

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

3.2.1.5 Impairment

The Fund assesses at each reporting date whether there is an objective evidence that the financial asset or a group of financial assets is impaired. The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

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

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

3.2.1.6 Derecognition

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

3.2.2 Financial liabilities

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

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

3.2.3 Offsetting of financial assets and liabilities

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

3.2.4 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement, each derivative instrument is re-measured to its fair value and the resultant gain or loss is recognised in the Income Statement.

3.3 Preliminary expenses and floatation costs

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

3.4 Provisions

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

3.5 Net assets value per unit

The net assets value (NAV) per unit as disclosed in the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

3.6 Collateral

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

3.7 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. The Fund has distributed such income for the current year in order to avail this tax exemption. Accordingly, no tax liability has been recorded in these financial statements for the current year.

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

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

3.8 Proposed distributions

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

3.9 Issue and redemption of units

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

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

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

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

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

3.11 Earnings per unit

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

3.12 Revenue recognition

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

3.13 Expenses

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

3.14 Foreign currency translation

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

	Note	2016	2015
		----- Rupees in '000 -----	
4 BANK BALANCES			
In savings account	4.1	<u>41,775</u>	<u>52,855</u>
4.1	This account is maintained with NIB Bank Limited and carries rate of return of 6.00% per annum (2015: 6.34% per annum).		
5 INVESTMENTS			
Financial assets at fair value through profit or loss - held for trading			
- Listed securities	5.1	<u>150,088</u>	<u>192,826</u>
		<u>150,088</u>	<u>192,826</u>

5.1 Shares of Listed Companies - Fully paid up ordinary / preference shares of Rs 10 each unless stated otherwise

Name of the Investee Company	Number of shares				As at June 30, 2016				Market value as a percentage of total investments	Market value as a percentage of net assets	Paid up value of shares held as a percentage of total paid up capital of the Investee Company
	As at July 1, 2015	Purchases during the year	Bonus / right issues	Sales during the year	As at June 30, 2016	Carrying cost	Market value	Unrealised appreciation/ (diminution) on re-measurement			
----- Rupees in '000 -----											
FERTILIZERS											
Engro Corporation Limited	64,000	78,600	-	124,200	18,400	6,080	6,127	47	4.08%	3.53%	0.00%
Engro Fertilizers Limited	12,500	199,500	-	212,000	-	-	-	-	-	-	-
Fatima Fertilizer Company Limited	125,000	-	-	125,000	-	-	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	150,000	206,000	-	100,000	256,000	14,401	13,571	(830)	9.04%	7.82%	0.03%
Fauji Fertilizer Company Limited	-	67,000	-	67,000	-	-	-	-	-	-	-
						20,481	19,698	(783)	13.12%	11.35%	
OIL & GAS MARKETING COMPANIES											
Attock Petroleum Limited	3,000	28,000	-	9,000	22,000	11,971	9,626	(2,345)	6.41%	5.55%	0.03%
Hasecol Petroleum Limited	2,500	135,500	-	138,000	-	-	-	-	-	-	-
Pakistan State Oil Company Limited	30,000	44,000	-	39,600	34,400	12,660	12,916	256	8.61%	7.44%	0.01%
						24,631	22,542	(2,089)	15.02%	12.99%	
OIL & GAS EXPLORATION COMPANIES											
Oil Gas Development Company Limited	12,500	93,800	-	91,900	14,400	2,070	1,988	(82)	1.32%	1.15%	0.00%
Pakistan Oilfields Limited	16,000	71,800	-	84,300	3,500	1,190	1,216	26	0.81%	0.70%	0.00%
Pakistan Petroleum Limited	15,000	86,000	-	101,000	-	-	-	-	-	-	-
						3,260	3,204	(56)	2.13%	1.85%	
ENGINEERING											
Aisha Steel Mills Limited - Preference Shares	20,000	-	-	-	20,000	160	140	(20)	0.09%	0.08%	0.01%
Aisha Steel Mills Limited - Conv. Cum. Pref. Shares	10,000	-	-	-	10,000	110	135	25	0.09%	0.08%	0.01%
Amrell Steels Limited	-	280,000	-	93,500	186,500	9,591	8,769	(822)	5.84%	5.05%	0.06%
Crescent Steel & Allied Product Limited	-	20,400	-	10,000	10,400	1,180	1,192	12	0.79%	0.69%	0.01%
Mughal Iron & Steel Industries Limited	-	139,500	-	15,000	124,500	9,010	8,365	(645)	5.57%	4.82%	0.10%
						20,051	18,601	(1,450)	12.39%	10.72%	
CEMENT											
Cherat Cement Company Limited (5.1.1)	180,000	75,000	-	217,000	38,000	3,330	4,544	1,214	3.03%	6.62%	0.02%
D. G. Khan Cement Company Limited	-	70,000	-	70,000	-	-	-	-	-	-	-
Fauji Cement Company Limited	-	403,000	-	403,000	-	-	-	-	-	-	-
Lucky Cement Limited	36,500	44,000	-	68,500	12,000	6,420	7,782	1,362	5.19%	4.49%	0.00%
Maple Leaf Cement Factory Limited	12,000	190,000	-	202,000	-	-	-	-	-	-	-
Pioneer Cement Limited (5.1.1)	155,000	105,000	-	200,000	60,000	5,930	6,444	514	4.29%	3.71%	0.03%
						15,680	18,770	3,090	12.51%	10.82%	

