

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 2019.

EQUITY MARKET REVIEW

During the period under review PSX-100 index (the benchmark) shed around 8,009 points to close at 33,901.58 points, a decline of around 19.11%, as compared to loss of 10.00% in the same period last year. During the last nine years it was the 2nd negative return for equity investors. The period under review commenced on negative note due to unexpected reformist decisions of new Government. Deteriorating economic condition led by external account deficit, MSCI reclassification risk, rate hike expectations, lack of transparency about entry into IMF program, imminent circular debt problem, declining foreign reserves, faded the investor's confidence. Further the mini-budget presented by the Government, aimed to raise an additional PKR. 180 billion revenues, which resulted to add further taxes and duties on companies and end consumer. The benchmark further suffered due to the deadly attack in Indian occupied Kashmir led to subsequent counter air strikes between atomic power neighboring countries.

The Federal Budget amid fears of strict conditions associated with the bailout package from the IMF with its implications for economic growth and corporate profitability also led the market to decline. The government targeted tax revenues of PKR 5.55 trillion for FY2020 as against the expected revenue collection of PKR 4.0 trillion in FY2019. On the positive side, GST rate was left unchanged at 17% and corporate tax rate was maintained at 29%. However, zero rating facility available to textile sector was proposed to be withdrawn while excise duty on cements was enhanced. We reckon that the policy measures undertaken in the Federal Budget such as broadening of tax base, withdrawing of some anomalous tax exemptions, rationalization of tax rates, and widespread drive towards the documentation of economy would be painful in the short run as it would slow down economic activity and stoke public anger. However, if these measures are implemented successfully and augmented by other long-standing structural reforms, this will put the economy on a self-sustaining growth path and lend durable financial stability. Meeting of FATF also highlighted that more efforts are required from Pakistan, while no noticeable activity from the much-touted market support fund also dampened investors' interest

FUND PERFORMANCE

During the period under review, the Fund has reported net loss after taxation of Rs. 43.208 million as compared to loss of Rs. 43.768 million in the corresponding period last year. The Fund has suffered net loss mainly on the back of unrealized diminution on re-measurements of investments at fair value through profit has recorded at Rs. 45.402 million during the period under review as compared to diminution of Rs. 12.531 million in the corresponding period last year. Dividend income has been recorded at Rs. 4.795 million. Total expenses of the Fund for the period under review decreased to Rs. 5.444 million from Rs. 6.910 million in the corresponding period last year.

In terms of Net Asset Value ("NAV"), the NAV per unit of FCMF has decreased from Rs. 9.2627 to Rs. 6.2298 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 decreased by 32.74%, as compared to its Benchmark's ("KSE-100

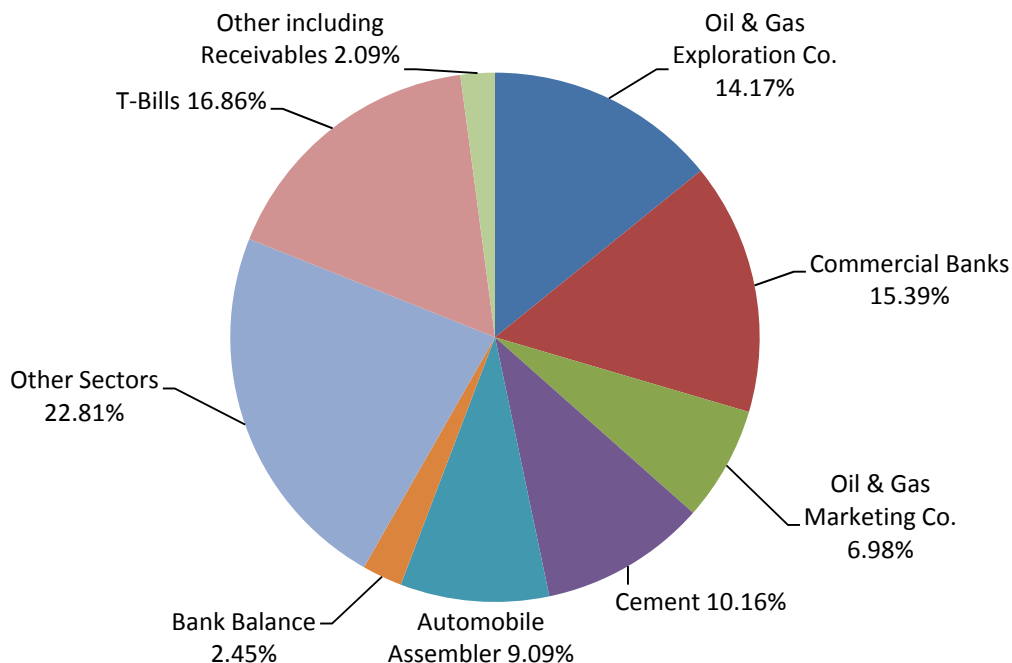
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index”) negative return of 19.11%, for the same period. Thus, the Fund has underperformed the Benchmark by 13.63%. The difference in weights allocated to the sectors of the Fund as compared to the benchmark, caused for difference in return. Moreover, 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. 97.412 million as compared to Rs. 101.714 million as at June 30, 2018.

The asset allocation of FCMF as on June 30, 2019 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 October 3, 2019 has approved and declared final dividend distribution of Rs. nil per unit (nil % of the par value of Rs.10) for the year ended June 30, 2019.

WINDING-UP OF FIRST CAPITAL MUTUAL FUND

The subject matter has been discussed in Board of Directors meeting, in detail, held on October 03, 2019. The board is of the view that currently the market is trading at far below, to its highest level of 53,108 points, in comparison with its peer markets.

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The decision of winding-up was taken at the time when the index was around 44,000 points whereas currently the market is trading at 32,000 points. The NAV of the Fund also decreased from Rs. 10.1422 per unit to Rs. 6.2861 per Unit due to which unit holders of the fund are suffering huge losses.

In the best interest of unit holders the board unanimously decided to wait till the index reach the level above 44,000 points to reassess the situation and to take further decision. Therefore, FCIL will continue as Management Company of the Fund and there are no plans to wind up the Fund and transfer of Management Rights.

RENEWAL OF LICENSE OF ASSET MANAGEMENT COMPANY

The License of Asset Management Company to manage First Capital Mutual Fund is expired on September 11, 2019. The Company has already applied for the license which is under process of Securities and Exchange Commission of Pakistan.

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") 4.48% (including 0.58% 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:

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.

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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.

COMPOSITION OF BOARD

Names	Designation
Syed Nadeem Hussain	Chairman
Mr. Imran Hafeez	Chief Executive Officer
Mr. Jawad Saleem	Director
Mr. Asif Parveiz	Director

There is no change in the Board of Directors during the financial year 2019.

Total number of Directors	04
a) Male	04
b) Female	0

Composition:

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

COMMITTEE OF THE BOARD

Audit Committee	Mr. Jawad Saleem Syed Nadeem Hussain Mr. Asif Pervaiz
Human Resource and Remuneration (HR&R) Committee	Mr. Imran Hafeez Syed Nadeem Hussain Mr. Jawad Saleem

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PATTERN OF UNIT HOLDING

The pattern of the Unit holding as required under Section 227(2)(f) of the Companies Act, 2017 is attached.

AUDITORS

The present auditors M/s. KPMG Taseer Hadi and Co., Chartered Accountants retire and offer themselves for reappointment. The Board of directors has recommended their appointment as auditors of the Fund for the year ending 30 June 2020, at a fee to be mutually agreed.

DIRECTORS TRAINING PROGRAM

The Board arranged no training program for its directors during the year. However, as on June 30, 2020 half of Directors on the Board will have certifications under the Directors' Training Program offered by institutions that meet the criteria specified by the SECP.

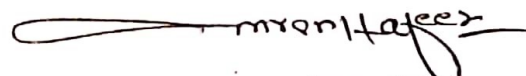
ACKNOWLEDGMENT

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.

For and on behalf of the Board



Asif Pervaiz
Director



Imran Hafeez
Chief Executive Officer/Director

Lahore:
03 October 2019

فرسٹ کیپٹل میوچل فنڈ

ڈائریکٹرز کی رپورٹ

فرسٹ کیپٹل انوسٹمنٹس لمیٹڈ ("FCIL" یا "انتظامی کمپنی") کے بورڈ آف ڈائریکٹرز 30 جون 2019ء کو اختتام پذیر مالیاتی سال کے لئے فرسٹ کیپٹل میوچل فنڈ ("فنڈ" یا "FCMF" یا "سکیم") کی سالانہ رپورٹ بمعہ سالانہ پڑتال شدہ مالیاتی اسٹیٹمنٹس ازراہ مسرت پیش کرتے ہیں۔

ایکویٹی مارکیٹ جائزہ

زیر جائزہ مدت کے دوران PSX-100 انڈیکس (بیچ مارک) تقریباً 19.11 فی صد کمی کے ساتھ 8,009 پوائنٹس تنزلی پر 33,901.58 پوائنٹس پر بند ہوا گذشتہ برس اسی مدت میں 10.00 فی صد کمی ریکارڈ کی گئی۔ گذشتہ نو برسوں میں ایکویٹی سرمایہ داروں کے لئے یہ دوسری مرتبہ منفی آمدنی تھی۔ نئی حکومت کے غیر متوقع اصلاحی اقدامات کی وجہ سے زیر جائزہ مدت کا آغاز منفی رجحان سے ہوا۔ بیرونی اکاؤنٹ خسارہ، MSCI درجہ بندی کے خدشات، شرح میں اضافہ کی توقعات، آئی ایم ایف پروگرام میں غیر یقینی شمولیت، گردشی قرضہ کے واضح مسائل، غیر ملکی ذخائر میں کمی کی وجہ سے ابتر معاشی حالات نے سرمایہ دار کے اعتماد کو متاثر کیا۔ مزید برآں حکومت کے پیش کردہ ضمنی بجٹ کا مقصد 180 بلین روپے اضافی آمدنی پیدا کرنا تھا جس کی وجہ سے کمپنیوں اور صارفین پر مزید ٹیکس اور ڈیوٹی عائد کی گئی۔ بھارتی مقبوضہ کشمیر میں خطرناک حملوں کے نتیجے میں دواٹمی ہمسائیہ ممالک کے درمیان ایئر سٹرائیک کی وجہ سے بھی بیچ مارک متاثر ہوا۔

