

First Capital Mutual Fund

DIRECTORS' REPORT

The Board of Directors of First Capital Investments Limited ("FCIL" or "Management Company") is pleased to present the annual report of First Capital Mutual Fund ("the Fund" or "FCMF" or "the Scheme") together with the annual audited financial statements of the Fund for the Financial year ended 30 June 2020.

EQUITY MARKET REVIEW

During the period under review PSX-100 index (the benchmark) closed at 34422 points, an increase of 1.53%, as compared to loss of 19.11% in the same period last year. After two year's consecutive loss finally the equity market turned to positive. The period under review commenced on negative note mainly on the back of decelerated economic activities while grew cost of doing business and deteriorated relationship between the nuclear-armed India-Pakistan after the repealed of article 370 and imposition of curfew/lockdown in Indian occupied Kashmir. First half of the year ended with net return of 20.16% on the back of positive macro-economic indicators. Current account surplus of amount 98 million and surging interest in government securities as reflected by inflow of USD 713 million (T-Bills & PIBs) in SCRA account for Nov-19 and expectations for decrease in inflation rate led to boost the investor's confidence

After a hefty gain in 1st half, the market has lost its pace on account of outbreak of Covid-19. Oil & Gas sector remained under pressure during the period due to slowdown of economic activities that led to plunge in crude oil prices by more than 25% and headline news on circular debt continued to haunt the investors. Depressed export numbers, which stood at USD 957 million for the month of April-20, led to uncertainty over sustainability of Balance of Payment (BoP) situation that also caused to shrink investors' confidence. On the other side incentive package of PKR 50 billion for agri-sector for subsidized fertilizers, tractors and loans; and further 100 bps cut in Policy Rate provide some support to the market during the period.

FUND PERFORMANCE

During the period under review, the Fund has reported net profit after taxation of Rs. 6.206 million as compared to loss of Rs. 43.208 million in the corresponding period last year. The Fund has gained mainly on the back of unrealized diminution on re-measurements of investments at fair value through profit or loss has recorded at Rs. 2.982 million during the period under review as compared to diminution of Rs. 45.402 million in the corresponding period last year. Capital gain on sale of investment also increased to Rs. 6.495 million from Rs. 0.552 million in previous year. Dividend income has been recorded at Rs. 3.999 million. Total expenses of the Fund for the period under review decreased to Rs. 4.58 million from Rs. 5.444 million in the corresponding period last year.

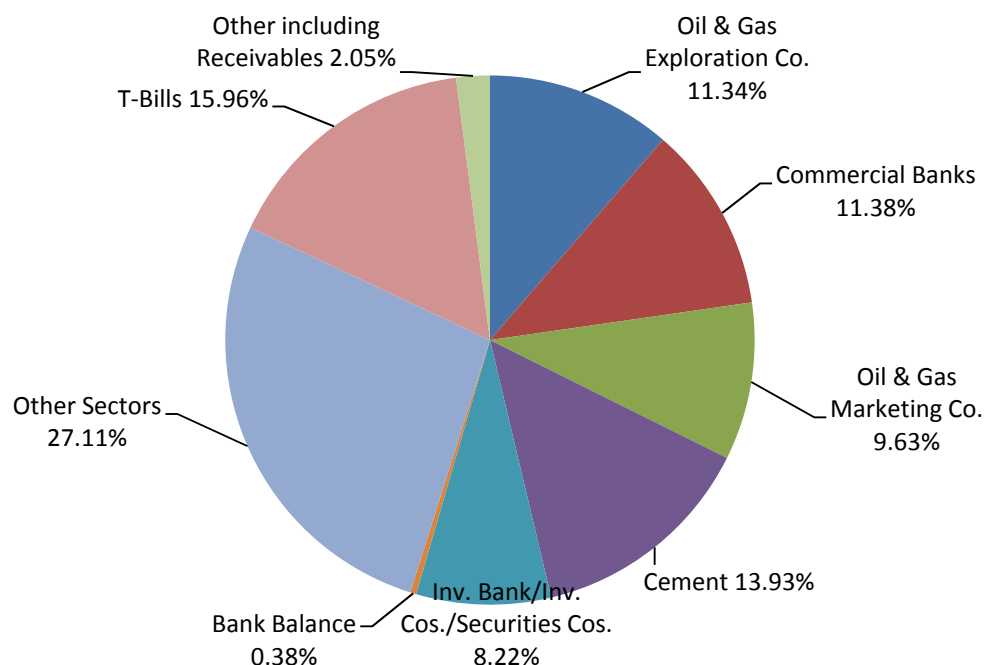
In terms of Net Asset Value ("NAV"), the NAV per unit of FCMF has increased from Rs. 6.2298 to Rs. 6.3463 during the period under review. The benchmark of the Fund is KSE-100 index. During the period under review, the NAV of the Fund has increased by 1.87%, as compared to its Benchmark's ("KSE-100 index") return of 1.53%, for the same period. Thus, the Fund has outperformed the Benchmark by 0.34%. The difference in weights allocated to the sectors of the Fund as compared to the benchmark, caused for difference in return. Moreover, the investment portfolio of the Fund included certain scrips, which were not in the benchmark and there were certain high yield illiquid scrips in the portfolio of the benchmark in which a fund could not invest due to investment policy criteria.

During the period under review, the Pakistan Credit Rating Agency ("PACRA") has assigned "1 star" 1 Year performance ranking to the Fund based on performance.

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The Fund size of FCMF at the end of the period stood at Rs. 105.527 million as compared to Rs. 97.412 million as at June 30, 2019.

The asset allocation of FCMF as on June 30, 2020 is as follows:



The Management Company is continuously striving for the improvement in performance of the Fund. However, the objective is to focus on outperforming the market and consistent returns in the long run but does not conceptualize upon aggressive high risk strategies to give the best return in the short run.

INCOME DISTRIBUTION

During the period under review, the Board of Directors of the Management Company, on September 25, 2020 has approved and declared final dividend distribution of Rs. 0.1723 per unit (1.723% of the par value of Rs.10) for the year ended June 30, 2020.

TAXATION

As the above distribution is more than 90% of the income earned during the year, excluding realized and unrealized capital gains on investments, the Fund is not subject to tax under Clause 99 of the Part I of the Second Schedule of the Income Tax Ordinance, 2001.

EXPENSE RATIO

The Scheme has also maintained Total expense ratio ("TER") 4.16% (including 0.49% government levies) during the period under review, within the limit of 4.00% (excluding Government Levies) prescribed under the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

RISK DISCLOSURE

A description of the principal risks and uncertainties emanating from various factors include, but are not limited to:

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1. **Equity Risk** - Companies issue equities, or stocks, to help finance their operations and future growth. The Company's performance outlook, market activity and the larger economic picture influence the price of a stock. Usually when the economy is expanding, the outlook for many companies is good and the stock prices may rise and vice versa.
2. **Government Regulation Risk** - Government policies or regulations are more prevalent in some securities and financial instruments than in others. The schemes that invest in such securities may be affected due to change in these regulations or policies, which directly or indirectly affect the structure of the security and/or in extreme cases a governmental or court order could restrain payment of capital, principal or income.
3. **Credit Risk** - Credit Risk arises from the inability of the issuers of the instruments or counterparties, to fulfill their obligations. The risk is generally limited to principal amount and accrued interest there on, if any.
4. **Price Risk** - Changing value of a security or a fund can be mostly due to stock/fund price fluctuations. Price Risk is the biggest risk faced by all investors and price risk can be minimized through diversification and efficient fund management.
5. **Liquidity Risk**- Liquidity risk arises when a transaction cannot be conducted at prevailing market prices due to insufficient market activity.
6. **Market Risk** - Market risk is the risk that the change in fair value or future cash flows of the financial instruments may fluctuate as a result of changes in market prices.
7. **Settlement Risk** - The risk that counterparty will not deliver the security or cash for a trade it has entered into, on time.
8. **Events Risk** - There may be adjustments to the performance of the Scheme due to events including but not limited to, natural calamities, market disruptions, mergers, nationalization, insolvency and changes in tax law.
9. **Redemption Risk** - There may be special circumstances in which the redemption of Units may be suspended or the redemption payment may not occur within six working days of receiving a request for redemption from the investor.

MANAGEMENT QUALITY RATING

During the period under review PACRA re-affirms the asset manager rating of FCIL at "AM4++" (AM Four Plus Plus). The rating reflects the Management Company's adequate capacity to manage risks inherent in the asset management business and the asset manager meets investment management industry standards and benchmarks.

ELECTION OF DIRECTORS

New Board of Directors was elected for the term of next three years in the Extraordinary General Meeting of the Shareholders of the Management Company held on 14 February 2020 and Syed Nadeem Hussain also retired from the board.

COMPOSITION OF BOARD

Names

Miss Fauzia Husain Qureshi
Mr. Imran Hafeez
Mr. Jawad Saleem
Mr. Asif Parveiz

Designation

Chairman
Chief Executive Officer
Director
Director

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Total number of Directors **04**

- | | |
|-----------|----|
| a) Male | 03 |
| b) Female | 01 |

Composition:

Independent Directors	2
Other Non-Executive Directors	1
Executive Directors	1

COMMITTEE OF THE BOARD

Audit Committee	Mr. Jawad Saleem Miss Fauzia Husain Qureshi Mr. Asif Pervaiz
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Human Resource and Remuneration (HR&R) Committee	Miss Fauzia Husain Qureshi Mr. Imran Hafeez Mr. Jawad Saleem
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After election of the Board of Directors of the Company, the Audit Committee and HRR Committees were reconstituted.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The Board of Directors states that:

1. Financial Statements present fairly the state of affairs, the results of operations, cash flows and the changes in unit holder's Fund;
2. Proper books of accounts of the Fund have been maintained;
3. Appropriate accounting policies have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgments;
4. Relevant International Accounting Standards, as applicable in Pakistan, provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 & Non - Banking Finance Companies and Notified Entities Regulations, 2008, requirements of the Trust Deed and directives issued by the Securities and Exchange Commission of Pakistan, have been followed in the preparation of the financial statements;
5. The Directors are responsible to ensure that a system of sound internal control is established, which is effectively implemented, maintained and monitored at all levels within the fund;
6. There have been no significant doubts upon the Funds' ability to continue as going concern;
7. There has been no material departure from the best practices of corporate governance, as detailed in the Rule Book of Pakistan Stock Exchange except for non-compliances disclosed in the statement of compliance with the Code of Corporate Governance ("the Code");
8. Performance table of the Fund is Given on the last page of the Annual Report;
9. There is no statutory payments on account of taxes, duties, levies and charges outstanding other than already disclosed in the financial statements;
10. The statements as to the value of investments of Provident Fund is not applicable in the case of the Fund as employees post-employment benefits expenses are borne by the Management Company;
11. There have been no trades in the units of the Fund's carried out by the Directors, CEO, CFO, CIA and the Company Secretary and their spouse;

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12. The details as required by the Code of Corporate Governance regarding the pattern of holding in Fund, is attached.

AUDITORS

The present auditors M/s. KPMG Taseer Hadi and Co., Chartered Accountants retire. The Board of directors empower the CEO to appoint external auditors of the Fund for the year ending 30 June 2021, as he deem fit at a fee to be mutually agreed.

ACKNOWLEDGMENT

We are thankful to our valued investors who have placed their confidence in us. The Board is also thankful to Securities & Exchange Commission of Pakistan, the Trustee (Central Depository Company of Pakistan Limited) and the management of Pakistan Stock Exchange Limited for their continued guidance and support. The Directors also appreciate the efforts put in by the management team.



Jawad Saleem

Director

For and on behalf of the Board



Imran Hafeez

Chief Executive Officer/Director

Lahore:

30 September 2020

ڈائریکٹرز کی رپورٹ

فرسٹ کیپٹل انوسٹمنٹس لمیٹڈ ("FCIL" یا "انتظامی کمپنی") کے بورڈ آف ڈائریکٹرز 30 جون 2020ء کو اختتام پذیر مالیاتی سال کے لئے فرسٹ کیپٹل میوچل فنڈ ("فنڈ" یا "FCMF" یا "سکیم") کی سالانہ رپورٹ کے ہمراہ فنڈ کی سالانہ پڑتال شدہ مالیاتی اسٹیٹمنٹس ازراہ مسرت پیش کرتے ہیں۔

ایکویٹی مارکیٹ جائزہ

زیر جائزہ مدت کے دوران PSX-100 انڈیکس (بینچ مارک) تقریباً 1.53 فی صد اضافے کے ساتھ 34422 پوائنٹس پر بند ہوا جب کہ گذشتہ برس کی اسی مدت میں 19.11 فی صد کمی ریکارڈ کی گئی۔ مسلسل دو سال تنزلی کے بعد ایکویٹی مارکیٹ مثبت سمت میں گامزن ہے۔ سست رفتار معاشی سرگرمیوں، کاروباری لاگت میں اضافہ اور آرٹیکل 370 کے اطلاق کے بعد بھارتی مقبوضہ کشمیر میں کرفیو/لاک ڈاؤن سے دواپیٹھی اسلحہ سے لیس ممالک انڈیا اور پاکستان کے بگڑتے تعلقات کی وجہ سے زیر جائزہ سال منفی رجحان سے شروع ہوا۔ نئی حکومت کے غیر متوقع اصلاحی اقدامات کی وجہ سے زیر جائزہ مدت کا آغاز منفی رجحان سے ہوا۔ مثبت معاشی اشاریوں کی وجہ سے اختتام پذیر سال کی پہلے نصف حصہ میں 20.16 فی صد کی خالص آمدنی حاصل کی گئی۔ 98 ملین روپے کا کرنٹ اکاؤنٹ سرپلس اور حکومتی سیکورٹیز میں بڑھتی ہوئی دلچسپی نومبر 2019ء کے لئے SCRA اکاؤنٹ میں 713 ملین امریکی ڈالر (ٹ بلز اور PIB) کی آمد سے عیاں ہے۔ افراط زر کی شرح میں کمی کی توقعات سے سرمایہ داروں کے اعتماد میں اضافہ ہوا ہے۔

