

First Capital Mutual Fund

Mission

“At First Capital Mutual Fund we would focus on creating the wealth for unit holders, to conduct ourselves with dignity and the highest ethical standards, to contribute as a good corporate citizen to the society and also to provide a good working environment that will surely stimulate talent and reward hard work.”

Vision

“To be a leader among Mutual Funds of the country through prudent investments in diversified portfolio for sustained best financial results and continuing maximum yield for the shareholders of First Capital Mutual Fund.”

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FUND'S INFORMATION

Management Company

First Capital Investments Limited

Board of Directors of the Management Company

Mrs. Aamna Taseer	Chairman / Director
Mr. Shahzad Jawahar	CEO /Director
Syed Nadeem Hussain	Director
Syed Ghazanfar Ali Bukhari	Director

CFO & Company Secretary of the Management Company

Syed Asad Abbas Ali Zaidi	CFO
Mr. Addul Sattar	Company Secretary

Audit Committee

Syed Nadeem Hussain	Chairman
Mrs. Aamna Taseer	Member
Syed Ghazanfar Ali Bukhari	Member

Trustee

Central Depository Company of Pakistan Limited (CDC)
CDC House, 99-B,S.M.C.H.S., Main Shahra -e-Faisal , Karachi

Bankers to the Fund

NIB Bank Limited
MCB Bank Limited
Habib Metropolitan Bank Limited

Auditors

A.F. Ferguson & Co,
Chartered Accountants
23-C, Aziz Avenue, Canal Bank,
Gulberg V, P.O. Box 39, Lahore 54660

First Capital Mutual Fund

Legal advisor

Ebrahim Hosain
156-1, Scotch Corner, Upper Mall, Lahore.

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Karachi Office

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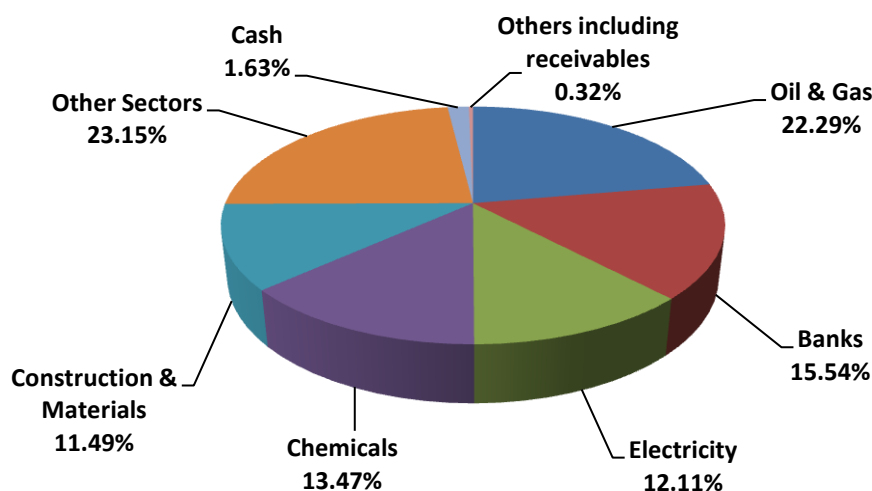
Directors' Report

The Board of Directors of First Capital Investments Limited ("FCIL" or "Management Company") is pleased to present the reviewed financial statements of First Capital Mutual Fund ("FCMF" or "the Fund") for the period from July 30, 2013 to December 31, 2013.

Fund's Performance

During the period under review the Net Asset Value (NAV) per unit of FCMF has increased from Rs.10.11 to Rs. 10.85, thus showing an increase of 7.32%, as compared to its Benchmark's (KSE-100 index) return of 8.35%, for the same period. Thus, the Fund has underperformed its Benchmark by 1.03%. The Fund reshuffled its exposure in equities with enhanced reliance on sectors that will most likely be beneficiaries of developments within the industry and in the economy. In consequence, exposure in the oil & gas and banking sector was reduced to realize profits whereas exposure in personal goods, chemicals and general industries sectors was increased on the back of handsome earnings growth and strong fundamental outlook. Going forward, the Fund intends to focus on sectors exhibiting positive corporate earnings growth and cheap valuations. In respect of its tactical strategy, the Fund seeks to keep sufficient cash reserve to capitalize on any likely correction in the market as well as to meet redemptions. The Fund size of FCMF at the end of the period stood at Rs. 273.877million.