آئی ایم ایف بیل آؤٹ پیکیج کی وجہ سے وفاقی بجٹ میں سخت شرائط کو سامنے رکھا گیا تاکہ معاشی نمو کے لئے اس کا اطلاق کیا جا سکے مزید یہ کہ سخت شرائط کی وجہ سے کاروباری شعبہ کی مارکیٹ بھی تنزلی کا شکار رہی۔ مالیاتی سال 2019ء میں 4.0 ٹریلین روپے متوقع آمدنی کے مقابلہ میں مالیاتی سال 2020ء میں حکومتی ٹیکس آمدنی کا ہدف 5.55 ٹریلین روپے رکھا گیا۔ مثبت پہلو یہ ہے کہ GST شرح میں کوئی ردوبدل نہ کیا گیا اور کاروباری ٹیکس شرح 29 فی صد برقرار رکھی گئی۔ تاہم، ٹیکسٹائل شعبہ کو دستیاب صفر ریٹنگ سہولت واپس لینے کی تجویز تھی جب کہ سیمنٹ پرائیکسٹرز ڈیوٹی میں اضافہ کیا گیا۔ ہم خیال کرتے ہیں کہ ٹیکس بیس میں توسیع، ٹیکس استثنیٰ کا خاتمہ، ٹیکس شرحوں میں استدلال اور دستاویزی معیشت کے حصول کے لئے وفاقی بجٹ میں کئے گئے اقدامات معاشی سرگرمیوں میں سستی اور عوامی غم و غصہ کو ہوا دیں گے۔ تاہم، اگر یہ اصلاحات اور دیگر ٹھوس سٹرکچرل اصلاحات کامیابی سے نافذ ہو جاتی ہیں تو یہ معیشت کو خود کار ترقی کے راستے پر استوار ہو جائے گی اور پائیدار مالی استحکام آئے گا۔ FATF اجلاس میں اس بات پر زور دیا گیا کہ پاکستان سے مزید اقدامات کی ضرورت ہے جب کہ منڈی کے لئے واضح سازگار ماحول پیدا نہیں ہو سکا لہذا سرمایہ داروں کی دلچسپی کم ہوئی۔

فرسٹ کیپٹل میوچل فنڈ

فنڈ کی کارکردگی

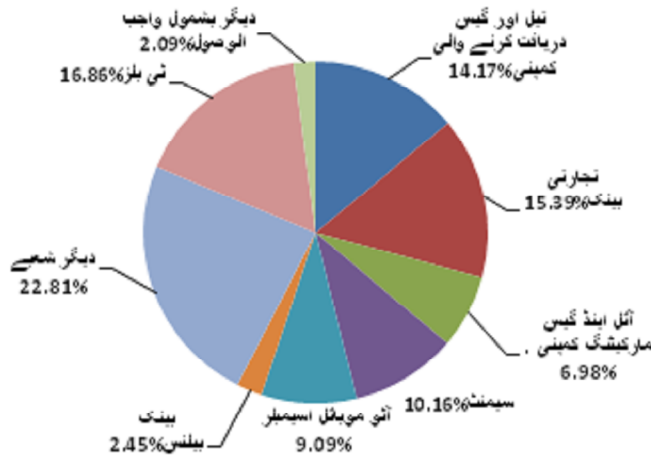
زیر جائزہ مدت کے دوران فنڈ نے 43.208 ملین روپے کا خسارہ علاوہ ٹیکس درج کیا جو گذشتہ سال کی اسی مدت میں 43.768 ملین روپے تھا۔ سازگار قیمت پر سرمایہ داری کے دوبارہ تعین پر غیر حاصل شدہ تخصیص کی وجہ سے فنڈ کو یہ خسارہ برداشت کرنا پڑا۔ جب کہ گذشتہ برس اسی مدت میں 12.531 ملین روپے کمی کے مقابلہ میں زیر جائزہ مدت کے دوران 45.402 ملین روپے کمی ریکارڈ کی گئی۔ آمدنی منافع منقسمہ 4.795 ملین روپے ریکارڈ کی گئی۔ فنڈ کے کل اخراجات گذشتہ برس 6.910 ملین روپے کے مقابلہ میں زیر جائزہ مدت کے دوران 5.444 ملین روپے کم ہوئے۔

خالص اثاثہ جات قدر ("NAV") کی مد میں FCMF کا NAV فی پونٹ 9.2627 روپے کے مقابلہ میں زیر جائزہ مدت کے دوران 6.2298 روپے کم ہوا۔ فنڈ کا بیچ مارک KSE-100 انڈیکس ہے۔ زیر جائزہ مدت کے دوران فنڈ کا NAV اسی مدت میں بیچ مارک (KSE-100 انڈیکس) کے 19.11 فی صد منفی ریٹرن کے مقابلہ میں 32.74 فی صد کم ہوا۔ لہذا، فنڈ نے بیچ مارک سے 13.63 فی صد کم کارکردگی دکھائی۔ بیچ 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 بیچ مارک میں نہیں تھے اور بیچ 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، تفویض کیا۔

رواں مدت کے اختتام پر FCMF کا فنڈ سائز 97.412 ملین روپے رہا جو 30 جون 2018ء کو 101.714 ملین روپے تھا۔

30 جون 2019ء کو FCMF کی ایسٹ ایلوکیشن حسب ذیل ہے:



فرسٹ کیپٹل میوچل فنڈ

کمپنی کی انتظامیہ فنڈ کی کارکردگی میں بہتری کے لئے مسلسل کوششیں کر رہی 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 کے لئے خدشات 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 2019ء کو اختتام پذیر سال کے لئے 03 اکتوبر 2019ء کو صفر روپے فی یونٹ کا حتمی منافع منقسمہ کا اعلان اور منظوری دی ہے (10 روپے کی اوسط قیمت کا صفر فی صد)۔

فرسٹ کیپٹل میوچل فنڈ کی تحلیل

03 اکتوبر 2019ء کو منعقدہ بورڈ آف ڈائریکٹرز کے اجلاس میں تفصیل سے اس معاملہ پر بحث کی گئی ہے۔ بورڈ یہ رائے رکھتا ہے کہ تاحال مارکیٹ اپنی متعلقہ منڈیوں کے مقابلہ میں 53,108 پوائنٹس کی اعلیٰ ترین سطح کے مقابلہ میں بہت کم درجہ پر تجارت کر رہی ہے۔

جب انڈیکس 44,000 پوائنٹس کی سطح پر تھا تو تحلیل کا فیصلہ کیا گیا جب کہ اس وقت مارکیٹ 32,000 پوائنٹس پر تجارت کر رہی ہے۔ فنڈ کا NAV بھی 10.1422 روپے فی یونٹ سے کم ہو کر 6.2861 فی یونٹ پر آ گیا ہے۔ جس کی وجہ سے فنڈ کے یونٹ ہولڈرز کو بھاری نقصان برداشت کرنا پڑا۔

یونٹ ہولڈرز کے بہترین مفاد میں بورڈ نے اتفاق رائے سے فیصلہ کیا ہے کہ انڈیکس 44,000 پوائنٹس کی اعلیٰ سطح پر پہنچنے پر حالات کا دوبارہ جائزہ لیا جائے گا اور مزید فیصلے کئے جائیں گے۔ لہذا FCIL فنڈ کی انتظامی کمپنی برقرار رہے گی اور انتظامی حقوق کی منتقلی اور فنڈ کی تحلیل کا کوئی منصوبہ زیر غور نہ ہے۔

ایسٹ مینجمنٹ کمپنی کے لائسنس کی تجدید

فرسٹ کیپٹل میوچل فنڈ کے انتظام کے لئے ایسٹ مینجمنٹ کمپنی کے لائسنس کی میعاد 11 ستمبر 2019ء کو ختم ہو گئی۔ کمپنی نے قبل ازیں لائسنس کے لئے درخواست جمع کرادی ہے جو سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان میں زیر التوا ہے۔

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۔

فرسٹ کیپٹل میوچل فنڈ

اخراجات کا تناسب

سکیم نے زیر جائزہ مدت کے دوران کل اخراجات کا تناسب ("TER") 4.48 فی صد (بشمول 0.58 فی صد گورنمنٹ لیوی) مقرر کیا ہے جو نان بینکنگ فائیننس 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 فائیننس 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۔ سکیمیں 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 ڈھانچے 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 سیکورٹی 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، تو میانا، 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۔

فرسٹ کیپٹل میوچل فنڈ

میجمنٹ کوالٹی ریٹنگ

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

بورڈ کی تشکیل

عہدہ	نام
چیئر مین	سید ندیم حسین
چیف ایگزیکٹو آفیسر	محترم عمران حفیظ
ڈائریکٹر	محترم جواد سلیم
ڈائریکٹر	محترم آصف پرویز