پہلے نصف حصہ میں تیز رفتار آمدنی کے بعد COVID-19 وبا پھیلنے کی وجہ سے اس میں کمی واقع ہوئی۔ تیل اور گیس کے شعبہ جات معاشی سرگرمیوں میں سست روی کے وجہ سے اس دورانہ میں دباؤ میں رہے جس سے خام تیل کی قیمتوں میں 25 فی صد تک اضافہ ہو گیا اور ادائیگیوں میں توازن کو برقرار رکھنا مشکل ہو گیا اور سرمایہ داروں کے اعتماد کو ٹھیس پہنچی۔ دوسری جانب مراعات یافتہ فریٹلائزرز، ٹریکٹرز اور قرضوں کے لئے زراعت کے شعبہ کو 50 بلین روپے کے پیکیج کے اعلان اور پالیسی کی شرح میں 100 پیسز پوائنٹس کمی کے بعد اس مدت میں منڈی کو کچھ سہارا ملا۔

فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ نے گذشتہ برس کی اسی مدت کے دوران 43.208 ملین روپے خسارہ کے مقابلہ میں 6.206 ملین روپے منافع علاوہ ٹیکس رپورٹ کیا۔ موافق قیمت پر سرمایہ داری کے دوبارہ تعین پر غیر حاصل شدہ تخصیص کی وجہ سے فنڈ کو آمدنی ہوئی۔ جب کہ گذشتہ برس اسی مدت میں 45.402 ملین روپے کمی کے مقابلہ میں زیر جائزہ مدت کے دوران 2.982 ملین روپے نقصان ریکارڈ ہوا۔ سرمایہ داری کی فروخت پر حاصل سرمایہ 6.495 روپے تک بڑھ گیا جو گذشتہ برس

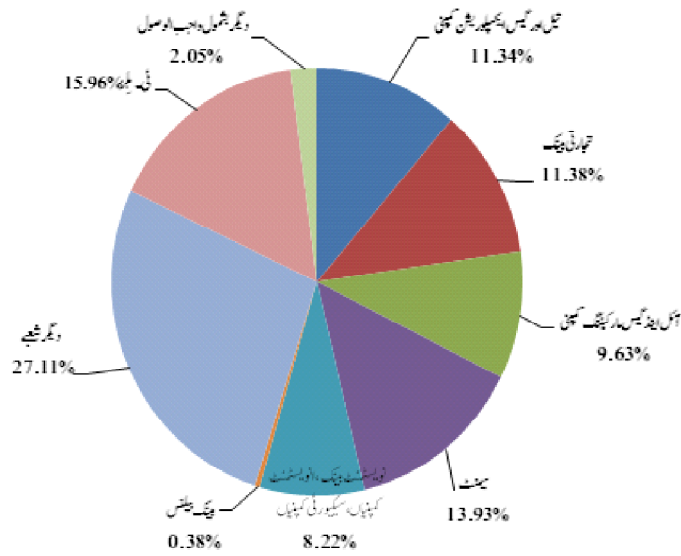
0.552 ملین روپے تھا۔ منافع منقسمہ بھی 3.999 ملین روپے ریکارڈ کیا گیا۔ زیر جائزہ سال کے دوران فنڈ کے کل اخراجات گزشتہ برس کی اسی مدت میں 5.444 ملین روپے کے مقابلہ میں 4.58 ملین روپے رہے۔

اثاثہ جات کی خالص قیمت ("NAV") کی مد میں FCMF کے فی یونٹ پر NAV زیر جائزہ سال کے دوران 6.2298 روپے سے بڑھ 6.3463 روپے ہو گیا۔ فنڈ کا ہینج مارک KSE-100 انڈیکس ہے۔ زیر جائزہ مدت کے دوران فنڈ کا NAV ہینج مارک (KSE-100 انڈیکس) کے 1.53 فی صد ریٹرن کے مقابلہ 1.87 فی صد تک بڑھ گیا۔ لہذا، فنڈ نے ہینج مارک کو 0.34 فی صد سے مات دی۔ ہینج مارک کے مقابلہ میں فنڈ کے شعبوں کو تفویض کردہ حجم میں فرق منافع میں تفریق کی وجہ بنا۔ مزید برآں، فنڈ کے پورٹ فولیو میں کئی خسارے شامل ہیں جو ہینج مارک میں نہیں تھے اور ہینج مارک کے پورٹ فولیو میں زیادہ افادیت والے ایصال پذیر سکرپس موجود تھے جس میں فنڈ سرمایہ داری پالیسی معیار کی وجہ سے سرمایہ نہ لگا سکا۔

زیر جائزہ مدت کے دوران پاکستان کریڈٹ ریٹنگ ایجنسی ("PACRA") نے فنڈ کی ایک سالہ کارکردگی کی بنیاد پر ایک سٹار عطا کیا ہے۔

رواں مدت کے اختتام پر FCMF کا فنڈ سائز 105.527 ملین روپے رہا جو 30 جون 2019ء کو 97.412 ملین روپے تھا۔

30 جون 2020ء کو FCMF کی اثاثہ جات کی ایلوکیشن حسب ذیل ہے:



کمپنی کی انتظامیہ فنڈ کی کارکردگی میں بہتری کے لئے لگاتار مصروف عمل ہے۔ تاہم، بنیادی مقصد مارکیٹ کو شکست دینا اور آئندہ کے لئے ٹھوس اور مستقل منافع حاصل کرنا ہے لیکن انتظامیہ قلیل مدت کے لئے بہترین منافع حاصل کرنے کی غرض سے خطرات سے بھرپور پالیسی اپنانے کا ارادہ نہیں رکھتی۔

آمدنی کی تقسیم

زیر جائزہ مدت کے دوران، انتظامی کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2020ء کو اختتام پذیر سال کے لئے 25 ستمبر 2020ء کو 0.1723 روپے فی یونٹ کا حتمی منافع منقسمہ کا اعلان اور منظوری دی ہے (10 روپے کی اوسط قیمت کا 1.723 فی صد)۔

ٹیکسیشن

چونکہ مذکورہ بالا تقسیم سال میں حاصل آمدنی بشمول حاصل شدہ اور غیر حاصل شدہ سرمایہ داری منافع کے 90 فی صد سے زائد ہے لہذا انکم ٹیکس آرڈیننس کے جدول دوم حصہ 1 کی شق 99 کے تحت فنڈ پر ٹیکس کا اطلاق نہیں ہوتا۔

اخراجات کا تناسب

سیکم نے زیر جائزہ مدت کے دوران کل اخراجات کا تناسب ("TER") 4.16 فی صد (بشمول 0.49 فی صد گورنمنٹ لیوی) مقرر کیا ہے جو نان بینکنگ فنانس کمپنیز اور نوٹی فائیڈ اینٹی ٹیز ریگولیشنز 2008 کے تحت مقررہ 4.00 فی صد (سوائے گورنمنٹ لیوی) کی حد میں ہے۔

خدشات کا اظہار

- مختلف عوامل سے پیدا ہونے والے خدشات اور غیر یقینی صورت حال کی تفصیل میں حسب ذیل شامل ہیں لیکن یہ محدود نہیں:
1. ایکویٹی رسک - کمپنی اپنے آپریشنز کو فنانس کرنے اور آئندہ نمو کے لئے ایکویٹیز یا سٹاکس جاری کرتی ہے۔ کمپنی کی کارکردگی کی آؤٹ لک، مارکیٹ سرگرمی اور معیشت کی صورت حال سٹاک کی قیمت پر اثر انداز ہوتی ہے۔ عموماً جب معیشت وسیع ہو رہی ہو تو اکثر کمپنیوں کی توقعات بہتر ہوتی ہیں اور سٹاک کی قیمت بھی بڑھ جاتی ہے۔
 2. حکومتی ضوابط کے خدشات - حکومتی پالیسیاں یا ضوابط دیگر کے مقابلہ میں سیکورٹیز اور مالیاتی انسٹرومنٹس پر زیادہ اثر انداز ہوتی ہیں۔ سیکمیں جو ان سیکورٹیز میں سرمایہ داری کرتی ہیں وہ ان ضوابط یا پالیسیوں میں ترمیم کی وجہ سے متاثر ہو سکتی ہیں۔ جو براہ راست یا بالواسطہ سیکورٹی کے ڈھانچہ کو متاثر کرتی ہیں اور/یا اکثر صورتوں میں حکومتی یا عدالتی حکم سرمایہ، پرنسپل یا آمدنی کی ادائیگی میں تاخیر پیدا کر سکتے ہیں۔
 3. کریڈٹ رسک - انسٹرومنٹس جاری کرنے والے یا ہم منصب فریقین کی نااہلی سے کریڈٹ رسک پیدا ہوتا ہے۔ عموماً یہ رسک بنیادی سرمایہ اور اس پر سود تک محدود ہوتا ہے۔
 4. پرائس رسک - سیکورٹی یا فنڈ کی متغیر قیمت سٹاک/فنڈ کی قیمت میں اتار چڑھاؤ پر منحصر ہوتی ہے۔ تمام سرمایہ داروں کو پرائس رسک کا سامنا کرنا پڑتا ہے اور فنڈ کے بہترین انتظام اور تنوع کے ذریعے پرائس رسک کو کم کیا جاسکتا ہے۔
 5. لیکویڈٹی رسک - مارکیٹ سرگرمیوں میں سست روی کی وجہ سے موجودہ مارکیٹ پرائس پر ٹرانزیکشن مکمل نہ ہونے کی

وجہ سے لیکویڈٹی رسک پیدا ہوتا ہے۔

6. مارکیٹ رسک - مالیاتی انسٹرومنٹس کے متوقع کیس فلو یا فیئر ویلیو میں تبدیلی کی وجہ سے مارکیٹ رسک پیدا ہوتا ہے جو مارکیٹ پرائس میں تبدیلی کی وجہ سے تغیر پذیر ہے۔
7. سیٹلمنٹ رسک - ایسا رسک جس میں ساتھی فریق لگائے ہوئے سرمایہ میں تجارت کے لئے سیکیورٹی یا کیش فراہم نہیں کرتا۔
8. واقعاتی رسک - کچھ واقعات کی وجہ سے سکیم کی کارکردگی میں تغیر ہو سکتا ہے جس میں مندرجہ ذیل شامل ہیں لیکن محدود نہیں، قدرتی آفات، مارکیٹ کی بندش، انضمام، دیوالہ پن اور ٹیکس لا میں تبدیلیاں۔
9. ریڈمپشن رسک - مخصوص حالات میں یونٹس کا استعمال معطل کیا جاسکتا ہے یا سرمایہ دار کی جانب سے مطالبہ کے چھ یوم کے اندر ریڈمپشن کی ادائیگی مکمل نہ ہو تو ریڈمپشن رسک پیدا ہونے کا خدشہ ہوتا ہے۔

مینجمنٹ کوالٹی ریٹنگ

زیر جائزہ مدت کے دوران PACRA نے FCIL کی ایسٹ مینجر ریٹنگ ”AM4++“ کی توثیق کی ہے۔ یہ درجہ بندی ایسٹ مینجمنٹ امور سے منسلک خطرات سے نپٹنے کی انتظامی کمپنی کی صلاحیت کی عکاسی کرتی ہے۔ اور اس سے ظاہر ہوتا ہے کہ ایسٹ مینجر انویسٹمنٹ مینجمنٹ انڈسٹری معیارات اور بیچ مارکس پر پورا اترتا ہے۔

ڈائریکٹرز کا انتخاب

14 فروری 2020ء کو انتظامی کمپنی کے حصص داران کے غیر معمولی اجلاس عام آئندہ تین برسوں کے لئے نئے بورڈ آف ڈائریکٹرز کا انتخاب کیا گیا اور سید ندیم حسین بورڈ سے ریٹائر ہو گئے۔

بورڈ کی ترکیب

نام	عہدہ
مس فوزیہ حسین قریشی	چیئر مین
مسٹر عمران حفیظ	چیف ایگزیکٹو آفیسر
مسٹر جواد سلیم	ڈائریکٹر
مسٹر آصف پرویز	ڈائریکٹر

ڈائریکٹرز کی کل تعداد 04

(a) مرد 04

(b) خاتون 00

ترکیب

2	آزاد ڈائریکٹرز
1	دیگر نان ایگزیکٹو ڈائریکٹر
1	ایگزیکٹو ڈائریکٹر

بورڈ کمیٹیاں

آڈٹ کمیٹی

مسٹر جواد سلیم
مس فوزیہ حسین قریشی

مسٹر آصف پرویز
مس فوزیہ حسین قریشی

مسٹر عمران حفیظ

مسٹر جواد سلیم

ہیومن ریسورس اینڈ ریمونریشن (HR&R) کمیٹی

کمپنی کے بورڈ آف ڈائریکٹرز کے انتخاب کے بعد آڈٹ کمیٹی اور HRR کمیٹیوں کی تشکیل نو کی گئی۔

کوڈ آف کارپوریٹ گورننس کی تعمیل

بورڈ آف ڈائریکٹرز بیان کرتے ہیں کہ:

1. مالیاتی سسٹمٹنس فنڈ کے کاروباری امور، آپریشنز کے نتائج، کیش فلو اور یونٹ ہولڈر کے فنڈ میں تبدیلی کی بھرپور عکاسی کرتی ہیں۔
2. فنڈ نے کھاتوں کی باقاعدہ کتابیں تیار کی ہیں۔
3. مالیاتی سسٹمٹنس کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا لگاتار اطلاق کیا گیا ہے اور اکاؤنٹنگ تخمینہ جات معقول اور محتاط فیصلوں کی بنیاد پر لگائے جاتے۔
4. مالیاتی سسٹمٹنس کی تیاری میں پاکستان میں رائج متعلقہ بین الاقوامی اکاؤنٹنگ اصولوں، نان بینکنگ فائننس کمپنیز (ایسٹبلشمنٹ اور ریگولیشن) قواعد، 2003ء اور نان بینکنگ کمپنیز اینڈ نوٹیفائیڈ اینٹی ٹریڈرز ضوابط 2008ء، ٹرسٹ ڈیڈ کی ضروریات اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جاری کردہ ہدایات کی پیروی کی گئی ہے۔
5. ڈائریکٹرز داخلی نظم و ضبط کے مربوط نظام کے قیام کو یقینی بنانے کے ذمہ داری ہیں جس کو موثر انداز میں نافذ اور برقرار کیا گیا ہے اور فنڈ میں ہر سطح پر اس کی نگرانی کی جاتی ہے۔
6. کاروباری جاری رکھنے کی فنڈ کی صلاحیت میں کوئی ابہام موجود نہ ہے۔

7. پاکستان اسٹاک ایکسچینج کی رول بک میں بیان کردہ، ماسوائے کوڈ آف کارپوریٹ گورننس (ضابطہ) کے تحت تعمیلی بیان میں ظاہر کردہ انحراف، کارپوریٹ گورننس کی بہترین عمل داری میں کوئی ابہام نہ ہے۔
8. فنڈ کا کارکردگی جدول سالانہ رپورٹ کے آخری صفحہ پر دیا گیا ہے۔
9. مالیاتی اسٹیٹمنٹس میں قبل ازیں بان کردہ محصولات، ڈیویڈنڈ، لیویز اور جرمانوں کی مد میں واجبات کے علاوہ کسی بھی قسم کی قانونی ادائیگیاں واجب الادا نہ ہیں۔
10. فنڈ کی صورت میں پراویڈنٹ فنڈ کی سرمایہ داری قیمت پر بیانات کی ضرورت نہ ہے کیونکہ ملازمین کے بعد از ملازمت مراعاتی اخراجات انتظامی کمپنی کے ذمے ہیں۔
11. ڈائریکٹرز، CEO، CFO، CIA اور کمپنی سیکریٹری اور ان کی اہلیہ کی جانب سے فنڈ کے یونٹس میں کوئی تجارت نہ کی گئی ہے۔
12. فنڈ ہولڈنگ کی وضع کے تناظر میں کوڈ آف کارپوریٹ گورننس کو مطلوب تفصیلات لف ہذا ہیں۔

آڈیٹرز

حالیہ آڈیٹرز میسرز KPMG تاثیر ہادی اینڈ کو، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو چکے ہیں اور بورڈ آف ڈائریکٹرز نے 30 جون 2021ء کو اختتام پذیر سال کے لئے CEO کو باہمی طے شدہ معاوضہ پر اپنی حسب منشا فنڈ کا بیرونی آڈیٹر مقرر کرنے کا اختیار دیا ہے۔

اعتراف

ہم اپنے گراں قدر سرمایہ داروں کی جانب سے ہم پر اعتماد کا تہہ دل سے شکریہ ادا کرتے ہیں۔ بورڈ سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، ٹرسٹی (سنٹرل ڈیپازٹری کمپنی آف پاکستان لمیٹڈ) اور پاکستان اسٹاک ایکسچینج لمیٹڈ کی انتظامیہ کی مسلسل رہنمائی اور حمایت کا بھی شکر گزار ہے۔ ڈائریکٹرز انتظامی ٹیم کی کاوشوں کو بھی قدر کی نگاہ سے دیکھتے ہیں۔

منجانب/ برائے بورڈ آف ڈائریکٹرز

عمران حفیظ

چیف ایگزیکٹو آفیسر/ ڈائریکٹر

جواد سلیم

ڈائریکٹر

لاہور:

30 ستمبر 2020ء

First Capital Mutual Fund

FUND MANAGER'S REPORT FOR THE YEAR ENDED JUNE 30, 2020

First Capital Mutual Fund

First Capital Mutual Fund ("FCMF" or "the Fund") is an open end equity fund.

Investment Objective of the Fund

The objective of FCMF is to augment wealth of investors through investments geared toward securing maximum returns whilst simultaneously offsetting resulting risks through efficient diversification across sectors with low correlation amongst them. The management of the Fund is continuously striving towards achieving this objective.

Benchmark

The Benchmark of the Fund is KSE-100 Index.

Fund Performance Review

During the period under review, the Fund has reported net profit after taxation of Rs. 6.206 million as compared to loss of Rs. 43.208 million in the corresponding period last year. The Fund has gained mainly on the back of unrealized diminution on re-measurements of investments at fair value through profit or loss has recorded at Rs. 2.982 million during the period under review as compared to diminution of Rs. 45.402 million in the corresponding period last year. Capital gain on sale of investment also increased to Rs. 6.495 million from Rs. 0.552 million in previous year. Dividend income has been recorded at Rs. 3.999 million. Total expenses of the Fund for the period under review decreased to Rs. 4.581 million from Rs. 5.444 million in the corresponding period last year.

In terms of Net Asset Value ("NAV"), the NAV per unit of FCMF has increased from Rs. 6.2298 to Rs. 6.3463 during the period under review. The benchmark of the Fund is KSE-100 index. During the period under review, the NAV of the Fund has increased by 1.87%, as compared to its Benchmark's ("KSE-100 index") return of 1.53%, for the same period. Thus, the Fund has outperformed the Benchmark by 0.34%. The difference in weights allocated to the sectors of the Fund as compared to the benchmark, caused for difference in return. Moreover, the investment portfolio of the Fund included certain scrips, which were not in the benchmark and there were certain high yield illiquid scrips in the portfolio of the benchmark in which a fund could not invest due to investment policy criteria.

During the period under review, the Pakistan Credit Rating Agency ("PACRA") has assigned "1 star" 1 Year performance ranking to the Fund based on performance.

The Fund size of FCMF at the end of the period stood at Rs. 105.527 million as compared to Rs. 97.412 million as at June 30, 2019

First Capital Mutual Fund

FCMF Performance vs. KSE-100 Index



During the period, the Fund adjusted its exposure in equities with focus on diversification in different sectors, as per market conditions in order to generate better return.

Stock Market Review

During the period under review PSX-100 index (the benchmark) closed at 34422 points, an increase of 1.53%, as compared to loss of 19.11% in the same period last year. After two year's consecutive loss finally the equity market turned to positive. The period under review commenced on negative note mainly on the back of decelerated economic activities while grew cost of doing business and deteriorated relationship between the nuclear-armed India-Pakistan after the repealed of article 370 and imposition of curfew/lockdown in Indian occupied Kashmir. First half of the year ended with net return of 20.16% on the back of positive macro-economic indicators. Current account surplus of amount 98 million and surging interest in government securities as reflected by inflow of USD 713 million (T-Bills & PIBs) in SCRA account for Nov-19 and expectations for decrease in inflation rate led to boost the investor's confidence

After a hefty gain in 1st half, the market has lost its pace on account of outbreak of covid-19. Oil & Gas sector remained under pressure during the period due to slowdown of economic activities that led to plunge in crude oil prices by more than 25% and headline news on circular debt continued to haunt the investors. Depressed export numbers, which stood at USD 957 million for the month of April-20, led to uncertainty over sustainability of Balance of Payment (BoP) situation that also caused to shrink investors' confidence. On the other side incentive package of PKR 50 billion for agri-sector for subsidized fertilizers, tractors and loans; and further 100 bps cut in Policy Rate provide some support to the market during the period.

First Capital Mutual Fund

Asset Allocation of the Fund (% of total assets)

Asset Category	30-June-2020	30-June-2019
Equities	81.61%	78.60%
Treasury Bills	15.96%	16.86%
Bank Balance	0.38%	2.45%
Others including receivables	2.05%	2.09%
Total	100.00%	100.00%

Pattern of Unit Holders of the FCMF as on June 30, 2020

The pattern of Unit Holders of the FCMF as on June 30, 2020 is attached.

Disclosures

- There have been no significant changes in the state of affairs of the Fund during the period under review and up till the date of fund manager report, not otherwise disclosed in the financial statements.
- During the period under review, there were no circumstances that materially affected any interests of the unit holders.
- The Management Company or its delegates did not receive any soft commission (i.e. goods and services) from its broker(s)/dealers(s) by virtue of transactions conducted by the Fund.

Head Office

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TRUSTEE REPORT TO THE UNIT HOLDERS

FIRST CAPITAL MUTUAL 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 First Capital Mutual Fund (the Fund) are of the opinion that First Capital Investments Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2020 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.

Abdul Samad
Chief Operating Officer
Central Depository Company of Pakistan Limited

Karachi: September 29, 2020

First Capital Mutual Fund
Financial Statements
For the year ended 30 June 2020



KPMG Taseer Hadi & Co.
Chartered Accountants
351 Shadman-1, Jail Road,
Lahore 54000 Pakistan
+92 (42) 111-KPMGTH (576484), Fax +92 (42) 3742 9907

INDEPENDENT AUDITOR'S REPORT

To the Unit Holders of the First Capital Mutual Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the First Capital Mutual Fund ("the Fund"), which comprise the statement of assets and liabilities as at 30 June 2020, income statement, statement of comprehensive income, cash flow statement and statement of movement in unit holders' fund for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of the Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

S. No.	Key audit matter	How the matter was addressed in our audit
1.	Valuation and existence of Investments Refer note 5.1 and note 7 to the financial statements for accounting policies and details of investments. The Fund's investment portfolio classified as 'fair value through profit or loss' represents listed equity securities and government treasury bills amounting to Rs.	Our audit procedures in respect of investments included the following: <ul style="list-style-type: none">Obtaining an understanding of and testing the design and operating effectiveness of controls designed for the valuation and existence of investments classified as 'fair value through profit or loss';

KPMGTH



KPMG Taseer Hadi & Co.

S. No.	Key audit matter	How the matter was addressed in our audit
	102.23 million and Rs. 20.00 million respectively as at 30 June 2020. We identified the valuation and existence of investments as key audit matter because of their significance in relation to the net asset value of the Fund.	<ul style="list-style-type: none">• comparing on a sample basis, the investments in equity and government securities at the year end with Central Depository Company's records;• comparing, on a sample basis, specific investment buying and selling transactions recorded during the year with the underlying documentation;• assessing on a sample basis, whether equity investments at year end were valued at fair value based on the market price quoted at the Pakistan Stock Exchange (PSX); and• recalculating the market value of government treasury bills using Pakistani Rupee Value rate published by Mutual Funds Association of Pakistan.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Fund's Annual Report for 2020 but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting 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.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.



KPMG Taseer Hadi & Co.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit, in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

A small, stylized KPMG logo in blue, located at the bottom left of the page.



KPMG Taseer Hadi & Co.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation Rules, 2003) and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditors' report is Fahad Bin Waheed.

Lahore

Date: 07 October 2020

KPMG Taseer Hadi & Co.
Chartered Accountants

First Capital Mutual Fund

Statement of Assets and Liabilities

As at 30 June 2020

	Note	2020	2019
		----- Rupees -----	
<u>Assets</u>			
Bank balances	6	475,124	3,036,789
Investments	7	122,227,197	111,953,138
Dividend receivable and accrued markup - <i>unsecured, considered good</i>	8	80,041	273,217
Advances, deposits, prepayments and other receivables	9	2,486,901	1,992,533
Total assets		125,269,263	117,255,677
<u>Liabilities</u>			
Payable to the Management Company			
- against remuneration	10	4,117,968	4,109,733
- other payables	11	107,430	121,649
Payable to the Trustee	12	19,503	65,013
Payable to Securities and Exchange Commission of Pakistan	13	21,437	115,541
Accrued expenses and other liabilities	14	1,730,520	1,686,050
Unclaimed dividend	15	13,745,579	13,745,579
Total liabilities		19,742,437	19,843,565
Net Assets		105,526,826	97,412,112
Unit holders' fund (as per statement attached)		105,526,826	97,412,112
Contingencies and commitments	16		
		(Number of Units)	
Number of units in issue	17	16,627,963	15,636,364
		----- Rupees -----	
Net asset value per unit		6.3463	6.2298

The annexed notes from 1 to 34 form an integral part of these financial statements.

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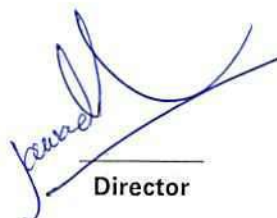
For First Capital Investments Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

First Capital Mutual Fund

Income Statement

For the year ended 30 June 2020

	2020	2019
Note	----- Rupees -----	
Income		
Capital gain on sale of investments at fair value through profit or loss	6,495,030	552,214
Dividend income	3,998,996	4,794,948
Income from government debt securities	2,496,323	1,356,840
Profit on bank deposits	666,913	933,078
Unrealised diminution on revaluation of investments at fair value through profit or loss	(2,981,851)	(45,401,628)
Other income	112,292	-
Total income / (loss)	10,787,703	(37,764,548)
Expenses		
Remuneration of the Management Company	2,148,580	2,432,975
Punjab sales tax on remuneration of the Management Company	343,773	389,276
Remuneration of the Trustee	214,858	700,000
Sindh sales tax on remuneration of the Trustee	27,932	91,000
Annual fee to Securities and Exchange Commission of Pakistan	21,486	115,566
Securities transaction costs	492,238	204,398
Auditors' remuneration	1,059,395	1,052,700
Accounting & operational charges	107,429	99,967
Annual listing fee to Pakistan Stock Exchange	22,000	29,999
Legal and other professional fees	-	93,576
Fund's rating fee	140,360	140,362
Printing, postage and other charges	-	87,498
Bank charges	3,098	6,232
Total expenses	4,581,149	5,443,549
Net income / (loss) for the year before taxation	6,206,554	(43,208,097)
Taxation	-	-
Net income / (loss) for the year after taxation	6,206,554	(43,208,097)
Allocation of net income for the year		
Net income for the year	6,206,554	
Income already paid on units redeemed	(2,086,813)	
	4,119,741	
Accounting income available for distribution:		
-Relating to capital gains	3,513,179	
-Excluding capital gains	606,562	
	4,119,741	


The annexed notes from 1 to 34 form an integral part of these financial statements.