The asset allocation of the Fund as on 31 December 2013 is as under:



KSE-100 index posted an increase of 8.35% during the period under review. During the month of August and September, the local bourse had posted a negative trend on the back of debate on military actions in Syria by US lead coalition, unexpected increase in discount rate, tough quantitative targets set by the IMF, fall in PKR/USD parity and increase in minimum deposit rate on savings deposits of banks. Rising interest rates negatively affected the local equity market's liquidity. During the period from October to December the market started exhibiting positive growth as the investor's activity remained more result oriented. The cement and oil stocks announced record earnings and significantly helped generating positive sentiment in the market. Furthermore, the announcement of incentive/amnesty package to revive economic activity & broaden tax net, announcement of the privatization of 12 state-owned entities, developments within the industry (like grant of EU's GSP+ status to Pakistan, increased measures to tackle grey telecom traffic), smooth change of command in the Army and Judiciary, improved foreign exchange reserves, and subdued inflationary pressures had catalyzed the positive performance

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of market. Abundant global liquidity and growing focus on frontier markets appear to be the key reasons for continued foreign interest in Pakistan's equities. Going forward, the sustainability of this bullish trend is contingent upon economic reforms against the backdrop of political and regulatory stability.

Income Distribution

The Board of Directors of the Management Company has decided to issue 6 bonus Units for every 100 Units i.e. 6% for the period ended December 31, 2013.

Performance Ranking

Pursuant to the Regulation 65 of the NBFC & NE Regulations 2008 the Fund was converted into open end scheme effective from 30 July 2013. FCIL has initiated the process of performance ranking as per the requirements of the Regulations and the performance ranking mandate has already been signed with PACRA.

Conversion of the Fund into an open end scheme

Refer to the note 1 of financial statements, pursuant to the Regulation 65 of the NBFC & NE Regulations 2008 the Fund was converted into open end scheme effective from 30 July 2013.

Declaration by Directors

As required under the Non Banking Finance Companies and Notified Entities Regulations, 2008, the directors of Asset Management Company state that the financial statements of the fund for the period from July 30, 2013 to December 31, 2013 give a true and fair view of the fund.

Acknowledgment

The Board would like to take this opportunity to thank and appreciate all the unit-holders for their continued support. The board also wishes to place on record its appreciation for the guidance and support extended by the Securities and Exchange Commission of Pakistan, Mutual Funds Association of Pakistan as well as the Stock Exchange. Finally, the board would like to appreciate the commitment, hard work and co-operation shown by the staff and the Trustee.

For and on behalf of the Board of

First Capital Investments Limited

Aamna Taseer

Chairman / Director

Date: 14 February 2014

Place: Lahore

Shahzad Jawahar

Chief Executive Officer/Director

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TRUSTEE REPORT TO THE UNIT HOLDERS

FIRST CAPITAL MUTUAL FUND

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

We Central Depository Company of Pakistan Limited, being the Trustee of First Capital Mutual Fund Limited (the Fund) are of the opinion that the First Capital Investments Limited being the Management Company of the Fund has in all material respects managed the Fund during the period from July 30, 2013 to December 31, 2013 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: February 19, 2014

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE UNIT HOLDERS OF FIRST CAPITAL MUTUAL FUND

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **First Capital Mutual Fund** (the Fund) as at December 31, 2013 and the related condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' funds and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the "condensed interim financial information") for the period July 30 to December 31, 2013. The Management Company (First Capital Investments Limited) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' funds and condensed interim cash flow statement, for the quarter ended December 31, 2013 have not been reviewed, as we are required to review only the cumulative figures for the period July 30 to December 31, 2013.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the period ended December 31, 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants

Lahore, February 14, 2014

Name of the engagement partner: Muhammad Masood