مالیاتی سال 2019ء کے دوران بورڈ آف ڈائریکٹرز میں کوئی تبدیلی نہ کی گئی ہے۔

04	ڈائریکٹرز کی کل تعداد
04	(a) مرد
00	(b) خاتون

ترکیب

2	آزاد ڈائریکٹرز
1	دیگر نان ایگزیکٹو ڈائریکٹر
1	ایگزیکٹو ڈائریکٹر

بورڈ کمیٹیاں

آڈٹ کمیٹی

محترم جواد سلیم
سید ندیم حسین
محترم آصف پرویز
محترم عمران حفیظ
سید ندیم حسین
محترم جواد سلیم

ہیومن ریسورس اینڈ ریمونریشن (HR&R) کمیٹی

فرسٹ کیپٹل میوچل فنڈ

یونٹ ہولڈنگ کی وضع

کمپنیز ایکٹ 2017ء کے سیکشن (f) (2) 227 کے تحت یونٹ ہولڈنگ کی وضع ساتھ منسلک ہے۔

آڈیٹرز

حالیہ آڈیٹرز میسرز KPMG تاثیر ہادی اینڈ کو، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو چکے ہیں اور اپنی دوبارہ تقرری کی پیشکش کرتے ہیں۔ بورڈ آف ڈائریکٹرز نے باہمی طے شدہ فیس پر 30 جون 2020ء کو اختتام پذیر سال کے لئے انہیں فنڈ کے آڈیٹرز کی حیثیت سے تقرری کی سفارش کی ہے۔

ڈائریکٹرز ٹریننگ پروگرام

سال بھر میں بورڈ نے اپنے ڈائریکٹرز کے لئے کسی تربیتی پروگرام کا انتظام نہ کیا ہے۔ تاہم، 30 جون 2020ء تک بورڈ کے نصف ڈائریکٹرز SECP کے مقررہ معیار کے مطابق اداروں کی جانب سے پیش کردہ ڈائریکٹرز ٹریننگ پروگرام کے تحت سند حاصل کر لیں گے۔

اعتراف

ہم اپنے گرام قدر سرمایہ داروں کی جانب سے ہم پر اعتماد کا تہہ دل سے شکریہ ادا کرتے ہیں۔ بورڈ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، ٹرسٹی (سنٹرل ڈیپازٹری کمیٹی 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

آصف پرویز

ڈائریکٹر

لاہور:

103 اکتوبر 2019ء

First Capital Mutual Fund

FUND MANAGER'S REPORT FOR THE YEAR ENDED JUNE 30, 2019

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 loss after taxation of Rs. 43.208 million as compared to loss of Rs. 43.768 million in the corresponding period last year. The Fund has suffered net loss mainly on the back of unrealized diminution on re-measurements of investments at fair value through profit has recorded at Rs. 45.402 million during the period under review as compared to diminution of Rs. 12.531 million in the corresponding period last year. Dividend income has been recorded at Rs. 4.795 million. Total expenses of the Fund for the period under review decreased to Rs. 5.444 million from Rs. 6.910 million in the corresponding period last year.

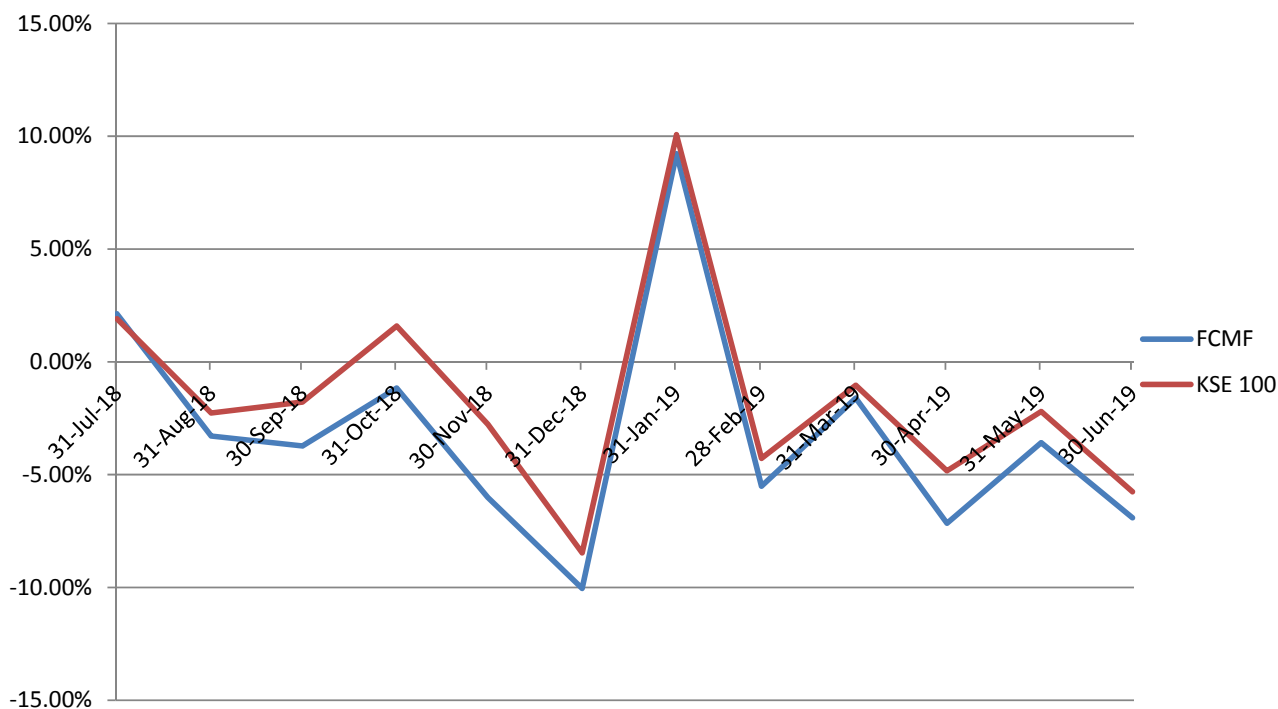
In terms of Net Asset Value ("NAV"), the NAV per unit of FCMF has decreased from Rs. 9.2627 to Rs. 6.2298 during the period under review. The benchmark of the Fund is KSE-100 index. During the period under review, the NAV of the Fund has decreased by 32.74%, as compared to its Benchmark's ("KSE-100 index") negative return of 19.11%, for the same period. Thus, the Fund has underperformed the Benchmark by 13.63%. 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. 97.412 million as compared to Rs. 101.704 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) shed around 8,009 points to close at 33,901.58 points, a decline of around 19.11%, as compared to loss of 10.00% in the same period last year. During the last nine years it was the -2nd negative return for equity investors. The period under review commenced on negative note due to unexpected reformist decisions of new Government. Deteriorating economic condition led by external account deficit, MSCI reclassification risk, rate hike expectations, lack of transparency about entry into IMF program, imminent circular debt problem, declining foreign reserves, faded the investor's confidence. Further the mini-budget presented by the Government, aimed to raise an additional PKR. 180 billion revenues, which resulted to add further taxes and duties on companies and end consumer. The benchmark further suffered due to the deadly attack in Indian occupied Kashmir led to subsequent counter air strikes between atomic power neighboring countries.

The Federal Budget amid fears of strict conditions associated with the bailout package from the IMF with its implications for economic growth and corporate profitability also led the market to decline. The government targeted tax revenues of PKR 5.55 trillion for FY2020 as against the expected revenue collection of PKR 4.0 trillion in FY2019. On the positive side, GST rate was left unchanged at 17% and corporate tax rate was maintained at 29%. However, zero rating facility available to textile sector was proposed to be withdrawn while excise duty on cements was enhanced. We reckon that the policy measures undertaken in the Federal Budget such as broadening of tax base, withdrawing of some anomalous tax exemptions, rationalization of tax rates, and widespread drive towards the documentation of economy would be painful in the short run as it would slow down economic activity and stoke public anger. However, if these measures are implemented successfully and augmented by other long-standing structural reforms, this will put the economy on a self-sustaining growth path and lend durable financial stability.

First Capital Mutual Fund

Meeting of FATF also highlighted that more efforts are required from Pakistan, while no noticeable activity from the much-touted market support fund also dampened investors' interest

Asset Allocation of the Fund (% of total assets)

Asset Category	30-June-2019	30-June-2018
Equities	78.60%	86.75%
Treasury Bills	16.86%	0.00%
Bank Balance	2.45%	12.04%
Others including receivables	2.09%	1.20%
Total	100.00%	100.00%

Pattern of Unit Holders of the FCMF as on June 30, 2019

The pattern of Unit Holders of the FCMF as on June 30, 2019 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, 2019 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.

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 30, 2019

First Capital Mutual Fund

**Financial Statements
for the year ended 30 June 2019**



KPMG Taseer Hadi & Co.
Chartered Accountants
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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 2019, 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 2019, 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. #	Key audit matter	How the matter was addressed in our audit
1.	Valuation and existence of Investments Refer note 4.2 and 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	Our audit procedures in respect of valuation and existence 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;



KPMG Taseer Hadi & Co.

S. #	Key audit matter	How the matter was addressed in our audit
	<p>Rs. 92.16 million and Rs. 19.79 million respectively as at 30 June 2019.</p> <p>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.</p>	<ul style="list-style-type: none">• comparing, on a sample basis, the ownership of investments of the Fund at the year end with Central Depository Company records;• comparing, on a sample basis, specific investment buying and selling transactions recorded during the year with underlying documentation;• assessing on a sample basis, whether investments at year end were valued at fair value based on the quoted market price of the year end 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 2019 but does not include the financial statements and our auditor's 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.

10/11/19



KPMG Taseer Hadi & Co.

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

Auditor's 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 skepticism 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 auditor's 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.