KAMUJH

For First Capital Investments Limited
(Management Company)


Chief Executive Officer


Chief Financial Officer


Director

First Capital Mutual Fund

Statement of Comprehensive Income

For the year ended 30 June 2020

	2020	2019
	----- Rupees -----	
Net income / (loss) for the year after taxation	6,206,554	(43,208,097)
Other comprehensive income for the year	-	-
Total comprehensive income / (loss) for the year	6,206,554	(43,208,097)


The annexed notes 1 to 34 form an integral part of these financial statements.

कर्मचारी

For First Capital Investments Limited
(Management Company)


Chief Executive Officer


Chief Financial Officer


Director

First Capital Mutual Fund

Cash Flow Statement

For the year ended 30 June 2020

Cash flows from operating activities

Net income / (loss) for the year before taxation

Adjustments for:

Unrealised diminution on re-measurement of investments at fair value through profit or loss

(Increase) / Decrease in assets:

Investments - net

Dividend receivable and accrued markup

Advances, deposits, prepayments and other receivables

Increase / (decrease) in liabilities:

Remuneration payable to the Management Company

Other payable to the Management Company

Remuneration payable to Trustee

Annual fee payable to SECP

Unclaimed dividend

Accrued expenses and other liabilities

Net cash used in operating activities

Cash flows from financing activities

Proceeds from issuance of units

Payments on redemption of units

Net cash used in in financing activities

Net decrease in cash and cash equivalents during the year

Cash and cash equivalents at the beginning of the year

Cash and cash equivalents at the end of the year

2020	2019
----- Rupees -----	
6,206,554	(43,208,097)
2,981,851	45,401,628
9,188,405	2,193,531
(13,255,910)	(52,057,693)
193,176	(36,717)
(494,368)	(770,104)
(13,557,102)	(52,864,514)
8,235	191,994
(14,219)	(66,368)
(45,510)	-
(94,104)	(42,903)
-	(445,446)
44,470	547,145
(101,128)	184,422
(4,469,825)	(50,486,561)
20,500,000	123,000,000
(18,591,840)	(84,094,086)
1,908,160	38,905,914
(2,561,665)	(11,580,647)
3,036,789	14,617,436
475,124	3,036,789

The annexed notes from 1 to 34 form an integral part of these financial statements.

Amulika

For First Capital Investments Limited
(Management Company)

[Signature]
Chief Executive Officer

[Signature]
Chief Financial Officer

[Signature]
Director

First Capital Mutual Fund

Statement of Movement in Unit Holders' Fund

For the year ended 30 June 2020

	For the year ended 30 June					
	2020			2019		
	Capital Value	Undistributed Income	Total	Capital Value	Undistributed Income	Total
	-----Rupees-----					
Net assets at beginning of the year	131,256,639	(33,844,527)	97,412,112	92,350,725	9,363,570	101,714,295
Issuance of 3,637,653 (2019: 14,749,946) units						
- Capital value	22,690,220	-	22,690,220	136,624,329	-	136,624,329
- Element of income	(2,190,220)	-	(2,190,220)	(13,624,329)	-	(13,624,329)
Total proceeds on issuance of units	20,500,000	-	20,500,000	123,000,000	-	123,000,000
Redemption of 2,646,054 (2019: 10,094,595) units						
- Capital value	(16,505,027)	-	(16,505,027)	(93,503,210)	-	(93,503,210)
- Element of loss	-	(2,086,813)	(2,086,813)	9,409,124	-	9,409,124
Total payment on redemption of units	(16,505,027)	(2,086,813)	(18,591,840)	(84,094,086)	-	(84,094,086)
Total comprehensive income / (loss) for the year	-	6,206,554	6,206,554	-	(43,208,097)	(43,208,097)
Net assets at end of the year	135,251,612	(29,724,786)	105,526,826	131,256,639	(33,844,527)	97,412,112
Undistributed (loss) / income brought forward represented by:						
- Realized gain		11,557,101			21,894,148	
- Unrealized loss		(45,401,628)			(12,530,578)	
		(33,844,527)			9,363,570	
Accounting income / (loss) available for distribution:						
- Relating to capital gains		3,513,179			-	
- Excluding capital gains		606,562			(43,208,097)	
		4,119,741			(43,208,097)	
Undistributed loss carried forward		(29,724,786)			(33,844,527)	
Undistributed loss represented by:						
- Realized gain		(26,742,935)			11,557,101	
- Unrealized loss		(2,981,851)			(45,401,628)	
		(29,724,786)			(33,844,527)	
	-----Rupees-----					
Net asset value per unit at beginning of the period			6.2298			9.2627
Net asset value per unit at end of the period			6.3463			6.2298

The annexed notes from 1 to 34 form an integral part of these financial statements.

Kamal

For First Capital Investments Limited
(Management Company)

men Hafeez
Chief Executive Officer

Abdullah
Chief Financial Officer

Farooq
Director

First Capital Mutual Fund

Notes to the Financial Statements

For the year ended 30 June 2020

1 Reporting entity

- 1.1** First Capital Mutual Fund ("the Fund") was constituted by virtue of a scheme of arrangement for conversion of First Capital Mutual Fund Limited into an Open end scheme under a Trust Deed executed between First Capital Investment Limited ("FCIL" or "the management company") as Management Company and Central Depository Company of Pakistan Limited ("CDC") as Trustee. The Trust Deed was executed on 06 August 2013 after being approved by the Securities and Exchange Commission of Pakistan ("SECP") on 30 July 2013 in accordance with the provision of Non-Banking Finance Companies and Notified Entities Regulation, 2008 ("the NBFC Regulations").
- 1.2** The Management Company has been licensed by the SECP to act as an Asset Management Company under the Non Banking Finance Companies (Establishment and Regulations) Rules, 2003 ("the NBFC Rules"). The registered office of the Management Company is situated at 2nd and 3rd floor, PACE Shopping Mall, Fortress Stadium, Lahore, Pakistan. The Fund is an Open end equity scheme and offers units for public subscription on a continuous basis. The units are transferable and can be redeemed by submitting them to the Fund.
- 1.3** The Fund has been formed to augment the wealth of investors through investments geared towards securing maximum returns whilst simultaneously offsetting resultant risks through efficient diversification across sectors with low correlation amongst them. The Fund shall invest its assets in high quality dividend yielding stocks. While the remaining assets shall be invested in cash and / or near cash instruments.
- 1.4** Title of the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited ("CDC") as trustee of the Fund and the Fund is listed on Pakistan Stock Exchange ("PSX").
- 1.5** Pakistan Credit Rating Agency Limited (PACRA) has assigned management quality rating of AM4++ to the Management Company. PACRA has also placed the ratings of First Capital Investments Limited on "Rating Watch" due to the reasons as fully explained in note 1.6 to these financial statements. The rating will be reviewed by PACRA once the matter will be settled. PACRA has assigned '4 Star' (short term) and '1 Star' (long term) rating to the Fund.
- 1.6** On 12 May 2018, the Board of Directors ("the Board") of FCIL passed a resolution to retire from the management of the Fund and to transfer the Fund to 786 Investments Limited. For that purpose FCIL approached SECP to approve the transfer however, the request was not allowed by SECP.

Subsequently the Board in their meeting held on 27 February 2019 decided to approach SECP again on the matter of transfer or merger with the fund under the management of 786 Investments Limited. It was also decided by the Board that in case of refusal by SECP, the management company could proceed to wind up the Fund. In accordance with the decision of the Board, SECP was approached on 6 March 2019. However, based on discussion with SECP the Board of FCIL had postponed their plan of transfer or winding up of the Fund.

The decision of the Board was influenced by the current market circumstances and the future outlook of the stock market.

Accordingly, FCIL will continue as Management Company of the Fund and there are no plans to wind up the Fund or transfer of management rights.

- 1.7** Section 54 (3a) and 54 (3b) of the NBFC Regulations require that the minimum size of an Open End Scheme shall be One Hundred Million Rupees at all times during the life of the scheme and if the size of any scheme falls below One Hundred Million Rupees, the Asset Management Company shall ensure compliance with the minimum fund size within three months of its breach and if the fund size remains below the minimum fund size limit for consecutive ninety days, the Asset Management Company shall immediately intimate the grounds to the SECP upon which it believes that the scheme is still commercially viable and its objective can still be achieved.

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During the year the Fund size remained below the benchmark of rupees one hundred million for a total of 129 days including a consecutive of 85 days. Accordingly, the Fund is fully compliant with Section 54 (3a) and 54 (3b) of the NBFC Regulations. Furthermore, FCIL is fully committed to ensure compliance with the minimum fund requirement in future.

1.8 Impact of COVID 19

In March 2020, the World Health Organization ("WHO") declared the outbreak of the novel coronavirus (known as COVID-19) as a global pandemic. The rapid spread of the virus has caused governments around the world to implement stringent measures to help control its spread, including, without limitation, quarantines, "stay-at-home" or "shelter-in-place" orders, social-distancing mandates, travel restrictions, and closures or reduced operations for businesses, governmental agencies, schools and other institutions. The industry, along with global economic conditions generally, has been significantly disrupted by the pandemic.

The COVID-19 pandemic and associated impacts on economic activity had certain effect on the operational and financial condition of the Fund for the year ended 30 June 2020 due to the subdued equity market performance because of overall slowdown in economic activity and continuity of business operations. However, to reduce the impact on the economy and business, regulators / government across the country have introduced a host of measures on both the fiscal and economic fronts from time to time.

The management of the Fund is closely monitoring the situation, and in response to the developments, the management has taken action to ensure the safety of its employees and other stakeholders, and initiated a number of initiatives.

The Management Company of the Fund expects that going forward these uncertainties would reduce as the impact of COVID- 19 on overall economy subsides and have concluded that there is no impact on current financial statements of the Fund.

2 Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for investments which are carried at fair value.

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2.3 Critical accounting estimates and judgments

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

The estimates and underlying assumptions are reviewed on a continuous basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods affected.

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

- Note 5.1 - Classification of financial assets
- Note 5.2 - Impairment of financial assets and other assets
- Note 5.9 - Contingencies and commitments

2.4 Functional and presentation currency

These financial statements are presented in Pak Rupees ("Rs."), which is the Funds' functional and presentation currency. All financial information has been rounded to the nearest rupee, except when otherwise indicated.

3 Standards and amendments effective during the year

There are a number of new standards / amendments that are effective from 01 July 2019 however, these do not have a significant effect on the Fund's financial statements.

4 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

4.1 The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2020:

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 01 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of materiality in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

amended

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 01 January 2020, unless the new guidance contains specific scope outs. The revised Conceptual Framework is not likely to have an impact on the financial statements of the Fund.
- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 01 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform.
- Amendments to IFRS-16- IASB has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 01 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:
 - the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
 - any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
 - there is no substantive change to the other terms and conditions of the lease.
- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 01 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

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- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 01 January 2022 amends IAS 1 by mainly adding paragraphs which clarify what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 01 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc, are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

Annual improvements to IFRS standards 2018-2020 cycle. The new cycle of improvements addresses improvements to following approved accounting standards. The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 01 January

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique

The above amendments are not likely to have an impact on the Fund's financial statements.

5 Summary of significant accounting policies

The accounting policies adopted for the preparation of these financial statements are the same as those applied in the preparation of the financial statements of the Fund for the year ended 30 June 2019.

The significant accounting policies applied in the preparation of these financial statements are set out below:

5.1 Financial assets

5.1.1 Classification

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and

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- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt security is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

5.1.1.1 Business model assessment

The Fund makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Fund's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Fund's stated objectives for managing the financial assets are achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

5.1.1.2 Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment on debt securities, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Fund considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;

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- prepayment and extension terms;
- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates)

5.1.2 Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any profit / mark-up or dividend income, are recognised in income statement.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective yield method. The amortised cost is reduced by impairment losses. Interest / mark-up income, foreign exchange gains and losses and impairment are recognised in income statement.
Debt Securities at FVOCI	These assets are subsequently measured at fair value. Interest / mark-up income calculated using the effective yield method, foreign exchange gains and losses and impairment are recognised in income statement. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to income statement.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in income statement unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to income statement.

The fair value of financial assets are determined as follows:

5.1.2.1 Debt securities (other than Government securities)

Debt securities are valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities vide its Circular No. 33 of 2012 dated 24 October 2012. In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

5.1.2.2 Government securities

The government securities are valued on the basis of rates published by the Financial Markets Association of Pakistan.

5.1.2.3 Equity Securities

The equity securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange.

5.1.3 Reclassification

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Fund changes its business model for managing financial assets.

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5.1.4 Impairment of financial assets at amortised cost

Provision for non performing debt securities and other exposure is made in accordance with the criteria specified in Circular No. 33 of 2012 dated October 24, 2012 issued by SECP. The provisioning policy has been duly formulated and approved by the Board of Directors of the Management Company.

5.2 Derecognition

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

5.3 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 recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

5.4 Financial liabilities

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost.

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

5.5 Unit holders' fund

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

5.6 Issuance and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received, by the distributors / Management Company during business hours, as of the close of the previous day on which the applications were received. The offer price represents the net assets value per unit as of the close of previous 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 as of the close of the previous day. The redemption price represents the net assets value per unit as of the close of the previous day on which the applications were received less any back-end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

5.7 Element of Income

Element of Income represents the difference between net assets value on the issuance or redemption date, as the case may be, of units and the Net Assets Value (NAV) at the beginning of the relevant accounting period.