Name of the Investee Company	Number of shares					As at June 30, 2016				Market value as a percentage of total investments	Market value as a percentage of net assets	Paid up value of shares held as a percentage of total paid up capital of the Investee Company
	As at July 1, 2015	Purchases during the year	Bonus / right issues	Sales during the year	As at June 30, 2016	Carrying cost	Market value	Unrealised appreciation/ (diminution) on re-measurement	Percentage			
AUTOMOBILE ASSEMBLER												
Honda Atlas Cars (Pakistan) Limited	-	39,500	-	39,500	-	-	-	-	-	-	-	-
Pak Suzuki Motor Company Limited	7,500	36,500	-	36,400	7,600	3,371	2,904	(467)	1.93%	1.67%	0.01%	
AUTOMOBILE PARTS & ACCESSORIES												
Exide Pakistan Limited	1,940	-	-	1,940	-	-	-	-	-	-	-	-
FOOD & PERSONAL CARE PRODUCTS												
Engro Foods Limited	-	46,000	-	46,000	-	-	-	-	-	-	-	-
TEXTILE COMPOSITE												
Nishat Mills Limited	-	116,700	-	106,700	10,000	1,222	1,079	(143)	0.72%	0.62%	0.00%	
PHARMACEUTICALS												
Abbott Laboratories (Pak) Limited	14,500	-	-	13,700	800	530	603	73	0.40%	0.35%	0.00%	
GlaxoSmithKline Consumer Healthcare Pakistan Limited	-	6,330	-	-	6,330	390	392	2	0.26%	0.23%	0.01%	
GlaxoSmithKline Pakistan Limited	14,000	18,500	-	26,400	6,100	1,200	1,263	63	0.84%	0.73%	0.00%	
The Searle Company Limited	-	6,000	-	-	6,000	3,120	3,217	97	2.14%	1.85%	0.00%	
Wyeth Pakistan Limited	2,940	-	-	480	2,460	5,660	4,725	(935)	3.15%	2.72%	0.17%	
TECHNOLOGY & COMMUNICATION												
Pakistan Telecommunication Company Limited	230,000	450,000	-	680,000	-	-	-	-	-	-	-	-
Systems Limited	412,500	58,000	-	270,000	200,500	9,700	11,557	1,857	7.70%	6.66%	0.18%	
POWER GENERATION & DISTRIBUTION												
Engro Powergen Qadirpur Limited	294	118,706	-	119,000	-	-	-	-	-	-	-	-
Hub Power Company Limited	-	98,500	-	98,500	-	-	-	-	-	-	-	-
K-Electric Limited	-	1,721,000	-	1,620,000	101,000	790	814	24	0.54%	0.47%	0.00%	
Kot Addu Power Company Limited	220,000	33,000	-	253,000	-	-	-	-	-	-	-	-
Nishat Power Limited	-	141,000	-	141,000	-	-	-	-	-	-	-	-
		790		814	24				0.54%	0.47%		