KTHW



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 auditor's report is Kamran Iqbal Yousafi.

Lahore

Date: 07 October 2019

KPMG Taseer Hadi & Co.
KPMG Taseer Hadi & Co.
Chartered Accountants

First Capital Mutual Fund
Statement of Assets and Liabilities

As at 30 June 2019

	Note	2019	2018
		----- Rupees -----	
<u>Assets</u>			
Bank balances	6	3,036,789	14,617,436
Investments	7	111,953,138	105,297,073
Dividend and profit receivable - <i>unsecured, considered good</i>	8	273,217	236,500
Advances, deposits, prepayments and other receivables	9	1,992,533	1,222,429
Total assets		117,255,677	121,373,438
<u>Liabilities</u>			
Payable to First Capital Investment Limited - <i>Management Company</i>			
- <i>against remuneration</i>	10	4,109,733	3,917,739
- <i>other payables</i>	11	121,649	188,017
Remuneration payable to Central Depository Company of Pakistan Limited - <i>Trustee</i>	12	65,013	65,013
Annual fee payable to Securities and Exchange Commission of Pakistan	13	115,541	158,444
Accrued expenses and other liabilities	14	1,686,050	1,138,905
Unclaimed dividend	15	13,745,579	14,191,025
Provision for Workers' Welfare Fund	16	-	-
Total liabilities		19,843,565	19,659,143
Contingencies and commitments	17		
Net Assets		97,412,112	101,714,295
Unit holders' fund (as per statement attached)		97,412,112	101,714,295
		(Number of Units)	
Number of units in issue	18	15,636,364	10,981,013
		----- Rupees -----	
Net asset value per unit		6.2298	9.2627

The annexed notes from 1 to 36 form an integral part of these financial statements.

40/11/2019

For First Capital Investments Limited
(Management Company)


Chief Executive


Chief Financial Officer


Director

First Capital Mutual Fund

Income Statement

For the year ended 30 June 2019

	Note	2019 ----- Rupees -----	2018 ----- Rupees -----
<u>Income / (loss)</u>			
Capital gain / (loss) on sale of investments classified as:			
- at fair value through profit or loss		552,214	-
- held for trading		-	(32,160,726)
Dividend income		4,794,948	5,818,193
Income from government securities		1,356,840	669,792
Profit on bank deposits		933,078	1,344,466
Unrealised diminution on revaluation of investments classified as:			
- at fair value through profit or loss	7.3	(45,401,628)	-
- held for trading	7.3	-	(12,530,582)
Total loss		(37,764,548)	(36,858,857)
<u>Expenses</u>			
Remuneration of the Management Company	10.1	2,432,975	3,335,673
Punjab Sales tax on remuneration of the Management Company	10.2	389,276	533,708
Federal Excise Duty on remuneration of the Management Company	10.3	-	-
Remuneration of the Trustee	12.1	700,000	700,000
Sindh Sales tax on remuneration of the Trustee	12.2	91,000	91,000
Annual fee - <i>Securities and Exchange Commission of Pakistan</i>	13	115,566	158,444
Securities transaction costs	19	204,398	493,658
Auditors' remuneration	20	1,052,700	1,052,700
Accounting & Operational charges		99,967	166,784
Sindh Sales Tax on Accounting & Operational charges		-	21,682
Annual listing fee - <i>Pakistan Stock Exchange</i>		29,999	30,000
Legal and other professional fees		93,576	5,681
Fund's ranking fee		140,362	140,360
Printing, postage and other charges		87,498	161,083
Bank charges		6,232	18,836
Total expenses		5,443,549	6,909,609
Net loss for the year before taxation		(43,208,097)	(43,768,466)
Taxation	21	-	-
Net loss for the year after taxation		(43,208,097)	(43,768,466)
Earnings per unit	22		

The annexed notes from 1 to 36 form an integral part of these financial statements.

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For First Capital Investments Limited
(Management Company)


Chief Executive


Chief Financial Officer


Director

First Capital Mutual Fund
Statement of Comprehensive Income
For the year ended 30 June 2019

	2019	2018
	----- Rupees -----	-----
Net loss for the year after taxation	(43,208,097)	(43,768,466)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	<u><u>(43,208,097)</u></u>	<u><u>(43,768,466)</u></u>

The annexed notes 1 to 36 form an integral part of these financial statements.

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For First Capital Investments Limited
(Management Company)


Chief Executive


Chief Financial Officer


Director

First Capital Mutual Fund

Cash Flow Statement


For the year ended 30 June 2019

	2019	2018
	----- Rupees -----	
<u>Cash flows from operating activities</u>		
Net loss for the year before taxation	(43,208,097)	(43,768,466)
Adjustments for:		
Unrealised diminution on re-measurement of investments classed as:		
- at fair value through profit or loss	45,401,628	-
- held for trading	-	12,530,582
	<u>2,193,531</u>	<u>(31,237,884)</u>
(Increase) / Decrease in assets:		
Investments - net	(52,057,693)	103,630,461
Dividend and profit receivable - unsecured, considered good	(36,717)	126,097
Advances, deposits, prepayments and other receivables	(770,104)	(114,236)
	<u>(52,864,514)</u>	<u>103,642,322</u>
Increase / (decrease) in liabilities:		
Remuneration payable to Management Company	191,994	(1,109,868)
Other payable to Management Company	(66,368)	(57,358)
Remuneration payable to Trustee	-	-
Annual fee payable to SECP	(42,903)	(48,599)
Unclaimed dividend	(445,446)	2,519,020
Accrued expenses and other liabilities	547,145	156,603
	<u>184,422</u>	<u>1,459,798</u>
Net cash (used in) / generated from operating activities	<u>(50,486,561)</u>	<u>73,864,236</u>
<u>Cash flows from financing activities</u>		
Proceeds from issuance of units	123,000,000	74,000
Cash payout against distribution of final cash dividend	-	(6,243,236)
Payments on redemption of units	(84,094,086)	(56,495,582)
Net cash generated from / (used in) in financing activities	<u>38,905,914</u>	<u>(62,664,818)</u>
Net (decrease) / Increase in cash and cash equivalents during the year	<u>(11,580,647)</u>	<u>11,199,418</u>
Cash and cash equivalents at the beginning of the year	<u>14,617,436</u>	<u>3,418,018</u>
Cash and cash equivalents at the end of the year	<u><u>3,036,789</u></u>	<u><u>14,617,436</u></u>

The annexed notes from 1 to 36 form an integral part of these financial statements.

14/07/2019

For First Capital Investments Limited
(Management Company)


Chief Executive


Chief Financial Officer


Director

First Capital Mutual Fund
Statement Of Movement In Unit Holders' Fund
For the year ended 30 June 2019

	For the year ended 30 June					
	2019			2018		
	Capital Value	Undistributed Income	Total	Capital Value	Undistributed Income	Total
Note -----Rupees-----						
Net assets at beginning of the year	92,350,725	9,363,570	101,714,295	148,772,307	59,375,272	208,147,579
Issuance of 14,749,946 (2018: 6,241) units						
- Capital value	136,624,329	-	136,624,329	77,254	-	77,254
- Element of income	(13,624,329)	-	(13,624,329)	(3,254)	-	(3,254)
Total proceeds on issuance of units	123,000,000	-	123,000,000	74,000	-	74,000
Redemption of 10,094,595 (2018: 5,629,325) units						
- Capital value	(93,503,210)	-	(93,503,210)	(57,645,335)	-	(57,645,335)
- Element of loss	9,409,124	-	9,409,124	1,149,753	-	1,149,753
Total payment on redemption of units	(84,094,086)	-	(84,094,086)	(56,495,582)	-	(56,495,582)
Total comprehensive loss for the year	-	(43,208,097)	(43,208,097)	-	(43,768,466)	(43,768,466)
Distributions declared on 03 October 2017 at Rs. 0.38 per unit	-	-	-	-	(6,243,236)	(6,243,236)
Net assets at end of the year	131,256,639	(33,844,527)	97,412,112	92,350,725	9,363,570	101,714,295
<i>Undistributed income brought forward represented by:</i>						
- Realized gain		21,894,148			84,506,217	
- Unrealized loss		(12,530,582)			(25,130,945)	
		9,363,566			59,375,272	
<i>Accounting loss available for distribution:</i>						
- Relating to capital gains		-			-	
- Excluding capital gains		(43,208,097)			(43,768,466)	
		(43,208,097)			(43,768,466)	
Distributions declared on 03 October 2017 at Rs. 0.38 per unit		-			(6,243,236)	
Undistributed (loss) / income carried forward		(33,844,531)			9,363,570	
<i>Undistributed (loss) / income represented by:</i>						
- Realized gain		11,557,097			21,894,148	
- Unrealized loss		(45,401,628)			(12,530,582)	
		(33,844,531)			9,363,566	
-----Rupees-----						
Net asset value per unit at beginning of the period			9.2627			12.5359
Net asset value per unit at end of the period			6.2298			9.2627

The annexed notes from 1 to 36 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

Notes to the Financial Statements

For the year ended 30 June 2019

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") 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") through a certificate of registration issued by the SECP. 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 into 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 and has assigned '1 Star' to the fund on 28 March 2019 and 28 February 2019 respectively. PACRA has also placed the ratings of First Capital Investments Limited on "*Rating Watch*" due to reasons as fully explained in note 1.6 to these financial statements. This rating will be reviewed by PACRA once this matter will be settled.
- 1.6 On 12 May 2018, Board of Directors ("Board") of FCIL passed a resolution to retire from the Management Rights of the Fund and transfer of these rights to 786 Investments Limited. In this regard, FCIL approached to SECP on 21 May 2018 for approval of the same. However this request for transfer of Management rights was not acceded by SECP vide its letter dated 04 December 2018. Subsequently the Board in their meeting held on 27 February 2019 again decided to approach SECP on the matter of transfer or merger of FCMF with Fund under Management of 786 Investments Limited and also decided that in case of refusal of SECP for transfer of Management Rights there would be no option left but to wind up the Fund. As a result of this, FCIL again requested SECP on 06 March 2019 to grant the approval for the change of the Management Company of the Fund. There have been no developments till date on this request and the management has also changed its plan with respect to transfer of Management Rights based on discussions with SECP.