Element of Income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund; however, to maintain same ex-dividend net asset value of all units outstanding on accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units (refund of capital) in the same proportion as dividend bears to accounting income available for distribution. As per guideline provided by MUFAP (MUFAP Guidelines consented upon by SECP) the refund of capital is made in the form of additional units at zero price.

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MUFAP, in consultation with the SECP, has specified methodology for determination of income paid on units redeemed (income already paid) during the year under which such income is paid on gross element received and is calculated from the latest date at which the Fund achieved net profitability during the year. The income already paid (Element of Income) on redemption of units during the year are taken separately in statement of movement in unit holders' fund.

5.8 Provisions and contingencies

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 reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

5.9 Net assets value per unit

The net assets value per unit as disclosed on the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units outstanding at the year end.

5.10 Trade date accounting

All financial assets are recognized at the time when the Fund becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of investments are recognized at trade date i.e. the date on which the Fund commits to purchase or sell the asset.

5.11 Cash and cash equivalents

Cash and cash equivalents comprise of deposits and current accounts maintained with banks. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

5.12 Taxation

Current tax

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 realized or unrealized, is distributed amongst the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account.

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.

Deferred tax

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 unutilized tax losses to the extent that it is probable that the related tax benefit will be realized. However, the Fund has not recognized any amount in respect of deferred tax in these financial statements as the Fund has a past practice and intends to continue the same by availing the tax exemption in future years through distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realized or unrealized, to its unit holders every year. Further, it is also mandatory as per section 63(1) of the NBFC regulations 2008 to distribute ninety percent of aforesaid accounting income as dividend.

5.13 Earnings per unit

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

5.14 Distributions

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognized in the financial statements of the period in which such distributions are declared. Based on MUFAP's guidelines (duly consented upon by SECP) distributions for the year is deemed to comprise of the portion of amount of income already paid on units redeemed and the amount of cash distribution for the year.

The distribution per unit is announced based on units that were held for the entire period. The rate of distribution is adjusted with effect of refund of capital if any based on the period of investment made during the year. Resultantly, the rate of distribution per unit may vary depending on the period of investment.

5.15 Expenses

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

5.16 Incomes

- 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 is recognized when the right to receive the same is established i.e. on the date of book closure of the investee company / institution declaring the dividend.
- Unrealized gains / (losses) arising, on re-measurement of investments classified as financial assets 'at fair value through profit or loss are included in the income statement in the year in which they arise.
- Profit on bank deposits is recognized on time proportionate basis.
- Income on government securities is recognized using effective yield method.

6	Bank balances	Note	2020	2019
			Rupees	
	Cash at bank			
	- saving accounts	6.1	470,123	3,031,788
	- current account		5,001	5,001
			<u>475,124</u>	<u>3,036,789</u>

- 6.1 These bank accounts carry profit at the rate ranging from 5.50% to 11.25% per annum (2019: 4.50% to 10.25% per annum).

7	Investments	Note	2020	2019
			Rupees	
	Financial assets at fair value through profit or loss			
	- Listed equity securities	7.1	102,231,117	92,164,638
	- Government securities - Market treasury bills	7.2	19,996,080	19,788,500
			<u>122,227,197</u>	<u>111,953,138</u>

KPMG

7.1 Listed equity securities - at fair value through profit or loss

All shares have a nominal face value of Rs 10 each, except for shares of Al-Ghazi Tractors Limited and Shabbir Tiles and Ceramics Limited which have a face value of Rs 5 each.

Name of Investee company	Number of shares						Balance as at June 30, 2020			(%) Percentage in relation to			
	As at July 01, 2019	Purchased/ entitled during the period	Bonus during the period	Rights subscribed during the period	Sold during the period	LoR not subscribed during the period	As at June 30, 2020	Carrying value	Market value	Appreciation / (Diminution)	Market value as percentage of net assets	Market value as percentage of total investments	Face value of investment to paid up capital of investee
	----- Shares -----						----- Rupees -----						
Inv. Banks / Inv. Cos. / Securities Cos.													
Escorts Investment Bank Limited	15,500	50,000	-	47,659	(16,500)	-	96,659	1,079,028	753,940	(325,088)	0.71%	0.62%	0.07%
Escorts Investment Bank Limited - LoR	32,159	15,500	-	(47,659)	-	-	-	-	-	-	-	-	-
First Capital Equities Limited	1,005,395	-	-	-	-	-	1,005,395	3,770,231	9,541,199	5,770,968	9.04%	7.81%	0.71%
Pakistan Stock Exchange Limited	-	55,000	-	-	(55,000)	-	-	-	-	-	-	-	-
	1,053,054	120,500	-	-	(71,500)	-	1,102,054	4,849,259	10,295,139	5,445,880	9.75%	8.43%	0.78%
Commercial Banks													
Bank Alfalah Limited	16,500	42,000	-	-	(2,000)	-	56,500	2,046,291	1,896,705	(149,586)	1.80%	1.55%	0.003%
Askari Bank Limited	-	20,000	-	-	(20,000)	-	-	-	-	-	-	-	-
The Bank of Punjab	-	42,000	-	-	(42,000)	-	-	-	-	-	-	-	-
Faysal Bank Limited	22,812	8,000	-	-	-	-	30,812	654,914	429,211	(225,703)	0.41%	0.35%	0.002%
Habib Bank Limited	42,000	17,300	-	-	(29,000)	-	30,300	3,992,432	2,935,161	(1,057,271)	2.78%	2.40%	0.002%
JS Bank Limited	25,000	25,000	-	-	-	-	50,000	290,250	267,500	(22,750)	0.25%	0.22%	0.004%
MCB Bank Limited	25,000	6,000	-	-	(8,000)	-	23,000	4,145,905	3,727,610	(418,295)	3.53%	3.05%	0.002%
National Bank of Pakistan	15,000	40,000	-	-	(5,000)	-	50,000	1,688,580	1,382,500	(306,080)	1.31%	1.13%	0.002%
Summit Bank Limited	-	100,000	-	-	(100,000)	-	-	-	-	-	-	-	-
United Bank Limited	48,000	2,000	-	-	(15,000)	-	35,000	5,199,508	3,617,600	(1,581,908)	3.43%	2.96%	0.003%
	194,312	302,300	-	-	(221,000)	-	275,612	18,017,880	14,256,287	(3,761,593)	13.51%	11.66%	0.018%
Insurance													
The United Insurance Company of Pakistan Limited	1,670	-	224	-	-	-	1,894	14,395	13,826	(569)	0.01%	0.01%	0.001%
	1,670	-	224	-	-	-	1,894	14,395	13,826	(569)	0.01%	0.01%	0.001%
Textile Composite													
Kohinoor Textile Mills Limited	35,000	-	-	-	(35,000)	-	-	-	-	-	-	-	-
Gul Ahmed Textile Mills Limited	-	5,000	-	-	-	-	5,000	135,750	143,150	7,400	0.14%	0.12%	0.001%
Azgard Nine Limited	-	55,000	-	-	-	-	55,000	897,774	872,850	(24,924)	0.83%	0.71%	0.011%
Azgard Nine Limited- LoR	-	52,006	-	-	-	(52,006)	-	-	-	-	-	-	-
Nishat (Chunian) Limited	-	20,000	-	-	-	-	20,000	779,700	649,000	(130,700)	0.62%	0.53%	0.008%
Nishat Mills Limited	33,000	12,000	-	-	(3,000)	-	42,000	3,822,591	3,276,420	(546,171)	3.10%	2.68%	0.012%
	68,000	144,006	-	-	(38,000)	(52,006)	122,000	5,635,815	4,941,420	(694,395)	4.69%	4.04%	0.032%
Vanaspati & Allied Industries													
Unity Foods Limited	63,000	90,000	-	-	(103,000)	-	50,000	550,946	557,500	6,554	0.53%	0.46%	0.009%
	63,000	90,000	-	-	(103,000)	-	50,000	550,946	557,500	6,554	0.53%	0.46%	0.009%

KPMG

Name of Investee company	Number of shares						Balance as at June 30, 2020			(%) Percentage in relation to			
	As at July 01, 2019	Purchased/ entitled during the period	Bonus during the period	Rights subscribed during the period	Sold during the period	LoR not subscribed during the period	As at June 30, 2020	Carrying value	Market value	Appreciation / (Diminution)	Market value as percentage of net assets	Market value as percentage of total investments	Face value of investment to paid up capital of investee
	----- Shares -----						----- Rupees -----						
Cement													
Cherat Cement Company Limited	15,000	29,000	800	-	(17,800)	-	27,000	2,360,010	2,353,590	(6,420)	2.23%	1.93%	0.014%
Flying Cement Company Limited	-	60,000	-	-	(60,000)	-	-	-	-	-	-	-	-
Dewan Cement Limited	-	115,000	-	-	(115,000)	-	-	-	-	-	-	-	-
D. G. Khan Cement Company Limited	38,000	41,000	-	-	(41,000)	-	38,000	2,948,789	3,242,540	293,751	3.07%	2.65%	0.009%
Fauji Cement Company Limited	100,000	36,500	-	-	(105,000)	-	31,500	508,825	531,720	22,895	0.50%	0.44%	0.002%
Gharibwal Cement Limited	-	80,000	-	-	(30,000)	-	50,000	876,880	814,000	(62,880)	0.77%	0.67%	0.012%
Kohat Cement Company Limited	13,000	17,000	-	-	(24,000)	-	6,000	827,000	824,700	(2,300)	0.78%	0.67%	0.003%
Lucky Cement Limited	13,000	27,000	-	-	(30,000)	-	10,000	4,341,196	4,615,800	274,604	4.37%	3.78%	0.003%
Maple Leaf Cement Factory Limited	45,250	86,000	-	-	(25,000)	-	106,250	2,773,598	2,760,375	(13,223)	2.62%	2.26%	0.010%
Maple Leaf Cement Factory Limited- LoR	-	63,462	-	-	(63,462)	-	-	-	-	-	-	-	-
Pioneer Cement Limited	16,500	42,000	-	-	(41,500)	-	17,000	1,053,780	1,071,680	17,900	1.02%	0.88%	0.007%
Power Cement Limited	100,000	235,000	-	-	(135,000)	-	200,000	1,317,473	1,240,000	(77,473)	1.18%	1.01%	0.019%
	340,750	831,962	800	-	(687,762)	-	485,750	17,007,551	17,454,405	446,854	16.54%	14.29%	0.079%
Refinery													
Attock Refinery Limited	3,125	9,000	-	-	(7,125)	-	5,000	574,269	446,600	(127,669)	0.42%	0.37%	0.005%
Pakistan Refinery Limited	-	25,000	-	-	-	-	25,000	547,500	285,250	(262,250)	0.27%	0.23%	0.008%
Pakistan Refinery Limited- LoR	-	25,000	-	-	-	-	25,000	-	4,250	4,250	0.004%	0.003%	0.008%
Byco Petroleum Pakistan Limited	-	80,000	-	-	-	-	80,000	657,500	481,600	(175,900)	0.46%	0.39%	0.002%
National Refinery Limited	3,500	2,000	-	-	(3,500)	-	2,000	336,000	214,560	(121,440)	0.20%	0.18%	0.003%
	6,625	141,000	-	-	(10,625)	-	137,000	2,115,269	1,432,260	(683,009)	1.35%	1.17%	0.026%
Power Generation & Distribution													
The Hub Power Company Limited	15,693	-	-	-	-	-	15,693	1,235,824	1,137,743	(98,081)	1.08%	0.93%	0.001%
Kot Addu Power Company Limited	-	15,000	-	-	-	-	15,000	342,750	302,250	(40,500)	0.29%	0.25%	0.002%
Tri-Star Power Limited	100,000	-	-	-	(25,000)	-	75,000	195,000	201,750	6,750	0.19%	0.17%	0.500%
	115,693	15,000	-	-	(25,000)	-	105,693	1,773,574	1,641,743	(131,831)	1.56%	1.35%	0.503%
Oil & Gas Marketing Companies													
Hascol Petroleum Limited	16,500	31,000	-	152,866	-	-	200,366	4,163,525	2,724,982	(1,438,543)	2.58%	2.23%	0.020%
Hascol Petroleum Limited- LoR	-	152,866	-	(152,866)	-	-	-	-	-	-	0.00%	0.00%	0.000%
Pakistan State Oil Company Limited	23,220	31,900	6,444	-	(11,500)	-	50,064	7,692,725	7,918,122	225,397	7.50%	6.48%	0.011%
Sui Northern Gas Pipelines Limited	30,000	21,000	-	-	(25,000)	-	26,000	1,795,045	1,419,600	(375,445)	1.35%	1.16%	0.004%
Sui Southern Gas Company Limited	50,000	10,000	-	-	(60,000)	-	-	-	-	-	-	-	-
	119,720	246,766	6,444	-	(96,500)	-	276,430	13,651,295	12,062,704	(1,588,591)	11.43%	9.87%	0.035%
Oil & Gas Exploration Companies													
Mari Petroleum Company Limited	5,385	4,620	600	-	(7,100)	-	3,505	3,640,397	4,333,222	692,825	4.11%	3.55%	0.003%
Oil & Gas Development Company Limited	25,000	42,000	-	-	(28,000)	-	39,000	4,764,094	4,251,000	(513,094)	4.03%	3.48%	0.001%
Pakistan Oilfields Limited	7,000	17,000	-	-	(17,000)	-	7,000	2,531,341	2,454,410	(76,931)	2.33%	2.01%	0.002%
Pakistan Petroleum Limited	35,000	23,100	7,400	-	(29,000)	-	36,500	4,185,531	3,167,470	(1,018,061)	3.00%	2.59%	0.001%
	72,385	86,720	8,000	-	(81,100)	-	86,005	15,121,363	14,206,102	(915,261)	13.47%	11.63%	0.007%
Industrial Engineering													
Aisha Steel Mills Limited	150,000	35,000	-	-	(50,000)	-	135,000	1,250,887	1,243,350	(7,537)	1.18%	1.02%	0.018%
Amreli Steels Limited	17,100	2,900	-	-	(20,000)	-	-	-	-	-	-	-	-
Dost Steels Limited	137,500	50,000	-	-	(187,500)	-	-	-	-	-	-	-	-
International Steels Limited	25,000	30,000	-	-	(25,000)	-	30,000	1,615,046	1,549,500	(65,546)	1.47%	1.27%	0.007%
Mughal Iron and Steel Industries Ltd	30,000	15,000	-	-	(30,000)	-	15,000	634,815	598,200	(36,615)	0.57%	0.49%	0.006%
	359,600	132,900	-	-	(312,500)	-	180,000	3,500,748	3,391,050	(109,698)	3.22%	2.78%	0.031%