Name of the Investee Company	Number of shares						As at June 30, 2016				Market value as a percentage of total investments	Market value as a percentage of net assets	Paid up value of shares held as a percentage of total paid up capital of the Investee Company		
	As at July 1, 2015	Purchases during the year	Bonus / right issues	Sales during the year	As at June 30, 2016	Carrying cost	Market value	Unrealised appreciation/ (diminution) on re-measurement							
----- Rupees in '000 -----													----- Percentage -----		
COMMERCIAL BANKS															
Askari Bank Limited	-	255,500	-	255,500	-	-	-	-	-	-	-	-	-	-	-
Bank Al-Falah Limited	156,000	499,000	-	307,500	347,500	9,161	8,886	(275)	-	5.92%	5.12%	-	-	0.02%	
Bank Al-Habib Limited	-	35,000	-	35,000	-	-	-	-	-	-	-	-	-	-	-
Habib Bank Limited (5.1.1)**	18,000	114,300	-	63,200	69,100	12,310	13,651	1,341	1,341	9.10%	7.87%	0.00%	0.00%	0.01%	
MCB Bank Limited (5.1.1)	30,000	74,400	-	41,500	62,900	14,481	13,839	(642)	-	9.22%	7.98%	-	-	-	
National Bank of Pakistan Limited	-	94,000	-	94,000	-	-	-	-	-	-	-	-	-	-	-
United Bank Limited	-	110,000	-	109,000	1,000	170	177	7	-	-	-	-	-	-	0.00%
						<u>36,122</u>	<u>36,553</u>	<u>431</u>		<u>24.24%</u>	<u>20.97%</u>				
INSURANCE															
TPL Direct Insurance Limited	55,894	-	-	-	55,894	1,251	998	(253)	-	0.66%	0.58%	0.07%	0.07%	0.01%	
						<u>1,251</u>	<u>998</u>	<u>(253)</u>		<u>0.66%</u>	<u>0.58%</u>				
CABLE & ELECTRICAL GOODS															
Pak Elektron Limited	-	360,500	-	311,500	49,000	3,060	3,168	108	-	2.11%	1.83%	0.01%	0.01%	-	-
TPL Trakker Limited	125,000	-	-	125,000	-	-	-	-	-	-	-	-	-	-	-
						<u>3,060</u>	<u>3,168</u>	<u>108</u>		<u>2.11%</u>	<u>1.83%</u>				
As at June 30, 2016						<u><u>150,519</u></u>	<u><u>150,088</u></u>	<u><u>(431)</u></u>							
As at June 30, 2015						<u>178,506</u>	<u>192,826</u>	<u>14,320</u>							

* Nil value in certain cases represent nil balance, due to rounding off.

** Associated Company

5.1.1 The above investments include shares with market value aggregating to Rs 22.377 million (2015: Rs 27.554 million) which have been pledged with the National Clearing Company of Pakistan Limited (NCCPL) as collateral for guaranteeing settlement of the Fund's trades in accordance with Circular no. 11 dated October 23, 2007 issued by the SECP, which are as follows:

- MCB Bank Limited (40,000 shares)
- Pioneer Cement Limited (25,000 shares)
- Cherat Cement Company Limited (25,000 shares)
- Habib Bank Limited (40,000 shares).

	Note	2016	2015
		----- Rupees in '000 -----	
6 DIVIDEND AND PROFIT RECEIVABLE			
Dividend receivable		221	842
Bank profit receivable		126	197
		<u>347</u>	<u>1,039</u>
7 DEPOSITS AND PREPAYMENTS			
Security deposits with:			
- National Clearing Company of Pakistan Limited		2,500	2,500
- Central Depository Company of Pakistan Limited		100	100
		<u>2,600</u>	<u>2,600</u>
Prepaid rating fee		72	66
Other Receivable		11	-
		<u>2,683</u>	<u>2,666</u>
8 PRELIMINARY EXPENSES AND FLOATATION COSTS			
Opening balance		281	507
Less: Amortisation during the year	8.1	<u>(227)</u>	<u>(226)</u>
Closing balance		<u>54</u>	<u>281</u>
8.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund and are being amortised over a period of five years commencing from September 24, 2011 as per the requirements set out in the Trust Deed of the Fund.			
9 PAYABLE TO THE MANAGEMENT COMPANY			
		----- Rupees in '000 -----	
Remuneration of the Management Company	9.1	397	673
Sindh sales tax on remuneration of the Management Company		56	101
Sales load payable		296	116
		<u>749</u>	<u>890</u>
9.1 In line with amendments introduced in Regulation 61 of the NBFC Regulation, the Management Company has reduced its remuneration at 2% of the average annual net assets of the Fund effective from May 25, 2016. Uptill May 24, 2016, the Management Company was charging its Remuneration at 3% per annum. The remuneration is paid to the Management Company monthly in arrears. The remuneration is also subject to Sindh Sales Tax on services at applicable rate.			
10 PAYABLE TO THE TRUSTEE			
		----- Rupees in '000 -----	
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	10.1	58	55
Sindh Sales Tax on trustee remuneration		8	-
CDS charges payable		1	1
		<u>67</u>	<u>56</u>