Due to current circumstances and the future outlook of the stock market, the Board revisited its abovementioned decision on 31 July 2019 and decided to postpone the winding-up decision till the market gets stable / recover.

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Accordingly, FCIL will continue as Management Company of the Fund and there are no plans to wind up the Fund and 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 ("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 Scheme is still commercially viable and its objective can still be achieved.

On 24 June 2019 and resultantly on 30 June 2019, the Fund size fell below One Hundred Million Rupees but subsequently on 03 July 2019 the Fund complied with the Regulations for one day but unfortunately, due to continuous decline in stock market the Fund remained non-compliant till 26 September 2019. On 23 September 2019, FCIL invested Rs. 6.5 million through purchase of units due to which Fund achieved the minimum size of One Hundred Million Rupees on 27 September 2019. Accordingly, the Fund is fully compliant with the the Regulation 54 (3a) and 54 (3b) of the NBFC Regulations. Furthermore, FCIL is fully committed to ensure compliance with the minimum fund size requirement in future, if breached.

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 significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are as follows:

- Note 4.2 - Classification of investments
- Note 4.2 - Valuation of investments
- Note 4.1.5 - Impairment of financial assets and other assets

2.4 Standards, interpretations and amendments to accounting and reporting standards, that are not yet

The following International Financial Reporting Standards ("IFRS") as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Fund's financial statements.
- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The application of interpretation is not likely to have an impact on Fund's financial statements
- Amendment to IFRS 9 'Financial Instruments' – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion – i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Fund's financial statements.

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- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Fund's financial statements.
- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Fund's financial statements.
- 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 1 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 1 January 2020). The amendments are intended to make the definition of material 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.
- 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 crystallise. 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 1 January 2020, unless the new guidance contains specific scope outs.
- Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:
 - IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

Accounting

- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 01 January 2019 and are not likely to have an impact on Funds's financial statements.

2.5 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 Changes in accounting policies

Except as described below, the Fund has consistently applied the accounting policies as set out in note 4 to all periods presented in these financial statements.

The Fund has adopted IFRS 9 'Financial instruments' from 01 July 2018. The Fund also adopted IFRS 15 'Revenue from contracts with customers' from 01 July 2018. A number of other new standards are effective from 01 July 2018 but they do not have a material effect on the Fund's financial statements.

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities. As a result of adoption of IFRS 9, the Fund has adopted consequential amendments to IAS 1 Presentation of Financial statements', which requires separate presentation in the income statement and statement of comprehensive income, profit / mark-up calculated using the effective yield method.

Additionally, the Fund has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2019, but have not been applied to the comparative information.

The adoption of IFRS 15 did not impact the timing or amount of dividend, profit, and other investment income and related assets and liabilities recognised by the Fund. Accordingly, there is no impact on comparative information.

The key changes to the Fund's accounting policies resulting from its adoption of IFRS 9 are summarised below. The full impact of adopting the standard is set out in 5.

i. Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities therefore its adoption did not have a significant effect on the Fund's accounting policies related to financial liabilities.

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For an explanation of how the Fund classifies financial assets under IFRS 9, see 4.2.

ii. Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The Fund has classified its financial assets as measured at: FVTPL or amortised cost. IFRS 9 has scoped out impairment for financial assets measured at 'fair value through profit or loss' where as for debt securities measured at amortised cost there are impairment requirements. However, SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated 21 November 2017 have deferred the applicability of impairment requirements of IFRS 9 in relation to debt securities for mutual funds and have instructed to continue to follow the requirements of Circular No. 33 of 2012 dated 24 October 2012. However, the circular does not cover impairment requirements for government debt securities. Based on the past performance management considers that there is no probability of default as in any adverse situation State Bank of Pakistan has the right to discharge government obligations by issuance of currency notes.

iii. Transition

The changes in accounting policies resulting from adoption of IFRS 9 have been applied retrospectively except that comparative periods have not generally been restated. As the Fund presents the movement in Unit holder's Fund on net assets basis, there is no impact of the changes on net assets of the funds. Accordingly, the information presented for 2018 does not reflect the requirements of IFRS 9 and therefore is not comparable to information presented for 2019 under IFRS 9.

For more information and details on the changes and implications resulting from the adoption of IFRS 9, see 5.

4 Summary of significant accounting policies

The principle accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied except for the change in accounting policy as mentioned in note 3, to all the periods presented.

4.1 Financial assets (Policies applicable before 01 July 2018)

4.1.1 Classification

The management determines the appropriate classification of the financial assets of the Fund in accordance with the requirements of International Accounting Standard (IAS) 39, "Financial Instruments: Recognition and Measurement" at the time of purchase of financial assets. The classification depends upon the purpose for which the financial assets are acquired. The Fund classifies its financial assets in the following categories:

a) Financial assets at fair value through profit or loss

This category has two sub-categories, namely financial asset held for trading and those designated at fair value through profit or loss upon initial recognition.

Financial asset which are acquired principally for the purpose of generating profit from short term fluctuation in price or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading. All derivatives are classified as held for trading. These are initially recorded at cost.

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Financial asset designated at fair value through profit or loss upon initial recognition include those group of financial asset which are managed and their performance evaluated on a fair value basis, in accordance with the documented risk management / investment strategy.

After initial measurement, financial asset classified as at fair value through profit or loss are carried at fair value and the gains or losses on revaluation are recognised in the income statement.

b) Available-for-sale

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

c) Loans and receivables

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

4.1.2 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset.

4.1.3 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs associated with these financial assets are charged to the Income Statement.

4.1.4 Subsequent measurement

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

a) Basis of valuation of 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. 1 of 2009 dated 06 January 2009 as ammended by 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 categorizes 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.

b) Basis of valuation of Government securities

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

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c) Basis of valuation of equity securities

The investment of the Fund in equity securities is valued on the basis of closing quoted market prices available at the stock exchange. A security listed on the stock exchange for which no sale is reported on the reporting date is valued at its last sale price on the next preceding date on which such exchange is open and if no sale is reported for such date the security is valued at an amount either higher than the closing asked price or lower than the closing bid price.

Net gains and losses arising from changes in fair value of available for sale financial assets are taken to the statement of comprehensive income" until these are derecognised or impaired. At this time, the cumulative gain or loss previously recognised directly in the 'statement of comprehensive income' is

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

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

4.1.5 Impairment

Impairment loss on financial assets other than "available for sale" investments is recognized in the income statement whenever carrying amount of financial asset exceeds its recoverable amount. If in the subsequent period, the amount of an impairment loss recognised decreases the impairment is reversed through income statement.

In case of equity securities classified as "available for sale", a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for "available for sale" financial assets, the cumulative loss is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in income statement is reversed from other comprehensive income and recognized in the income statement.

Provision against non-performing debt securities is made in accordance with the provisioning criteria for non-performing debt securities specified by the SECP. As allowed by the SECP, the management may also make provision against debt securities over and above the minimum provision requirement prescribed in Circular No. 33 of 2012 dated 24 October 2012, in accordance with the provisioning policy duly approved by the Board of Directors of the Management Company.

4.2 Financial assets (Policies applicable after 01 July 2018)

i) 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
- 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

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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.

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.

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.

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;
- 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)

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ii) 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 / markup 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 / markup 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 / markup 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:

a) 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.

b) Government securities

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

c) Equity Securities

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

iii) 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.

11/07/2024

5 Financial assets and financial liabilities

5.1 Classification of financial assets and financial liabilities on the date of initial application of IFRS 9

The following table and the accompanying notes below explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Fund's financial assets and financial liabilities as at 01 July 2018:

	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
----- Rupees -----					
Financial assets					
Quoted equity securities	(a)	Held for trading	At FVTPL	105,297,073	105,297,073
Government securities - Market treasury bills	(b)	Held for trading	At FVTPL	-	-
Bank balances	(c)	Loans and receivables	Amortised cost	14,617,436	14,617,436
Dividend and profit receivable	(c)	Loans and receivables	Amortised cost	273,217	273,217
Deposits, prepayments and other receivables	(c)	Loans and receivables	Amortised cost	461,819	461,819
				120,649,545	120,649,545
Financial liabilities					
Payable to management company	(d)	Other financial liabilities	Amortised cost	4,105,756	4,105,756
Payable to Central Depository Company of Pakistan limited	(d)	Other financial liabilities	Amortised cost	65,013	65,013
Accrued expenses and other payables	(d)	Other financial liabilities	Amortised cost	938,713	938,713
Unclaimed dividend	(d)	Other financial liabilities	Amortised cost	14,191,025	14,191,025
				19,300,507	19,300,507

The reclassifications set out in the table above are explained below.

(a) Quoted equity securities classified as financial assets at fair value through profit or loss - held for trading have been measured at fair value through profit or loss with value changes continue to be recognised in income statement.

(b) Government securities - Market treasury bills classified as financial assets at fair value through profit and loss - held for trading have been measured at fair value through profit or loss with value changes continue to be recognised in income statement.

(c) The financial assets classified as 'loans and receivables' have been classified as 'at amortised cost'.