10/01/2020

Name of Investee company	Number of shares						Balance as at June 30, 2020			[%] Percentage in relation to			
	As at July 01, 2019	Purchased/ entitled during the period	Bonus during the period	Rights subscribed during the period	Sold during the period	LoR not subscribed during the period	As at June 30, 2020	Carrying value	Market value	Appreciation / (Diminution)	Market value as percentage of net assets	Market value as percentage of total investments	Face value of investment to paid up capital of investee
	----- Shares -----						----- Rupees -----						
Automobile Assembler													
Al-Ghazi Tractors Limited	1,500	3,000	-	-	(2,500)	-	2,000	600,000	703,340	103,340	0.67%	0.58%	0.003%
Ghani Automobile Industries Limited	-	125,000	-	-	-	-	125,000	816,520	763,750	(52,770)	0.72%	0.62%	0.250%
Gandhara Industries Limited	8,000	2,000	-	-	(10,000)	-	-	-	-	-	-	-	-
Gandhara Nissan Limited	2,000	5,000	-	-	(7,000)	-	-	-	-	-	-	-	-
Honda Atlas Cars (Pakistan) Limited	5,000	5,500	-	-	(10,500)	-	-	-	-	-	-	-	-
Indus Motor Company Limited	3,000	1,000	-	-	(4,000)	-	-	-	-	-	-	-	-
Millat Tractors Limited	4,000	2,000	500	-	(1,000)	-	5,500	4,022,960	3,883,880	(139,080)	3.68%	3.18%	0.011%
Sazgar Engineering Works Limited	-	5,000	-	-	-	-	5,000	742,908	622,950	(119,958)	0.59%	0.51%	0.014%
Pak Suzuki Motor Company Limited	6,900	4,000	-	-	(10,900)	-	-	-	-	-	-	-	-
	30,400	152,500	500	-	(45,900)	-	137,500	6,182,368	5,973,920	(208,468)	5.66%	4.89%	0.278%
Automobile Parts & Accessories													
The General Tyre & Rubber Company Of Pakistan Limited	25,840	5,000	5,168	-	(36,008)	-	-	-	-	-	-	-	-
Atlas Battery Limited	-	2,000	-	-	-	-	2,000	360,000	336,120	(23,880)	0.32%	0.27%	0.008%
	25,840	7,000	5,168	-	(36,008)	-	2,000	360,000	336,120	(23,880)	0.32%	0.27%	0.008%
Cables & Electrical Goods													
Pak Elektron Limited	15,000	25,000	-	-	(15,000)	-	25,000	607,445	573,250	(34,195)	0.54%	0.47%	0.005%
Waves Singer Pakistan Limited	-	25,000	-	-	(25,000)	-	-	-	-	-	-	-	-
	15,000	50,000	-	-	(40,000)	-	25,000	607,445	573,250	(34,195)	0.54%	0.47%	0.005%
Transport													
Pakistan International Bulk Terminal Limited	-	45,000	-	-	(25,000)	-	20,000	190,700	176,000	(14,700)	0.17%	0.14%	0.001%
Pakistan National Shipping Corporation	-	5,000	-	-	(5,000)	-	-	-	-	-	-	-	-
	-	50,000	-	-	(30,000)	-	20,000	190,700	176,000	(14,700)	0.17%	0.14%	0.001%
Fertilizer													
Engro Fertilizers Limited	25,000	-	-	-	(5,000)	-	20,000	1,279,400	1,205,600	(73,800)	1.14%	0.99%	0.001%
Engro Corporation Limited	4,000	13,100	-	-	(1,000)	-	16,100	4,833,200	4,716,008	(117,192)	4.47%	3.86%	0.003%
Fatima Fertilizer Company Limited	5,000	-	-	-	(5,000)	-	-	-	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	-	32,000	-	-	-	-	32,000	626,400	510,720	(115,680)	0.48%	0.42%	0.003%
Fauji Fertilizer Company Limited	15,000	5,000	-	-	(10,000)	-	10,000	932,720	1,099,900	167,180	1.04%	0.90%	0.001%
	49,000	50,100	-	-	(21,000)	-	78,100	7,671,720	7,532,228	(139,492)	7.13%	6.17%	0.008%
Pharmaceuticals													
Highnoon Laboratories Limited	41	-	4	-	-	-	45	10,380	22,558	12,178	0.02%	0.02%	0.0001%
AGP Limited	-	5,000	-	-	(5,000)	-	-	-	-	-	-	-	-
Glaxosmithkline Consumer Healthcare Pakistan Limited	-	7,000	-	-	(5,000)	-	2,000	579,978	543,360	(36,618)	0.51%	0.44%	0.002%
The Searle Company Limited	20,514	11,500	-	-	(23,441)	-	8,573	1,615,348	1,707,999	92,651	1.62%	1.40%	0.004%
	20,555	23,500	4	-	(33,441)	-	10,618	2,205,706	2,273,917	68,211	2.15%	1.86%	0.006%
Technology & Communications													
Netsol Technologies Limited	21,000	-	-	-	-	-	21,000	1,383,690	1,043,910	(339,780)	0.99%	0.85%	0.023%
Avanceon Limited	-	34,000	1,000	-	-	-	35,000	1,402,310	1,237,600	(164,710)	1.17%	1.01%	0.017%
Systems Limited	-	5,000	-	-	(5,000)	-	-	-	-	-	-	-	-
TRG Pakistan Limited - Class 'A'	-	45,000	-	-	(30,000)	-	15,000	348,000	423,600	75,600	0.40%	0.35%	0.003%
Worldcall Telecom Limited	250,000	950,000	-	-	(950,000)	-	250,000	320,380	217,500	(102,880)	0.21%	0.18%	0.014%
	271,000	1,034,000	1,000	-	(985,000)	-	321,000	3,454,380	2,922,610	(531,770)	2.77%	2.39%	0.057%

0.0001%

Name of Investee company	Number of shares						Balance as at June 30, 2020			(%) Percentage in relation to			
	As at July 01, 2019	Purchased/ entitled during the period	Bonus during the period	Rights subscribed during the period	Sold during the period	LoR not subscribed during the period	As at June 30, 2020	Carrying value	Market value	Appreciation / (Diminution)	Market value as percentage of net assets	Market value as percentage of total investments	Face value of investment to paid up capital of investee
	----- Shares -----							----- Rupees -----					
Chemicals													
Agritech Limited	-	175,000	-	-	(25,000)	-	150,000	569,870	702,000	132,130	0.67%	0.57%	0.038%
Engro Polymer & Chemicals Limited	-	10,000	-	-	-	-	10,000	282,500	249,800	(32,700)	0.24%	0.20%	0.001%
Descon Oxychem Limited	-	10,000	-	-	-	-	10,000	339,685	298,500	(41,185)	0.28%	0.24%	0.007%
Ittehad Chemicals Limited	-	10,000	-	-	(10,000)	-	-	-	-	-	-	-	-
Lotte Chemical Pakistan Limited	-	25,000	-	-	(25,000)	-	-	-	-	-	-	-	-
Nimir Industrial Chemicals Limited	20,000	-	-	-	(20,000)	-	-	-	-	-	-	-	-
Sitara Peroxide Limited	-	45,000	-	-	(25,000)	-	20,000	473,546	408,200	(65,346)	0.39%	0.33%	0.036%
	20,000	275,000	-	-	(105,000)	-	190,000	1,665,601	1,658,500	(7,101)	1.58%	1.34%	0.082%
Glass & Ceramics													
Shabbir Tiles & Ceramics Limited	10,000	-	-	-	(10,000)	-	-	-	-	-	-	-	-
	10,000	-	-	-	(10,000)	-	-	-	-	-	-	-	-
Foods & Personal Care Products													
Treet Corporation Limited	3,400	20,000	-	-	(13,230)	-	10,170	198,790	181,636	(17,154)	0.17%	0.15%	0.006%
	3,400	20,000	-	-	(13,230)	-	10,170	198,790	181,636	(17,154)	0.17%	0.15%	0.006%
Synthetic & Rayon													
Tri-Star Polyester Limited	50,000	25,000	-	-	(25,000)	-	50,000	440,000	350,500	(89,500)	0.33%	0.29%	0.088%
	50,000	25,000	-	-	(25,000)	-	50,000	440,000	350,500	(89,500)	0.33%	0.29%	0.088%
Total as at 30 June 2020	2,890,004	3,798,254	22,140	-	(2,991,566)	(52,006)	3,666,826	105,214,825	102,231,117	(2,983,708)			
Total as at 30 June 2019	2,108,790	1,212,200	130,938	-	(561,924)	-	2,890,004	137,537,016	92,164,638	(45,372,378)			

7.1.1 The Finance Act 2014 brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder to be treated as income and a tax at the rate of 5% to be applied on the value of bonus shares determined on the basis of day end price on the first day of book closure. The tax is to be collected at source by the Company declaring bonus shares which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund along with other asset management companies and Mutual Fund Association of Pakistan, had filed a petition in the Honourable Sindh High Court ('the Court') to declare the amendments brought into the Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes ('CIS') as null and void and not applicable on mutual funds based on the premise of exemption given to mutual funds under clause 47B of Part IV and clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001. The Court has granted stay order in favour of CIS till the final outcome of the case. Accordingly, the investee companies have withheld the shares equivalent to 5% bonus shares announcement and not deposited in CDC account of department of Income Tax. However, the Fund has included bonus shares withheld by the investee companies in its investment portfolio amounting to Rs. 0.3552 million (June 30, 2019: Rs. 0.3372 million).

Had the Fund not included bonus share withheld by investee companies in its investment portfolio, net assets value at the reporting date would have been lower Rs. 0.0214 per unit (30 June 2019: Rs. 0.0216 per unit)

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7.2 Government securities - Market treasury bills

Purchase Date	Market Treasury Bills					Balances as at June 30, 2020			(%) Percentage in relation to	
	Tenure	As at July 01, 2019	Purchase during the period	Disposed/ matured during the period	As at Jun 30, 2020	Carrying value	Market value	Appreciation/ (diminution)	Market value as percentage of net assets	Market value as percentage of total investments
----- Rupees -----										
9-May-19	3 months	20,000,000	-	(20,000,000)	-	-	-	-	-	-
1-Aug-19	3 months	-	20,000,000	(20,000,000)	-	-	-	-	-	-
24-Oct-19	3 months	-	20,000,000	(20,000,000)	-	-	-	-	-	-
16-Jan-20	3 months	-	20,000,000	(20,000,000)	-	-	-	-	-	-
9-Apr-20	3 months	-	20,000,000	-	20,000,000	19,994,223	19,996,080	1,857	18.95%	16.36%
Total as at 30 June 2020		20,000,000	80,000,000	(80,000,000)	20,000,000	19,994,223	19,996,080	1,857	18.95%	16.36%
Total as at 30 June 2019		-	70,000,000	(50,000,000)	20,000,000	19,817,750	19,788,500	(29,250)	20.31%	17.68%

7.2.1 The market treasury bill outstanding as at 30 June 2020 carries purchase yield of 10.805% per annum and will mature on 02 July 2020.