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

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

Amount of Funds Under Management [Average Net Assets Value (NAV)]	Tariff per annum
Upto Rs 1,000 million	Rs 0.7 million or 0.20% per annum of net assets value whichever is higher
Rs 1,000 million and above	Rs 2.0 million plus 0.10% per annum of net assets value exceeding Rs 1,000 million

The Sindh Revenue Board through Circular no. SRB 3-4/TP/01/2015/86554 dated June 13, 2015 has amended the definition of service of shares, securities and derivatives to include custodianship services as well. Accordingly, Sindh Sales Tax of 14% is also chargeable on Trustee fee which is covered under section 2(79A) of the Sindh Finance Bill, 2010 amended upto 2015.

11	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	2016 ----- Rupees in '000 -----	2015 ----- Rupees in '000 -----
	Annual fee	11.1	291	375

- 11.1 Under the provisions of the NBFC Regulations, 2008 a collective investment scheme categorised as an 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 fee is payable annually in arrears.

12	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2016 ----- Rupees in '000 -----	2015 ----- Rupees in '000 -----
	Provision for Workers' Welfare Fund	12.1	4,892	4,892
	Provision for federal excise duty and additional sales tax on Management Fee	12.2	5,685	4,055
	Fund operations, accounting and related cost payable	12.3	20	-
	Brokerage payable		503	114
	Auditors' remuneration		450	325
	Printing and other related costs		175	150
	Other payables		1,885	67
			<u>13,610</u>	<u>9,603</u>

12.1 Provision for Workers' Welfare Fund

The Finance Act, 2008 had 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 exceeded 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 connection, a constitutional petition was filed by certain CISs through their trustees in the Honorable High Court of Sindh (the Court), 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. The Honorable 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 May 2014, the Peshawar High Court (PHC) has 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.

Without prejudice to the above, the Management Company, as a matter of prudence and abundant caution, has made provision for WWF amounting to Rs 4.892 million upto June 30, 2015. Had the same not been made the net asset value per unit of the Fund as at June 30, 2016 would have been higher by Rs 3.0233 per unit (June 2015: Rs. 2.2640).

12.1.1 The Finance Act, 2015 has excluded Mutual Funds and Collective Investment Schemes from the definition of 'Industrial establishment' subject to WWF under the WWF Ordinance, 1971. Accordingly, no further provision of WWF has been made from July 1, 2015. However, provision made till June 30, 2015 has not been reversed as the above law suit is still pending in SHC.

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

As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company was applied effective June 13, 2013. The Management Company was of the view that since the remuneration is already subject to provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law.

The matter was collectively taken up by the Management Company jointly with other Asset Management Companies together with their respective Collective Investment Schemes through their Trustees, through a Constitutional Petition filed in the SHC on September 04, 2013 challenging the levy of FED. The Fund was not making payments for FED to the Management Company. However, full provision in respect of FED effective June 13, 2013 till June 30, 2016 aggregating to Rs. 5.685 million (2015: Rs. 4.055 million) (including Rs. 1.630 million for the current year) has been provided in the books of accounts of the Fund.

Subsequently, the SHC in July 2016 has passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) have been set aside.

Further, with effect from July 01, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on management fee from July 1, 2016. However, the provision made till June 30, 2016 has not been reversed as the management believes that the Federal Government retains the right to appeal against the said order in the Supreme Court within the prescribed timeline. Had the provision been reversed Net Asset Value per unit of the Fund as at June 30, 2016 would have been higher by Rs. 3.513.