(d) The financial liabilities classified as 'other financial liabilities' have been classified as 'at amortised cost'.

	Note	2019	2018
----- Rupees -----			
6 Bank balances			
Cash at bank			
- saving accounts	6.1	3,031,788	14,612,436
- current account		5,001	5,000
		3,036,789	14,617,436

6.1 These bank accounts carry profit at the rate ranging from 4.50% to 10.25% per annum (2018: 3.75% to 4.25% per annum).

	Note	2019	2018
----- Rupees -----			
7 Investments			
Investments by category			
At fair value through profit or loss			
Listed equity securities	7.1	92,164,638	105,297,073
Government securities - Market treasury bills	7.2	19,788,500	-
At fair value through profit or loss - held for trading			
Listed equity securities		-	105,297,073
Government securities - Market treasury bills		-	-
		111,953,138	210,594,146

11/07/2018

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.

4.15 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.

4.16 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.

4.17 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.

4.18 Incomes

- 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 capital 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 on an accrual basis.

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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.

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

4.9 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.

4.10 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.

4.11 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 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.

4.12 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.

4.13 Derivatives

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

4.14 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.

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iv) Impairment of financial assets

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 24 October 2012 issued by SECP. However, the circular does not cover impairment requirements for government debt securities. Based on the past performance management considers that there is no probability of default as in any adverse situation State Bank of Pakistan has the right to discharge government obligations by issuance of currency notes. The provisioning policy has been duly formulated and approved by the Board of Directors of the Management Company.

4.3 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.

4.4 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.

4.5 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.

4.6 Unit holders' fund

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

4.7 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.

4.8 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.

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7.1 Quoted equity securities classified as 'at fair value through profit or loss'

Listed equity securities

Shares of listed companies - fully paid ordinary shares with a face value of Rs. 10 each unless stated otherwise.

Name of Investee company	Number of shares				Balance as at 30 June 2019				(%) Percentage in relation to		
	As at 01 July 2018	Purchases during the year	Bonus / Rights during the year	Sale / right expired during the year	As at 30 June 2019	Carrying value as at 30 June 2019	Market value as at 30 June 2019	Appreciation / (diminution)	Net assets of the Fund (with market value of investments)	Market value of total investments	Paid up capital of investee company (with face value of investments)
	----- Shares -----				----- Rupees -----				----- (%) -----		
Inv. Bank/Inv. Companies/Securities Co.											
Escorts Investment Bank Limited	50,000	15,500	-	(50,000)	15,500	343,325	188,325	(155,000)	0.19%	0.17%	0.0351%
Escorts Investment Bank Limited LoR	-	-	32,159	-	32,159	-	38,591	38,591	0.04%	0.03%	0.0351%
First Capital Equities Limited	1,011,895	-	-	(6,500)	1,005,395	8,445,318	3,770,231	(4,675,087)	3.87%	3.37%	0.7114%
	1,061,895	15,500	32,159	(56,500)	1,053,054	8,788,643	3,997,147	(4,791,496)	4.10%	3.57%	0.7816%
Banks											
Bank Alfalah Limited	15,000	-	1,500	-	16,500	784,350	719,235	(65,115)	0.74%	0.64%	0.0009%
The Bank of Punjab	-	10,000	-	(10,000)	-	-	-	-	-	-	-
Faysal Bank Limited	7,812	15,000	-	-	22,812	556,913	490,914	(65,999)	0.50%	0.44%	0.0015%
Habib Bank Limited	31,500	10,500	-	-	42,000	6,733,490	4,756,920	(1,976,570)	4.88%	4.25%	0.0029%
MCB Bank Limited	35,900	-	-	(10,900)	25,000	4,944,250	4,361,250	(583,000)	4.48%	3.90%	0.0021%
National Bank Of Pakistan	-	15,000	-	-	15,000	693,750	504,900	(188,850)	0.52%	0.45%	0.0007%
Summit Bank Limited	-	-	-	-	-	-	-	-	0.00%	0.00%	0.0000%
United Bank Limited	38,000	10,000	-	-	48,000	7,837,990	7,074,240	(763,750)	7.26%	6.32%	0.0039%
JS Bank limited	-	25,000	-	-	25,000	170,003	137,000	(33,003)	0.14%	0.12%	0.0019%
	128,212	85,500	1,500	(20,900)	194,312	21,720,746	18,044,459	(3,676,287)	18.52%	16.12%	0.0139%
Insurance											
The United Insurance Company of Pakistan Limited	1,453	-	217	-	1,670	18,657	14,395	(4,262)	0.01%	0.01%	0.0006%
	1,453	-	217	-	1,670	18,657.00	14,395	(4,262)	0.01%	0.01%	0.0006%
Textile Composite											
Nishat Mills Limited	30,000	3,000	-	-	33,000	4,680,600	3,080,220	(1,600,380)	3.16%	2.75%	0.0094%
Kohinoor Textile Mills Limited	-	35,000	-	-	35,000	1,859,850	876,750	(983,100)	0.90%	0.78%	0.0117%
	30,000	38,000	-	-	68,000	6,540,450	3,956,970	(2,583,480)	4.06%	3.53%	0.02110%
Sugar & Allied Industries											
Unity Foods Limited	-	130,000	66,549	(133,549)	63,000	1,170,055	648,900	(521,155)	0.67%	0.58%	0.0116%
	-	130,000	66,549	(133,549)	63,000	1,170,055	648,900	(521,155)	0.67%	0.58%	0.01160%

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Name of Investee company	Number of shares				Balance as at 30 June 2019			(%) Percentage in relation to			
	As at 01 July 2018	Purchases during the year	Bonus / Rights during the year	Sale / right expired during the year	As at 30 June 2019	Carrying value as at 30 June 2019	Market value as at 30 June 2019	Appreciation / (diminution)	Net assets of the Fund (with market value of investments)	Market value of total investments	Paid up capital of investee company (with face value of investments)
	----- Shares -----				----- Rupees -----			----- (%) -----			
Cement											
Cherat Cement Company Limited	15,000	-	-	-	15,000	1,458,450	464,400	(994,050)	0.48%	0.41%	0.0085%
D.G. Khan Cement Company Limited	13,000	31,000	-	(6,000)	38,000	3,944,201	2,148,520	(1,795,681)	2.21%	1.92%	0.0087%
Fauji Cement Company Limited	40,000	60,000	-	-	100,000	2,099,500	1,573,000	(526,500)	1.61%	1.41%	0.0072%
Kohat Cement Company Limited	10,000	-	3,000	-	13,000	1,230,700	682,890	(547,810)	0.70%	0.61%	0.0065%
Lucky Cement Limited	5,500	7,500	-	-	13,000	6,281,854	4,946,110	(1,335,744)	5.08%	4.42%	0.0040%
Maple Leaf Cement Factory Limited	31,250	14,000	-	-	45,250	2,077,375	1,081,023	(996,352)	1.11%	0.97%	0.0069%
Pioneer Cement Limited	16,500	-	-	-	16,500	773,190	373,725	(399,465)	0.38%	0.33%	0.0073%
Power Cement Limited	-	150,000	-	(50,000)	100,000	733,010	643,000	(90,010)	0.66%	0.57%	0.0094%
	131,250	262,500	3,000	(56,000)	340,750	18,598,280	11,912,668	(6,685,612)	12.23%	10.64%	0.0585%
Refinery											
Attock Refinery Limited	2,500	-	625	-	3,125	538,275	241,469	(296,806)	0.25%	0.22%	0.0029%
National Refinery Limited	-	3,500	-	-	3,500	1,436,035	397,145	(1,038,890)	0.41%	0.35%	0.0044%
	2,500	3,500	625	-	6,625	1,974,310	638,614	(1,335,696)	0.66%	0.57%	0.0073%
Power Generation & Distribution											
The Hub Power Company Limited	14,000	-	1,693	-	15,693	1,374,890	1,235,824	(139,066)	1.27%	1.10%	0.0014%
Tri-Star Power Limited	-	100,000	-	-	100,000	526,560	260,000	(266,560)	0.27%	0.23%	0.6667%
	14,000	100,000	1,693	-	115,693	1,901,450	1,495,824	(405,626)	1.54%	1.33%	0.6681%
Oil & Gas Marketing Companies											
Hascal Petroleum Limited	10,160	7,300	4,040	(5,000)	16,500	3,242,295	1,132,230	(2,110,065)	1.16%	1.01%	0.0083%
Pakistan State Oil Company Limited	8,100	13,500	1,620	-	23,220	5,858,076	3,938,809	(1,919,267)	4.04%	3.52%	0.0059%
Sui Northern Gas Pipelines Limited	20,000	10,000	-	-	30,000	2,914,375	2,084,700	(829,675)	2.14%	1.86%	0.0047%
Sui Southern Gas Company Limited	20,000	30,000	-	-	50,000	1,326,456	1,034,000	(292,456)	1.06%	0.92%	0.0057%
	58,260	60,800	5,660	(5,000)	119,720	13,341,202	8,189,739	(5,151,463)	8.40%	7.31%	0.0246%
Oil & Gas Exploration Companies											
Mari Petroleum Company Limited	3,077	2,000	308	-	5,385	7,448,016	5,434,233	(2,013,783)	5.58%	4.85%	0.0044%
Oil & Gas Development Company Limited	20,000	5,000	-	-	25,000	3,807,400	3,287,250	(520,150)	3.37%	2.94%	0.0006%
Pakistan Oilfields Limited	3,000	3,400	600	-	7,000	3,689,560	2,841,230	(848,330)	2.92%	2.54%	0.0025%
Pakistan Petroleum Limited	20,000	12,000	3,000	-	35,000	6,376,400	5,055,050	(1,321,350)	5.19%	4.52%	0.0015%
	46,077	22,400	3,908	-	72,385	21,321,376	16,617,763	(4,703,613)	17.06%	14.85%	0.0090%