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			2020	2019
			----- Rupees -----	
7.3	Unrealized diminution in value of investments - net	Note		
	Market value of investments		122,227,197	111,953,138
	Less : carrying value of investments		(125,209,048)	(157,354,766)
			<u>(2,981,851)</u>	<u>(45,401,628)</u>
8	Dividend receivable and accrued markup - unsecured, considered good			
	Dividend receivable	8.1	73,136	249,444
	Accrued markup		6,905	23,773
			<u>80,041</u>	<u>273,217</u>
8.1	This includes dividend receivable on bonus shares amounting to Rs. 25,636 (2019: 18,734), withheld by investee companies due to facts stated in note 7.1.1.			
9	Advances, deposits, prepayments and other receivables	Note	2020	2019
			----- Rupees -----	
	Advance tax deducted	9.1	1,685,638	1,530,799
	Other receivable from Management Company		211,276	211,276
	Receivable against sale of investments		352,487	-
	Prepaid annual fee of CDC		-	12,958
	Security deposits with CDC	9.2	237,500	237,500
			<u>2,486,901</u>	<u>1,992,533</u>
9.1	The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule to the ITO 2001 from withholding of tax under section 150, 151 and 233 of ITO 2001. The Federal Board of Revenue through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated 12 May 2015, made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). Prior to receiving tax exemption certificate(s) from CIR various withholding agents have deducted advance tax under section 150, and 151 of ITO 2001. The management is confident that the same shall be adjustable against the future tax liabilities, if any.			
9.2	The maximum aggregate amount outstanding at any time during the year was Rs. 237,500 (2019: 237,500).			
10	Remuneration payable to the Management Company	Note	2020	2019
			----- Rupees -----	
	Remuneration payable to the Management Company	10.1	357,983	341,625
	Punjab sales tax on remuneration to the Management Company	10.2	46,537	54,660
	Federal Excise Duty on remuneration to the Management Company	10.3	3,713,448	3,713,448
			<u>4,117,968</u>	<u>4,109,733</u>
10.1	Under the provisions of the NBFC Regulations 2008, the Management Company of the Fund is entitled to an accrued remuneration of an amount not exceeding two percent per annum of the average annual net assets of the Fund. Management Company has charged remuneration at 2% per annum based on the daily net assets of the Fund during the year ended 30 June 2020.			
10.2	The Provincial Government of Punjab levied Punjab Sales Tax at the rate of 16% on the remuneration of the Management Company through the Punjab Sales Tax on Services Act, 2012 effective from 01 July 2012.			
10.3	As per the requirement of Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company had been applied effective from 13 June 2013. The Management Company is 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, hence a petition was collectively led by the Mutual Fund Association of Pakistan with the Honorable Sindh High Court (SHC) on 4 September 2013.			
	The Honorable Sindh High Court (SHC) through its order dated 2 June 2016, in CPD-3184 of 2014 (and others) led by various taxpayers, has interalia declared that Federal Excise Act 2005 (FED Act) is on services, other than shipping agents and related services, is ultra vires to the Constitution from 01 July 2011. The Sindh High Court in its decision dated 16 July 2016 in respect of the constitutional petition led by the management companies of mutual funds maintained the previous order on the FED.			
	Sindh Revenue Board and Federal Board of Revenue have led appeals before Honorable Supreme Court against the Sindh High Court's decision dated 2 June 2016, which is pending for the decision. However, after the exclusion of the mutual funds from federal statute on FED from 1 July 2016, the Fund has discontinued making the provision in this regard.			

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Since the appeal is pending in the Supreme Court of Pakistan, the Management Company as a matter of abundant caution has retained provision for FED on management fee aggregating to Rs. 3.713 million (2019: Rs. 3.713 million). Had the provision not been made, the Net Asset Value per unit of the Fund would have been higher by Rs. 0.2233 per unit (30 June 2019: Rs. 0.2375 per unit).

		2020	2019
		Rupees	
11	Other payables		
	Accounting & operational charges	11.1	107,430
			121,649

11.1 Securities and Exchange Commission of Pakistan through its SRO 1160(II)/2015 dated 25 November 2015 has revised the Non-Banking Finance Companies and Notified Entities Regulations, 2008. In the revised regulations a new clause 60(s) has been introduced allowing the management company to charge "fees and expenses related to registrar services, accounting, operation and valuation services related to CIS maximum up to 0.1% of average annual net assets of the Fund or actual whichever is less" from the mutual funds managed by it. Accordingly, such expense has been charged at the rate of 0.1% of average annual net assets of the Fund.

		2020	2019
		Rupees	
12	Remuneration payable to the Trustee		
	Remuneration of the Trustee	12.1	17,259
	Sindh sales tax on remuneration of the Trustee	12.2	2,244
			7,479
			19,503
			65,013

12.1 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 Value of the Fund. The fee is paid to the Trustee monthly in arrears.

Based on the Trust Deed and the revised fee notification by Central Depository Company of Pakistan Limited, the tariff structure applicable to the Fund as at 30 June 2020 is as follows:

Net Assets Value	Tariff per annum
Upto Rs 1,000 million	0.20% per annum of net assets of the Fund
Exceeding Rs 1,000 million	0.10% per annum of net assets of the Fund

12.2 The Sindh Provincial Government levied Sindh Sales Tax on the remuneration of the Trustee through Sindh Sales Tax on Services Act, 2011, effective from 01 July 2015. During the year, Sindh Sales Tax at the rate of 13% (30 June 2019: 13%) was charged on trustee remuneration.

13 Payable to Securities and Exchange Commission of Pakistan

According to S.R.O. 685 (II)/2019 issued by the Securities and Exchange Commission of Pakistan, an annual fee payable to the Securities and Exchange Commission of Pakistan at the rate of 0.02% (2019: 0.095%) of net assets is applicable on all categories of Collective Investment Schemes.

		2020	2019
		Rupees	
14	Accrued expenses and other liabilities		
	Auditors' remuneration	802,995	816,600
	Listing fees payable	119,999	97,999
	Fund's rating fee	140,360	-
	Withholding and capital gain tax payable	106,234	89,888
	Printing charges payable	-	112,292
	Payable against purchase of investments	462,166	460,600
	Legal and professional charges	45,000	45,000
	Other payable	53,766	63,671
		1,730,520	1,686,050

15 Unclaimed dividend

This mainly includes an amount of Rs. 9.51 million (2019: Rs. 9.51 million) not paid to Mr. Salman Taseer (Late) due to pending adjudication for issuance of succession certificate before the Honorable Lahore High Court.

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16 Contingencies and commitments

- 16.1** Tax Authorities have conducted proceedings of withholding tax audit under section 161/205 of Income Tax Ordinance, 2001 for tax years from 2010 to 2012 and 2015 to 2017 and created an arbitrary demand of Rs. 2.02 million. The Fund being aggrieved, filed appeals which are pending before various appellate authorities. The management is confident that these appeals will be decided in favor of the Fund; therefore, no provision has been made against the said demand.
- 16.2** The Federal Board of Revenue has filed civil review petitions in respect of the judgement of Honorable Supreme Court of Pakistan regarding Workers Welfare Fund Ordinance, 1971 (whereby the amendments introduced through Finance Act, 2008 were declared ultra-vires to the Constitution), with the prayer that the judgment dated 10 November 2016 may kindly be reviewed. However, the Fund based on the legal advice has concluded that the outcome of the review petition will likely be in favor of the Fund.
- 16.3** Contingency as explained in note 7.1.1.

	2020	2019
	----- Number of units-----	
17 Number of units in issue		
Total units in issue at the beginning of the year	15,636,364	10,981,013
Add: units issued during the year	3,637,653	14,749,946
Less: units redeemed during the year	(2,646,054)	(10,094,595)
Total units in issue at the end of the year	<u>16,627,963</u>	<u>15,636,364</u>

18 Securities transaction costs

This represents brokerage commission, sindh sales tax, capital value tax and settlement charges relating to sale and purchase of equity securities.

	2020	2019
	----- Rupees -----	
19 Auditors' remuneration		
Annual audit fee	550,000	550,000
Half yearly review fee	330,000	330,000
Punjab sales tax	75,500	100,321
Out of pocket expenses	103,895	72,379
	<u>1,059,395</u>	<u>1,052,700</u>

20 Taxation

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Provided that for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the case may be, shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. In compliance with the requirements, the Management Company of the Fund has announced the distribution of dividend, accordingly, no provision for taxation has been made in these financial statements.

21 Reconciliation of liabilities arising out of financing activities

	Receivable against sale of units	Payable against redemption of units	Total
	----- Rupees -----		
Opening balance as at 01 July 2019	-	-	-
Receivable against issuance of	20,500,000	-	20,500,000
Payable against redemption of	-	18,591,840	18,591,840
	20,500,000	18,591,840	39,091,840
Amount received on issuance of units	(20,500,000)	-	(20,500,000)
Amount paid on redemption of units	-	(18,591,840)	(18,591,840)
	(20,500,000)	(18,591,840)	(39,091,840)
Closing balance as at 30 June 2020	-	-	-

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Opening balance as at 01 July 2018

Receivable against issuance of
Payable against redemption of

Amount received on issuance of units
Amount paid on redemption of units
Dividend paid

Closing balance as at 30 June 2019

Receivable against sale of units	Payable against redemption of units	Total
----- Rupees -----		
-	-	-
123,000,000	-	123,000,000
-	84,094,086	84,094,086
123,000,000	84,094,086	207,094,086
(123,000,000)	-	(123,000,000)
-	(84,094,086)	(84,094,086)
(123,000,000)	(84,094,086)	(207,094,086)
-	-	-

22 Total Expense Ratio

Total expense ratio (all the expenses, including government levies, incurred during the year divided by average net asset value for the year is 4.16% (2019: 4.48%) per annum. Total expense ratio excluding government levies is 3.67% (2019: 3.90%) per annum.

As at 30 June 2020		
At amortised cost	At fair value through profit and loss	Total
----- Rupees -----		

23 Financial instruments by category

Assets

Bank balances
Investments
Dividend receivable and accrued markup
Advances, deposits and other receivables

475,124	-	475,124
-	122,227,197	122,227,197
80,041	-	80,041
801,263	-	801,263
1,356,428	122,227,197	123,583,625

Liabilities

Payable to the Management Company
Payable to the Trustee
Payable to Securities and Exchange Commission of Pakistan
Accrued expenses and other liabilities
Unclaimed dividend

4,225,398	-	4,225,398
19,503	-	19,503
21,437	-	21,437
1,624,286	-	1,624,286
13,745,579	-	13,745,579
19,636,203	-	19,636,203

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Assets

	As at 30 June 2019		
	At amortised cost	At fair value through profit and loss	Total
	----- Rupees -----		
Bank balances	3,036,789	-	3,036,789
Investments	-	111,953,138	111,953,138
Dividend receivable and accrued markup	273,217	-	273,217
Advances, deposits and other receivables	448,776	-	448,776
	<u>3,758,782</u>	<u>111,953,138</u>	<u>115,711,920</u>

Liabilities

Payable to the Management Company	4,231,382	-	4,231,382
Payable to the Trustee	65,013	-	65,013
Payable to Securities and Exchange Commission of Pakistan	115,541	-	115,541
Accrued expenses and other liabilities	1,686,050	-	1,686,050
Unclaimed dividend	13,745,579	-	13,745,579
	<u>19,843,565</u>	<u>-</u>	<u>19,843,565</u>

24 Transactions with connected persons / related parties

Connected persons include First Capital Investments Limited being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the Trustee of the Fund, all group companies, any person or company beneficially owning ten percent or more of the capital of the Management Company or net assets of the Fund and unit holders holding 10 percent or more units of the Fund and Directors and Key Management Personnel of the Management Company as at 30 June 2020.

Remuneration to the Management Company and the Trustee of the Fund is determined in accordance with the provisions of the NBFC Regulations and Trust Deed respectively as disclosed in note 10 and 12 to these financial statements.

	2020	2019
	----- Rupees -----	
24.1 Transactions for the year		
The Management Company		
Remuneration charged for the year	2,148,580	2,432,975
Punjab sales tax on remuneration of the Management Company*	343,773	389,276
Remuneration paid	2,484,118	2,630,257
Issuance of 3,637,653 Units (2019: 8,140,233)	20,500,000	70,000,000
Redemption of 2,631,858 (2019: 4,337,377) units	18,500,000	33,500,000

* Punjab sales tax is paid to the Management Company for onwards payment to the Government.

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	2020	2019
Trustee	----- Rupees -----	
Remuneration charged for the year	214,858	700,000
Remuneration paid	288,300	700,000
Sindh sales tax on remuneration of the Trustee	27,932	91,000
Settlement charges inclusive of Sindh sales tax	5,942	9,958
Sindh sales tax on settlement charges	776	2,314
CDS fee paid during the year	12,956	76,275
First Capital Equities Limited - Group Company		
Brokerage commission	-	14,525
First Capital Securities Corporation Limited - Group Company		
Issuance of Nil Units (2019: 1,534,548)	-	13,000,000
Redemption of Nil (2019: 634,397) units	-	5,509,548
Evergreen Water Valley (Private) Limited - Group Company		
Issuance of Nil Units (2019: 5,075,176)	-	40,000,000
Redemption of Nil (2019: 5,075,176) units	-	44,695,552
24.2 Outstanding balances as at year end		
The Management Company		
Remuneration payable inclusive of taxes thereon	4,117,968	4,109,733
Other payable	107,430	121,649
Units held: 11,719,339 units (2019: 10,713,544 units)	74,374,441	66,743,237
Trustee		
Remuneration payable inclusive of taxes thereon	19,503	65,013
Security deposit	237,500	237,500
Settlement charges payable inclusive of taxes thereon	-	576
Prepaid Fee	-	12,958
First Capital Equities Limited - Group Company		
Units held: 1,793 units (2019: 1,793 units)	11,380	11,171
First Capital Securities Corporation Limited - Group Company		
Units held: 935,466 units (2019: 335,316 units)	5,936,750	5,827,769
Mr. Salman Taseer (late) - Holder of more than 10%		
Units held: 2,095,028 units (2019: 2,095,028 units)	13,295,674	13,051,604
Dividend payable	9,506,510	9,506,510
Key management personnel of the Management Company		
Units held: 1,760 units (2019: 2,363 units)	11,169	14,719

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25 Details of pattern of unit holding

Category

Individuals
Associated companies and Directors
Banks and DFIs
Retirement Funds
Public limited companies
Others

2020			
Number of unit holders	Number of Units held	Investment amount	Percentage
----- Rupees -----			
1,940	3,834,314	24,333,885	23.06%
3	12,656,598	80,323,165	76.11%
11	56,949	361,421	0.34%
2	15,893	100,862	0.10%
4	47,399	300,811	0.29%
12	16,810	106,682	0.10%
1,972	16,627,963	105,526,826	100%

2019			
Number of unit holders	Number of Units held	Investment amount	Percentage
----- Rupees -----			
1,944	3,848,510	23,975,616	24.61%
3	11,650,803	72,582,690	74.52%
11	56,949	354,786	0.36%
2	15,893	99,008	0.10%
4	47,399	295,288	0.29%
12	16,810	104,724	0.10%
1,976	15,636,364	97,412,112	100%

26 Particulars of the Investment Committee and Fund Manager

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

Sr. No.	Name	Designation	Qualification	Experience in years
1	Imran Hafeez	Chief Executive Officer	Affiliate of ICAP Associate member of PIPFA	17 Years
2	Syed Asad Abbas Zaidi	Chief Financial Officer	Master of Business Administration	14 Years
3	Syed Ghazanfar Ali Bukhari	Chief Investment Officer / Fund Manager	Masters in Economics	19 Years

26.1 No other fund is being managed by Mr. Syed Ghazanfar Ali Bukhari.

27 Top ten brokers by percentage of commission paid

List of brokers by percentage of commission paid during the year ended 30 June 2020 :

S. No	Broker's Name	2020	2019
		Percentage (%)	Percentage (%)
1	Ismail Iqbal Securities (Pvt) Ltd	17.13%	9.62%
2	Arif Habib Limited	13.95%	13.61%
3	AKD Securities Limited	13.61%	12.95%
4	Topline Securities Limited	13.45%	8.85%
5	Next Capital Limited	13.20%	9.31%
6	Fortune Securities Limited	12.62%	10.20%
7	MSMANIAR Financials (Pvt) Ltd.	8.08%	11.34%
8	BMA Capital Management Ltd.	7.96%	9.33%
9	First Capital Equities Limited	0%	14.79%

27.1 During the current period, the fund has only operated through 8 brokers.

28 Attendance at meetings of Board of Directors of Management Company

The board meetings were held on 03 October 2019, 29 October 2019, 25 February 2020 and 24 April 2020. Information in respect of attendance by the directors in the meeting is given below:

Name of persons attending the meetings	Number of meetings			Meetings not attended
	Held during the tenure of directorship	Attended	Leave granted	
Ms. Fauzia Hussain Qureshi	2	2	-	-
Mr. Imran Hafeez	4	4	-	-
Mr. Jawad Saleem	4	4	-	-
Mr. Asif Pervaiz	4	4	-	-
Syed Nadeem Hussain	2	2	-	-

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The Fund's objective in managing risk is the creation and protection of unit holder's value. Risk is inherent in the activities of the Fund, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, Fund's constitutive documents and the regulations and directives of the SECP. The 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.