12.3 Fund operation, accounting and related costs

In accordance with the provisions of the NBFC Regulations amended vide S.R.O 1160(I) / 2015 dated November 25, 2015, the Management Company of the Fund is entitled for reimbursement of fee and expenses incurred by the Management Company in relation to registrar service, accounting, operation and valuation services related to Fund maximum up to 0.1% of average annual net assets of the scheme or actual whichever is less. Accordingly, the Management Company has charged accounting and operation charges amounting to Rs 0.163 million to the Fund during the period from December 1, 2015 to June 30, 2016.

13 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2016 and June 30, 2015.

14 AUDITORS' REMUNERATION	2016	2015
	----- Rupees in '000 -----	
Annual audit fee and certifications	240	240
Fee for half yearly review	135	135
Other certifications and out of pocket expenses	79	53
	<u>454</u>	<u>428</u>

15 TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. The Fund has distributed such income for the current year in order to avail this tax exemption. Accordingly, no tax liability has been recorded in these financial statements for the current year.

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

16 EARNINGS PER UNIT

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

17 FINANCIAL INSTRUMENTS BY CATEGORY

	----- As at June 30, 2016 -----		
	Loans and receivables	Financial assets at fair value through profit or loss	Total
	----- Rupees in '000 -----		
Assets			
Bank balances	41,775	-	41,775
Investments	-	150,088	150,088
Dividend and profit receivable	348	-	348
Deposits	2,600	-	2,600
Receivable against sale of investments	1,871	-	1,871
	<u>46,594</u>	<u>150,088</u>	<u>196,682</u>
Liabilities			
Payable to the Management Company	-	749	749
Payable to the Trustee	-	67	67
Accrued expenses and other liabilities	-	3,032	3,032
Payable against purchase of Investment	-	8,594	8,594
	<u>-</u>	<u>12,442</u>	<u>12,442</u>
	----- As at June 30, 2015 -----		
	Loans and receivables	Financial assets at fair value through profit or loss	Total
	----- Rupees in '000 -----		
Assets			
Bank balances	52,855	-	52,855
Investments	-	192,826	192,826
Dividend and profit receivable	1,039	-	1,039
Deposits	2,600	-	2,600
Receivable against sale of investment	34,451	-	34,451
	<u>90,945</u>	<u>192,826</u>	<u>283,771</u>

	----- As at June 30, 2015 -----		
	Liabilities at fair value through profit or loss	Amortised cost	Total
	----- Rupees in '000 -----		
Liabilities			
Payable to the Management Company	-	890	890
Payable to the Trustee	-	56	56
Accrued expenses and other liabilities	-	656	656
Payable against redemption of units	-	3,500	3,500
	-	5,102	5,102

18 TRANSACTIONS WITH CONNECTED PERSONS

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

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

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

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

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

Transactions during the year	2016	2015
	----- Rupees in '000 -----	
PICIC Asset Management Company Limited		
Issue of 373,226 units (2015: 1,729,307 units)	45,796	194,841
Issue of 139,379 bonus units (2015: nil bonus units)	15,259	-
Redemption of 6,969 units (2015: 3,784,091 units)	763	460,000
Remuneration of the Management Company	8,938	11,829
Sindh sales tax on remuneration of the Management Company	1,251	1,774
Sales load accrued	1,406	1,377
Reimbursement of fund operation, accounting & related cost	66	-
NIB Bank Limited*		
Profit on bank deposits	1,568	3,815
Bank charges	11	13
Habib Bank Limited - Associated Company		
Purchase of 114,300 ordinary shares (2015: 76,500 shares)	21,413	14,515
Sale of 63,200 ordinary shares (2015: 147,949 shares)	13,187	29,862
Dividend Income	582	600
Central Depository Company of Pakistan Limited		
Remuneration for the year	804	850
CDS charges	804	90

	2016	2015
	----- Rupees in '000 -----	
Directors and Executives of the Management Company		
Issue of 1,240 units (2015: 9,049 units)	139	1,000
Issue of nil bonus units (2015: nil bonus units)	-	-
Redemption of 18,727 units (2015: 2,713 units)	2,339	304
Amounts outstanding as at year end		
PICIC Asset Management Company Limited		
Units held: 750,314 units (2015:244,678 units)	80,456	30,539
Remuneration payable to the Management Company	397	673
Sindh sales tax on remuneration of the Management Company	56	101
Sales load payable	296	116
NIB BANK Limited*		
Bank balance	41,775	52,855
Habib Bank Limited - Associated Company		
Shares held: 69,100 shares (2015: 23000)	12,310	4,212
Central Depository Company of Pakistan Limited		
Trustee fee payable	58	55
Sindh Sales Tax on trustee remuneration	8	-
Security deposit	100	100
CDS charges payable	1	1
Directors and Executives of the Management Company		
Units held: 933 units (2015: 18,420 units)	100	2,299