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Name of Investee company	Number of shares				Balance as at 30 June 2019			(%) Percentage in relation to			
	As at 01 July 2018	Purchases during the year	Bonus / Rights during the year	Sale / right expired during the year	As at 30 June 2019	Carrying value as at 30 June 2019	Market value as at 30 June 2019	Appreciation / (diminution)	Net assets of the Fund (with market value of investments)	Market value of total investments	Paid up capital of investee company (with face value of investments)
	----- Shares -----					----- Rupees -----			----- (%) -----		
Industrial Engineering											
Aisha Steel Mills Limited	150,000	-	-	-	150,000	2,365,500	1,380,000	(985,500)	1.42%	1.23%	0.0196%
Amreli Steels Limited	17,100	-	-	-	17,100	1,206,405	421,686	(784,719)	0.43%	0.38%	0.0058%
Dost Steels Limited	137,500	-	-	-	137,500	1,087,625	473,000	(614,625)	0.49%	0.42%	0.0435%
International Steels Limited	18,000	7,000	-	-	25,000	2,371,000	992,750	(1,378,250)	1.02%	0.89%	0.0057%
Mughal Iron And Steel Industries Ltd	30,000	-	-	-	30,000	1,842,600	754,800	(1,087,800)	0.77%	0.67%	0.0119%
	352,600	7,000	-	-	359,600	8,873,130	4,022,236	(4,850,894)	4.13%	3.59%	0.0865%
Automobile Assembler											
Al-Ghazi Tractors Limited	-	1,500	-	-	1,500	799,500	475,995	(323,505)	0.49%	0.43%	0.0026%
Honda Atlas Cars (Pakistan) Limited	3,500	10,000	-	(8,500)	5,000	1,180,045	741,600	(438,445)	0.76%	0.66%	0.0035%
Ghandhara Industries Limited	-	6,000	2,000	-	8,000	2,301,470	698,960	(1,602,510)	0.72%	0.62%	0.0188%
Ghandhara Nissan Limited	-	2,000	-	-	2,000	208,520	104,860	(103,660)	0.11%	0.09%	0.0035%
Indus Motor Company Limited	1,500	1,500	-	-	3,000	3,997,190	3,611,760	(385,430)	3.71%	3.23%	0.0038%
Millat Tractors Limited	3,000	1,000	-	-	4,000	4,554,120	3,449,520	(1,104,600)	3.54%	3.08%	0.0090%
Pak Suzuki Motor Company Limited	8,000	13,000	-	(14,100)	6,900	1,794,174	1,579,824	(214,350)	1.62%	1.41%	0.0084%
	16,000	35,000	2,000	(22,600)	30,400	14,835,019	10,662,519	(4,172,500)	10.95%	9.52%	0.0496%
Automobile Parts & Accessories											
The General Tyre & Rubber Company of Pakistan Limited	15,200	-	10,640	-	25,840	2,526,240	1,331,018	(1,195,222)	1.37%	1.19%	0.0254%
	15,200	-	10,640	-	25,840	2,526,240	1,331,018	(1,195,222)	1.37%	1.19%	0.0254%
Cables & Electrical Goods											
Pak Elektron Limited	-	15,000	-	-	15,000	435,000	300,300	(134,700)	0.31%	0.27%	0.0030%
	-	15,000	-	-	15,000	435,000	300,300	(134,700)	0.31%	0.27%	0.0030%
Technology & Communications											
Netsol Technologies Limited	-	21,000	-	-	21,000	2,707,623	1,383,690	(1,323,933)	1.42%	1.24%	0.0234%
Worldcall Telecom Limited	-	250,000	-	-	250,000	192,500	175,000	(17,500)	0.18%	0.16%	0.0167%
	-	271,000	-	-	271,000	2,900,123	1,558,690	(1,341,433)	1.60%	1.40%	0.0401%
Fertilizer											
Engro Fertilizers Limited	25,000	-	-	-	25,000	1,872,750	1,599,250	(273,500)	1.64%	1.43%	0.0019%
Engro Corporation Limited	17,000	11,000	700	(24,700)	4,000	1,114,715	1,062,400	(52,315)	1.09%	0.95%	0.0007%
Fatima Fertilizer Company Limited	5,000	-	-	-	5,000	162,000	149,250	(12,750)	0.15%	0.13%	0.0002%
Fauji Fertilizer Company Limited	15,000	-	-	-	15,000	1,483,350	1,308,000	(175,350)	1.34%	1.17%	0.0012%
	62,000	11,000	700	(24,700)	49,000	4,632,815	4,118,900	(513,915)	4.22%	3.68%	0.0040%

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Name of Investee company	Number of shares				Balance as at 30 June 2019			(%) Percentage in relation to			
	As at 01 July 2018	Purchases during the year	Bonus / Rights during the year	Sale / right expired during the year	As at 30 June 2019	Carrying value as at 30 June 2019	Market value as at 30 June 2019	Appreciation / (diminution)	Net assets of the Fund (with market value of investments)	Market value of total investments	Paid up capital of investee company (with face value of investments)
	----- Shares -----				----- Rupees -----			----- (%) -----			
Pharmaceuticals											
Highnoon Laboratories Limited	38	-	3	-	41	15,599	10,380	(5,219)	0.01%	0.01%	0.0001%
The Searle Company Limited	8,230	10,000	2,284	-	20,514	5,533,960	3,006,532	(2,527,428)	3.09%	2.69%	0.0097%
	33,893	30,000	2,287	(45,625)	20,555	5,549,559	3,016,912	(2,532,647)	3.10%	2.70%	0.0098%
Chemicals											
Engro Polymer & Chemicals Limited	-	20,000	-	(20,000)	-	-	-	-	-	-	-
Nimir Industrial Chemicals Limited	-	20,000	-	-	20,000	1,246,500	1,022,800	(223,700)	1.05%	0.91%	0.0181%
	-	40,000	-	(20,000)	20,000	1,246,500	1,022,800	(223,700)	1.05%	0.91%	0.0181%
Paper & Board											
Packages Limited	2,550	-	-	(2,550)	-	-	-	-	-	-	-
	2,550	-	-	(2,550)	-	-	-	-	-	-	-
Glass & Ceramics											
Shabbir Tiles & Ceramics Limited	-	10,000	-	-	10,000	192,795	102,900	(89,895)	0.11%	0.09%	0.0031%
	-	10,000	-	-	10,000	192,795	102,900	(89,895)	0.11%	0.09%	0.0031%
Foods & Personal Care Products											
Treet Corporation Limited	3,400	-	-	-	3,400	116,246	51,884	(64,362)	0.05%	0.05%	0.0095%
	3,400	-	-	-	3,400	116,246	51,884	(64,362)	0.05%	0.05%	0.01%
Synthetic & Rayon											
Tri-Star Polyester Limited	-	50,000	-	-	50,000	854,420	460,000	(394,420)	0.47%	0.41%	0.0879%
	-	50,000	-	-	50,000	854,420	460,000	(394,420)	0.47%	0.41%	0.0879%
Miscellaneous											
Pace (Pakistan) Limited	149,500	-	-	(149,500)	-	-	-	-	-	-	-
Siddiqsons Tin Plate Limited	-	25,000	-	(25,000)	-	-	-	-	-	-	-
	149,500	25,000	-	(174,500)	-	-	-	-	-	-	-
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)			
Total as at 30 June 2018	4,648,980	2,029,093	12,891	(4,582,174)	2,108,790	117,827,655	105,297,073	(12,530,582)			

7.1.1 The face value of each share held of Al Ghazi Tractors Limited & Shabbir Tiles and Ceramics Limited is Rs. 5 each.

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7.1.2 The Finance Act 2014 brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5% is 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 Honorable 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 favor 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 the bonus shares withheld by the Investee Companies in its investment portfolio, amounting to Rs. 0.3372 million (30 June 2018: Rs. 0.5952 million) on the basis of aforementioned Court order. Had the Fund not included bonus shares withheld by investee companies in its investment portfolio, net asset value at the reporting date would have been lower by Rs. 0.00216 per unit (30 June 2018: Rs. 0.0353 per unit).

7.2 Government securities - Market treasury bills

Purchase date	Tenor	Number of shares				Balance as at 30 June 2018				(%) Percentage in relation to		
		As at July 01, 2018	Purchases during the period	Bonus / Rights during the period	Disposed / matured during the period	As at 30 June 2019	Carrying value as at 30 June 2019	Market value as at 30 June 2019	Appreciation / (diminution)	Net assets of the Fund (with market value of investments)	Market value of total investments	Effective rate of return
----- Rupees -----												
<i>Market treasury bills</i>												
30-Aug-18	3 months	-	10,000,000	-	(10,000,000)	-	-	-	-	-	-	-
22-Nov-18	3 months	-	20,000,000	-	(20,000,000)	-	-	-	-	-	-	-
14-Feb-19	3 months	-	20,000,000	-	(20,000,000)	-	-	-	-	-	-	-
09-May-19	3 months	-	20,000,000	-	-	20,000,000	19,817,750	19,788,500	(29,250)	20.31%	17.68%	-
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%	-
Total as at 30 June 2018		12,000,000	48,000,000	-	(60,000,000)	-	-	-	-	-	-	-

7.2.1 These Market Treasury Bills carry purchase yield of 11.0009% per annum (30 June 2018: Nil) and will mature on 01 August 2019.