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 audit committee oversees how management monitors compliance with the Fund's risk management policies and procedures, and reviews adequacy of the risk management framework in relation to the risks faced by the Fund. The audit committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes regular reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The management of these risks is also carried out by the Investment Committee (IC) under policies approved by the Board of Directors of the Management Company. The IC is constituted and approved by the Board of Directors of the Management Company. IC is responsible to devise the investment strategy and manage the investment portfolio of the Fund in accordance with limits prescribed in the NBFC Regulations, Offering document of the Fund in addition to Fund's internal risk management policies.

The Fund primarily invests in a portfolio of listed equity securities and money market investments. Such investments are subject to varying degrees of risk. These risks emanate from various factors that include, but are not limited to market risk, credit risk and liquidity risk.

The Fund has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

29.1 Credit risk

Credit risk represents the risk of a loss that would be recognized at the reporting date if counterparties to a financial instrument fails to meet its contractual obligations. Credit risk arises from deposits with banks, credit exposure arising as a result of dividends receivable on equity securities, receivable against sale of investments, deposits and other receivables and accrued income on bank deposits. For banks and financial institutions, only reputed parties are accepted. Credit risk on dividend receivable is minimal due to statutory protection.

29.1.1 Management of credit risk

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. The Fund does not expect to incur material credit losses on its financial assets.

Credit rating is managed and controlled by the Management Company of the Fund in the following manner:

- Investment transactions are carried out with a large number of brokers, whose credit worthiness is taken into account so as to minimize the risk of default and transactions are settled or paid for upon delivery.
- Cash is held only with reputable banks with high quality external credit enhancements.

29.1.2 Exposure to credit risk

The Fund identifies concentrations of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counterparty is as follows:

	2020		2019	
	Carrying value of Financial Assets	Maximum exposure	Carrying value of Financial Assets	Maximum exposure
	Rupees			
Bank balances	475,124	475,124	3,036,789	3,036,789
Dividend receivable and accrued markup	80,041	80,041	273,217	273,217
Deposits and other receivables	801,263	801,263	448,776	448,776

Investments in equity securities of Rs. 102.23 million (2019: Rs. 92.16 million) and investments in Government securities of 19.99 million (2019: Rs. 19.79 million) are not exposed to credit risk.

29.1.3 Concentration of credit risk

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

Details of Fund's concentration of credit risk of financial instruments by industrial distribution is as follows:

	2020		2019	
	Rupees	Percentage	Rupees	Percentage
Banking companies	482,029	35.54%	3,060,562	81.42%
Connected persons	448,776	33.09%	448,863	11.94%
Others	425,623	31.37%	249,444	6.64%
	1,356,428	100%	3,758,869	100%

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Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honor its obligations to deliver cash, securities or other assets as contractually agreed.

For the vast majority of transactions the Fund mitigates its risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

29.1.3(a) Counterparties with external credit ratings

These include banking companies and financial institutions, which are counterparties to cash deposits. These are neither past due nor impaired. Credit risk is considered minimal since the counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Fund. Following are the credit ratings of counterparties with external credit ratings:

Banks and financial institutions

Bank	Rating		Rating agency	2020	2019
	Long term	Short term		Rupees	Rupees
<i>Bank balances including profit receivable</i>					
Habib Metropolitan Bank Limited	AA+	A1+	PACRA	455,964	3,018,276
MCB Islamic Bank Limited	A	A1	PACRA	19,160	18,513
				475,124	3,036,789

29.2 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due.

The Fund is exposed to cash redemption of its units on a regular basis. Units are redeemable at the holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive document and guidelines laid down by SECP.

Management of liquidity risk

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 investments in marketable securities, which under normal circumstances are readily convertible into cash. As a result may be able to liquidate its investments in these instruments at an amount close to their fair value to meet its liquidity requirement. The present settlement is a T+2 system, which means proceeds from sales (to pay of redemptions) of holdings will be received on the second working day after the sale, while redemptions have to be paid within a period of six working days from the date of redemption request.

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

Maturity analysis for financial liabilities

The table below indicates the contractual maturities of the Fund's financial liabilities at the reporting date. The amounts in the table are the contractual undiscounted cash flows as on :

	2020			
	Financial liabilities	Up to three months	More than three months and up to one year	Total
<u>Non-derivative financial liabilities</u>	----- Rupees -----			
Remuneration payable to the Management Company (excluding punjab sales tax and FED)	357,983	357,983	-	357,983
Remuneration payable to Trustee (excluding Sindh Sales tax)	17,259	17,259	-	17,259
Annual fee payable to SECP	21,437	21,437	-	21,437
Unclaimed dividend	13,745,579	13,745,579	-	13,745,579
Accrued expenses and other liabilities	1,624,286	1,624,286	-	1,624,286
	15,766,544	15,766,544	-	15,766,544

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	2019			Total
	Financial liabilities	Up to three months	More than three months and up to one year	
<u>Non-derivative financial liabilities</u>	----- Rupees -----			
Remuneration payable to the Management Company (excluding Punjab Sales Tax and FED)	341,625	341,625	-	341,625
Remuneration payable to Trustee (excluding Sindh Sales tax)	57,534	57,534	-	57,534
Annual fee payable to SECP	115,541	115,541	-	115,541
Unclaimed dividend	13,745,579	13,745,579	-	13,745,579
Accrued expenses and other liabilities	1,596,162	1,596,162	-	1,596,162
	<u>15,856,441</u>	<u>15,856,441</u>	<u>-</u>	<u>15,856,441</u>

29.3 Market risk

Market risk is the risk that the change in fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

29.3.1 Management of market risk

The Management Company manages the market risk through diversification of the investment portfolio by exposures and by following the internal guidelines established by the investment committee and regulations laid down by the SECP.

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

29.3.2 Currency risk

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

29.3.3 Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks which expose the Fund to cash flows interest rate risk. In case of 100 basis points increase / decrease in market rates as at 30 June 2020 with all other variables held constant, the net income for the year and net assets would have been higher / lower by Rs. 0.0047 million (2019: Rs. 0.0304 million).

b) Fair value sensitivity analysis for fixed rate instruments

Presently, the Fund holds no fixed rate instruments.

29.3.4 Other price risk

Other 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 '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 / the NBFC Regulations 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 30% of net assets.

29.3.5 Fair value sensitive analysis

In case of 5% increase / decrease in the KSE 100 index, net income for the year ended 30 June 2020 would increase / decrease by Rs. 5.11 million (2019: Rs. 4.61 million) and net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified at fair value through profit or loss.

The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in KSE 100 Index having regard to historical volatility of the index. The composition of the Fund's investment portfolio and the correlation, thereof, to the KSE 100 Index is expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2020 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KSE 100 index.

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30 Unit holder's fund risk management

The Fund's capital is represented by the net assets attributable to unit holders / redeemable units. The unit holders of the Fund 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 on the statement of movement in unit holder's fund.

The Fund has no restrictions or specific funding requirements on the subscription and redemption of units.

The Fund's objectives when managing unit holder's 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 to meet unexpected losses or opportunities.

In accordance with the risk management policies, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption requests. Such liquidity being augmented by disposal of investments where necessary.

As required under the NBFC Regulations, every open end scheme shall maintain minimum fund size (i.e. net assets of the Fund) of Rs. 100 million at all times during the life of scheme. The Fund has maintained and complied with the requirements of minimum fund size during the year except for as disclosed in note 1.7. In case the size of the Fund falls below the minimum size specified in sub-regulation (3a) the asset management company shall ensure compliance with the minimum fund size within three months of its breach and if the fund size remains below the minimum fund size limit for consecutive ninety days the asset management company shall immediately intimate the grounds to the Commission upon which it believes that the open end scheme is still commercially viable and its objective can still be achieved.

31 Fair value measurement 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.

Fair value of underlying financial assets are determined based on requirement of regulation 66(a) of Non-Banking Finance Companies and Notified Entities Regulations, 2008 and directives if any issued by SECP. The fair value of financial assets traded in active market i.e. listed securities are based on quoted market price at stock exchange as determined in accordance with its regulations.

IFRS 13 'Fair Value Measurement' requires the Fund to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of 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)
- Inputs for the asset or liability that are not based on observable market data (i.e. unobservable) inputs (Level 3)

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred.

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The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount				Fair value		
		At Fair value through profit or loss	At amortised cost	At fair value through Other comprehensive income	Total	Level 1	Level 2	Total
As at 30 June 2020		Rupees						
<u>Financial assets - measured at fair value</u>								
Investments								
- listed equity securities	7.1	102,231,117	-	-	102,231,117	102,231,117	-	102,231,117
- Government securities	7.2	19,996,080	-	-	19,996,080	-	19,996,080	19,996,080
<u>Financial assets - not measured at fair value</u>								
Bank balances	6	-	475,124	-	475,124	-	-	-
Dividend receivable and accrued markup	8	-	80,041	-	80,041	-	-	-
Deposits and other receivables	9	-	801,263	-	801,263	-	-	-
		122,227,197	1,356,428	-	123,583,625	102,231,117	19,996,080	122,227,197
<u>Financial liabilities - not measured at fair value</u>								
Remuneration payable to Management Company	10.1	-	357,983	-	357,983	-	-	-
Remuneration payable to Trustee	12.1	-	17,259	-	17,259	-	-	-
Annual fee payable to Securities and Exchange Commission of Pakistan	13	-	21,437	-	21,437	-	-	-
Accrued expenses and other liabilities	14	-	1,624,286	-	1,624,286	-	-	-
Unclaimed dividend		-	13,745,579	-	13,745,579	-	-	-
		-	15,768,544	-	15,768,544	-	-	-
		Carrying amount				Fair value		
		At Fair value through profit or loss	At amortised cost	At fair value through Other comprehensive income	Total	Level 1	Level 2	Total
As at 30 June 2019		Rupees						
<u>Financial assets - measured at fair value</u>								
Investments								
- listed equity securities	7.1	92,164,638	-	-	92,164,638	92,164,638	-	92,164,638
- Government securities	7.2	19,788,500	-	-	19,788,500	-	19,788,500	19,788,500
<u>Financial assets - not measured at fair value</u>								
Bank balances	6	-	3,036,789	-	3,036,789	-	-	-
Dividend and profit receivable	8	-	273,217	-	273,217	-	-	-
Deposits and other receivables	9	-	448,776	-	448,776	-	-	-
		111,953,138	3,758,782	-	115,711,920	92,164,638	19,788,500	111,953,138
<u>Financial liabilities - not measured at fair value</u>								
Remuneration payable to Management Company	10.1	-	341,625	-	341,625	-	-	-
Remuneration payable to Trustee	12.1	-	57,534	-	57,534	-	-	-
Annual fee payable to Securities and Exchange Commission of Pakistan	13	-	115,541	-	115,541	-	-	-
Accrued expenses and other liabilities	14	-	1,596,162	-	1,596,162	-	-	-
Unclaimed dividend		-	13,745,579	-	13,745,579	-	-	-
		-	15,856,441	-	15,856,441	-	-	-

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32 Date of authorization for issue

These financial statements were authorized for issue on September 30, 2020 by the Board of Directors of the Management Company.

33 Subsequent event

The Board of Directors of the Management Company, in their meeting held on 25 September 2020, approved a final cash dividend of Rs. 0.1723 per unit (2019: Rs. Nil) amounting to Rs. 2.5 million (2019: Rs. Nil). These financial statements do not reflect these appropriations.

34 General

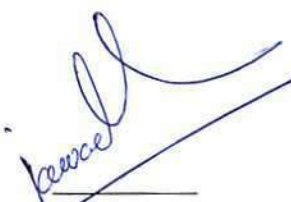
Figures have been rounded off to the nearest rupee.

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**For First Capital Investments Limited
(Management Company)**


Chief Executive Officer


Chief Financial Officer


Director