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

19 PARTICULARS OF THE INVESTMENT COMMITTEE AND THE FUND MANAGER

Details of members of the Investment Committee of the Fund are as follows:

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

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

20 LIST OF TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID

S. No.	Particulars	2016	Particulars	2015
		Percentage		Percentage
1	Taurus Securities Limited	8.50%	Global Securities Pakistan Limited	11.17%
2	AL Falah Securities (Pvt) Limited	8.27%	AKD Securities Limited	8.30%
3	Zillion Capital Securities (Pvt) Limited	6.50%	KASB Securities Limited	8.12%
4	Al-Hoqani Securities & Investment Corp. (Pvt) Ltd	6.32%	Askari Securities Limited	7.78%
5	Next Capital Limited	6.03%	Taurus Securities Limited	7.62%
6	Global Securities Pakistan Limited	6.03%	First Capital Equities Limited	7.47%
7	M.M. Securities (Pvt.) Limited	5.50%	Invest & Finance Securities Limited	7.20%
8	Topline Securities (Private) Limited	5.08%	Al-Hoqani Securities & Investment Corp. (Pvt) Ltd	7.13%
9	First Capital Equities Limited	4.92%	Elixir Securities Pakistan (Pvt) Limited	6.45%
10	Invest & Finance Securities Limited	4.70%	Topline Securities (Pvt) Limited	6.39%

21 PATTERN OF UNIT HOLDING

----- As at June 30, 2016 -----				
Category	Number of unit holders	Units Held	Investment amount	Percentage
			Rupees in '000	
Individuals	112	612,736	65,703	37.86%
Associated Companies and Directors	1	750,315	80,456	46.37%
Retirement Funds	6	161,082	17,273	9.96%
Others	2	93,967	10,076	5.81%
Total	121	1,618,100	173,508	100.00%

----- As at June 30, 2015 -----				
Category	Number of unitholders	Units Held	Investment amount	Percentage
Individuals	140	990,158	123,587	45.82%
Associated Companies and Directors	2	263,058	32,834	12.17%
Retirement Funds	5	890,280	111,120	41.20%
Others	3	17,251	2,153	0.80%
Total	150	2,160,747	269,694	100.00%

22 ATTENDANCE AT MEETINGS OF THE BOARD OF DIRECTORS

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

S.No.	Name of Director	Number of meetings			Meetings not attended
		Held	Attended	Leave granted	
1	Mr. Atif R. Bokhari ¹	4	3	1	83rd
2	Mr. Shahid Zaki ¹	4	4	-	-
3	Mr. Imran Ahmad Mirza ¹	4	3	1	83rd
4	Mr. Jaudat Hussain ¹	4	1	3	82nd, 83rd and 84th
5	Mr. Shah Miftah Ul Azim Azmi ¹	4	4	-	-

6	Mr. Tufail Jawed Ahmed ¹	4	4	-	-
7	Mr. Suleman Chhagla ¹	4	4	-	-
8	Mr. Towfiq H. Chinoy ²⁻³	2	2	-	-
9	Ms. Sadia Khan ²⁻⁴	2	1	1	86th
10	Mr. Ayaz Ahmed ²⁻⁴	2	2	-	-
11	Ms. Sima Kamil ²⁻³	2	2	-	-
12	Mr. Rizwan Haider ²⁻³	2	2	-	-
13	Mr. Salahuddin Manzoor ²⁻³	2	2	-	-
14	Mr. Rehan N. Shaikh ²⁻³	2	2	-	-
15	Mr. Nadeem Abdullah ⁵	-	-	-	-
16	Ms. Ava Ardeshir Cowasjee ⁵	-	-	-	-

¹ Directors resigned on March 2, 2016.

² Directors appointed on March 2, 2016 on divestment of 100 % equity stake in the PICIC Asset Management Company Limited by NIB Bank Limited to HBL Asset Management Company Limited as per share purchase agreement. SECP granted HBL Asset Management Company permission to appoint common Directors on the Board of PICIC Asset Management Company Limited.

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

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

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

23 FINANCIAL RISK MANAGEMENT

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

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

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

23.1 Market risk

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

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

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

23.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate 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.

23.1.2 Yield / interest rate risk

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

a) Sensitivity analysis for variable rate instruments

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

b) Sensitivity analysis for fixed rate instruments

Fixed rate instruments comprise solely of balance maintained with bank. The Fund's income and net assets 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 contractual reprising or maturity date and for off-balance sheet instruments is based on settlement date.

----- 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%	41,775	-	-	41,775
Investments		-	-	150,088	150,088
Dividend and profit receivable		-	-	348	348
Deposits		-	-	2,600	2,600
Receivable against sale of investments				1,871	1,871
		41,775	-	154,907	196,682
Financial liabilities					
Payable to the Management Company		-	-	749	749
Payable to the Trustee		-	-	67	67
Accrued expenses and other liabilities		-	-	3,032	3,032
Payable against purchase of investments				8,594	8,594
		-	-	12,442	12,442
On-balance sheet gap (a)		41,775	-	142,465	184,240
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap (b)		-	-	-	-
Total interest rate sensitivity gap (a+b)		41,775	-	142,465	184,240
Cumulative interest rate sensitivity gap		41,775	41,775	41,775	

----- 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	6.34%	52,855	-	-	52,855
Investments		-	-	192,826	192,826
Dividend and profit receivable		-	-	1,039	1,039
Deposits		-	-	2,600	2,600
Receivable against sale of investment		-	-	34,451	34,451
		<u>52,855</u>	<u>-</u>	<u>230,916</u>	<u>283,771</u>
Financial liabilities					
Payable to the Management Company		-	-	890	890
Payable to the Trustee		-	-	56	56
Accrued expenses and other liabilities		-	-	656	656
Payable against redemption of units		-	-	3,500	3,500
		<u>-</u>	<u>-</u>	<u>5,102</u>	<u>5,102</u>
On-balance sheet gap (a)		<u>52,855</u>	<u>-</u>	<u>225,814</u>	<u>278,669</u>
Off-balance sheet financial instruments					
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Off-balance sheet gap (b)		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total interest rate sensitivity gap (a+b)		<u>52,855</u>	<u>-</u>	<u>225,814</u>	<u>278,669</u>
Cumulative interest rate sensitivity gap		<u>52,855</u>	<u>52,855</u>	<u>52,855</u>	

23.1.3 Price risk

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

The Fund is exposed to equity price risk because of investments held by the Fund in listed equity securities classified on the Statement of Assets and Liabilities as 'financial assets at fair value through profit or loss'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within eligible stocks. The Fund's constitutive document / NBFC Regulations, 2008 also limit individual equity securities to no more than 10% of net assets of the Fund, or issued capital of the investee company and sector exposure limit to 35% of net assets.

In case of 5% increase / decrease in price of all shares held by Fund at the year end, net income for the year would increase / decrease by Rs 7.504 million (2015: Rs 9.641 million) and net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities at fair value through profit or loss.

23.2 Credit risk

Credit risk represents the risk of a loss if counter parties fail to perform as contracted. Credit risk arises from deposits with banks, credit exposure arising as a result of dividends receivable on equity securities, receivable against sale of investments and accrued income on bank deposits. For banks, the Fund has maintained deposit with reputed bank with acceptable credit rating thereby mitigating credit risk. Credit risk on dividend receivable is minimal due to statutory protection. All transactions in listed securities are settled / paid for upon delivery using the National Clearing Company of Pakistan Limited. The risk of default is considered minimal due to inherent systematic measures taken therein.

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

The analysis below summarises the credit quality of the Fund's bank balances:

Name of the bank	Balance as at June 30, 2016	Rating agency	Published short term rating
	Rupees in '000		
NIB Bank Limited	41,775	PACRA	A1+
	<u>41,775</u>		

Name of the bank	Balance as at June 30, 2015	Rating agency	Published short term rating
	Rupees in '000		
NIB Bank Limited	52,855	PACRA	A1+
	<u>52,855</u>		

The maximum exposure to credit risk before any credit enhancement as at June 30, 2016 and June 30, 2015 is the carrying amount of the financial assets. None of these assets is 'impaired' or 'past due but not impaired'.

Concentration of credit risk

The Fund mainly deals in equity securities which are primarily subject to price risk. The concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of other financial instruments comprise of bank balance with credit-worthy counterparty.

23.3 Liquidity risk

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

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

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

In order to manage the Fund's overall liquidity, the Fund also has the ability to withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. However, no such instances were witnessed by the Fund during the current year.

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

	----- As at June 30, 2016 -----			
	Up to three months	Over three months and up to one year	Over one year	Total
	----- Rupees in '000 -----			
Liabilities				
Payable to the Management Company	749	-	-	749
Payable to the Trustee	67	-	-	67
Accrued expenses and other liabilities	3,032	-	-	3,032
Payable against purchase of investments	8,594			8,594
	<u>12,442</u>	<u>-</u>	<u>-</u>	<u>12,442</u>

Liabilities

	----- Rupees in '000 -----			
Payable to the Management Company	890	-	-	890
Payable to the Trustee	56	-	-	56
Accrued expenses and other liabilities	656	-	-	656
Payable against redemption of units	3,500	-	-	3,500
	<u>5,102</u>	-	-	<u>5,102</u>

24 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

International Financial Reporting Standard (IFRS) 13, 'Fair Value Measurement' requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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) -----									
On-balance sheet financial instruments									
Financial assets measured at fair value									
Investments									
	- Listed equity securities	5	150,088	-	-	150,088	-	-	150,088
			<u>150,088</u>	-	-	<u>150,088</u>	-	-	<u>150,088</u>
Financial assets not measured at fair value									
24.1	Bank balances		-	41,775	-	-	-	-	-
	Dividend and profit receivable		-	348	-	-	-	-	-
	Receivable against sale of investments		-	1,871	-	-	-	-	-
			-	<u>43,993</u>	-	-	-	-	<u>43,993</u>
Financial liabilities not measured at fair value									
24.1	Payable to the Management Company		-	-	749	-	-	-	-
	Payable to the Trustee		-	-	67	-	-	-	-
	Accrued expenses and other liabilities		-	-	<u>1,179</u>	-	-	-	<u>1,179</u>
			-	-	<u>1,995</u>	-	-	-	<u>1,995</u>

		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		
On-balance sheet financial instruments										
Financial assets measured at fair value										
Investments										
	- Listed equity securities	5	192,826	-	-	192,826	192,826	-	-	192,826
			<u>192,826</u>	<u>-</u>	<u>-</u>	<u>192,826</u>	<u>192,826</u>	<u>-</u>	<u>-</u>	<u>192,826</u>
Financial assets not measured at fair value										
	Bank balances	24.1	-	52,855	-	52,855	-	-	-	-
	Dividend and profit receivable		-	1,039	-	1,039	-	-	-	-
	Receivable against sale of investments		-	34,451	-	34,451	-	-	-	-
			<u>-</u>	<u>88,345</u>	<u>-</u>	<u>88,345</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value										
	Payable to the Management Company	24.1	-	-	890	890	-	-	-	-
	Payable to the Trustee		-	-	56	56	-	-	-	-
	Accrued expenses and other liabilities		-	-	604	604	-	-	-	-
			<u>-</u>	<u>-</u>	<u>1,550</u>	<u>1,550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

25 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to distributions and to payment of a proportionate share, based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown in the Statement of Movement in Unit Holders' Fund. The Fund has no restrictions on the subscription and redemption of units except for maintaining minimum fund size of Rs 100 million at all times.

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

In accordance with the risk management policies stated in note 23, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption requests, which would be augmented by short-term borrowings or disposal of investments where necessary.

26 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.

27 GENERAL

Figures have been rounded off to the nearest thousand Rupees.

For PICIC Asset Management Limited
(Management Company)

Chief Executive

Director

(021) 111-425-262 | www.hblasasset.com

HBL Asset Management Limited



Head Office

24-C, Khayaban-e-Hafiz
Phase VI, D.H.A, Karachi
UAN: (021) 111-425-262
Fax: (92-21) 35240630

Lahore Office

102-103, Upper Mall,
Lahore
Tel: 042-36281610
Fax: 042-36281686

Islamabad Office

HBL Corporate Center,
HBL Building, Jinnah Avenue,
Islamabad
Tel: 051-2821183
Fax: 051-2822206