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7.3 Unrealized diminution in value of investments - net

	Note	2019	2018
		----- Rupees -----	
Market value of investments		111,953,138	105,297,073
Less : carrying value of investments		(157,354,766)	(117,827,655)
		<u>(45,401,628)</u>	<u>(12,530,582)</u>

8 Dividend and profit receivable - unsecured, considered good

	Note	2019	2018
Dividend receivable on equity securities	8.1	249,444	200,731
Profit receivable on bank deposits		23,773	35,769
		<u>273,217</u>	<u>236,500</u>

8.1 This includes dividend receivable on bonus shares amounting to Rs. 18,734 (2018: 11,946), withheld by investee companies due to facts as stated in note 7.1.1.

9 Advances, deposits, prepayments and other receivables

	Note	2019	2018
		----- Rupees -----	
Advance Tax deducted	9.1	1,530,799	760,610
Other receivable from Management Company		211,276	211,363
Prepaid Annual Fee of CDC		12,958	12,956
Security Deposits with CDC		237,500	237,500
		<u>1,992,533</u>	<u>1,222,429</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, 150A, 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, 150A and 151 of ITO 2001. The management is confident that the same shall be adjustable against the future tax liabilities.

10 Remuneration payable to First Capital Investment Limited - Management Company

	Note	2019	2018
		----- Rupees -----	
Remuneration payable to the Management Company	10.1	341,625	176,112
Punjab Sales Tax on remuneration to the Management Company	10.2	54,660	28,179
Federal Excise Duty on remuneration to the Management Company	10.3	3,713,448	3,713,448
		<u>4,109,733</u>	<u>3,917,739</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 2019.

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 has been applied effective 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.

WATMSA

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 inter alia 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. However, the declaration made by the Honorable Court, as directed, will have effect in the manner prescribed in the judgment. The Sindh High Court in its decision dated 16 July 2016 in respect of constitutional petition led by 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.

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 (2018: 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. 0.2375 per unit (30 June 2018: Rs. 0.3382 per unit).

11 Other payables	Note	2019	2018
		----- Rupees -----	
Accounting & operational charges	11.1	121,649	166,335
Sindh Sales Tax on accounting & operational charges		-	21,682
		<u>121,649</u>	<u>188,017</u>

11.1 Securities and Exchange Commission of Pakistan through its SRO 1160(I)/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.

12 Remuneration payable to Central Depository Company of Pakistan Limited - Trustee	Note	2019	2018
		----- Rupees -----	
Remuneration of the Trustee	12.1	57,534	57,534
Sindh Sales tax on remuneration of the Trustee	12.2	7,480	7,479
		<u>65,013</u>	<u>65,013</u>

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, the tariff structure applicable to the Fund as at 30 June 2019 is as follows:

Net Assets Value	Tariff per annum
Upto Rs 1,000 million	Rs 0.70 million or 0.20% per annum of net assets of the Fund, whichever is higher
Exceeding Rs 1,000 million	Rs 2.0 million plus 0.10% per annum of net assets of the Fund, on amount exceeding Rs 1,000 million

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 2018: 13%) was charged on trustee remuneration.

13 Annual fee payable to Securities and Exchange Commission of Pakistan

Under the provisions of regulation 62 of the NBFC Regulations, 2008 a CIS categorized as an equity scheme is required to pay annual fee to SECP, an amount equal to 0.095% (2018: 0.095%) of the average annual net assets of the Fund. The fee is paid annually in arrears.

16/07/2019

	2019	2018
	----- Rupees -----	
14 Accrued expenses and other liabilities		
Auditors' remuneration	816,600	774,900
Listing fees payable	97,999	90,000
Withholding & Capital Gain Tax payable	89,888	200,192
Transaction costs payable	-	-
Printing charges payable	112,292	24,795
Payable against Purchase of Investments	460,600	-
Legal & professional charges	45,000	-
Other payable	63,671	49,018
	<u>1,686,050</u>	<u>1,138,905</u>

15 Unclaimed dividend

This mainly includes an amount of Rs. 9.51 million (2018: 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.

16 Provision for Workers' Welfare Fund

The Finance Act, 2008 introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Peshawar High Court. The Honorable Supreme Court of Pakistan vide its judgment dated 10 November 2016, has upheld the view of Lahore High Court and decided that WWF is not a tax and hence the amendments introduced through Finance Act, 2008 are ultra-vires to the Constitution. The Federal Board of Revenue has filed Civil Review Petitions in respect of above judgment with the prayer that the judgment dated 10 November 2016 passed in the Civil Appeal may kindly be reviewed in the interest of justice.

The Mutual Fund Association of Pakistan (MUFAP), after deliberating the position and obtaining advice from the legal counsel, decided that the provision for WWF held for the period from 1 January 2013 to 30 June 2015 should be reversed effective from 12 January 2017.

17 Contingencies and commitments

The Fund had no contingency or commitment at the year end except as disclosed in note 7.1.1 and note 16.

	2019	2018
	----- Number of units -----	
18 Number of units in issue		
Total units in issue at the beginning of the year	10,981,013	16,604,097
Add: units issued during the year	14,749,946	6,241
Less: units redeemed during the year	(10,094,595)	(5,629,325)
Total units in issue at the end of the year	<u>15,636,364</u>	<u>10,981,013</u>

19 Securities transaction costs

This represents brokerage commission, Sindh Sales Tax, Capital Value Tax and settlement charges relating to sale and purchase of equity securities.

	2019	2018
	----- Rupees -----	
20 Auditors' remuneration		
Annual audit fee	550,000	550,000
Half yearly review fee	330,000	330,000
Other certifications and services	-	-
Punjab Sales Tax	100,321	100,321
Out of pocket expenses	72,379	72,379
	<u>1,052,700</u>	<u>1,052,700</u>

21 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. During the year ended 30 June 2019, the fund has incurred net loss therefore no distribution has been made. Accordingly, no provision has been made in the financial statements for the year ended 30 June 2019.

22 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.

23 Reconciliation of liabilities arising out of financing activities

	Receivable against sale of units	Payable against redemption of units	Dividend payable / Unclaimed dividend	Total
----- Rupees -----				
Opening balance as at 01 July 2019	-	-	14,191,025	14,191,025
Receivable against issuance	123,000,000	-	-	123,000,000
Payable against redemption Dividend	-	84,094,086	-	84,094,086
	123,000,000	84,094,086	-	207,094,086
Amount received on issuance of units	(123,000,000)	-	-	(123,000,000)
Amount received on redemption of units Dividend paid	-	(84,094,086)	-	(84,094,086)
	(123,000,000)	(84,094,086)	-	(207,094,086)
Closing balance as at 30 June 2018	-	-	14,191,025	14,191,025

24 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 4.48% per annum. Total expense ratio (excluding government levies) is 3.90% per annum.

25 Financial instruments by category

Assets

	As at 30 June 2019		
	At Amortised Cost	At fair value through profit and loss	Total
Bank balances	3,036,789	-	3,036,789
Investments	-	111,953,138	111,953,138
Dividend and profit receivable - unsecured, considered good	273,217	-	273,217
Advances, deposits, prepayments and other receivables	448,776	-	448,776
	3,758,782	111,953,138	115,711,920

Liabilities

	As at 30 June 2019		
	At fair value through profit and loss	At amortised cost	Total
Payable to First Capital Investment Limited - Management Company	-	4,231,382	4,231,382
Remuneration payable to Central Depository Company of Pakistan Limited - Trustee	-	65,013	65,013
Annual fee 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
	-	19,843,565	19,843,565

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	As at 30 June 2018		
	Loans and receivable	Held for trading	Total
	----- Rupees -----		
<u>Assets</u>			
Bank balances	14,617,436	-	14,617,436
Investments	-	105,297,073	105,297,073
Dividend and profit receivable - unsecured, considered good	236,500	-	236,500
Advances, deposits, prepayments and other receivables	448,863	-	448,863
	<u>15,302,799</u>	<u>105,297,073</u>	<u>120,599,872</u>

	As at 30 June 2018		
	At fair value through profit and loss	At amortised cost	Total
	----- Rupees -----		
<u>Liabilities</u>			
Payable to First Capital Investment Limited - Management Company	-	4,105,756	4,105,756
Remuneration payable to Central Depository Company of Pakistan Limited - Trustee	-	65,013	65,013
Annual fee payable to Securities and Exchange Commission of Pakistan	-	158,444	158,444
Accrued expenses and other liabilities	-	938,713	938,713
Unclaimed dividend	-	14,191,025	14,191,025
	<u>-</u>	<u>19,458,951</u>	<u>19,458,951</u>

26 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.

27 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 2019.

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

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.

	2019	2018
	----- Rupees -----	
27.1 Transactions for the year		
The Management Company		
Remuneration charged for the year	2,432,975	3,335,673
Punjab Sales Tax on remuneration of the Management Company*	389,276	533,708
Remuneration paid	2,630,257	3,694,379
Dividend paid	-	3,694,379
Issuance of 8,140,233 Units (2018: Nil)	70,000,000	-
Redemption of 4,337,377 (2018: 4,200,217) units	33,500,000	41,000,000

* Punjab Sales Tax is paid to the Management Company for onwards payment to the Government.

	2019	2018
	----- Rupees -----	
Trustee		
Remuneration charged for the year	700,000	700,000
Remuneration paid	700,000	700,000
Sindh Sales Tax on remuneration of the Trustee	91,000	91,000
Settlement charges inclusive of Sindh Sales Tax	9,958	17,800
Sindh Sales Tax on settlement charges	2,314	2,314
CDS Fee paid	76,275	76,275
CDS Fee amortised during the year	76,275	76,275
First Capital Equities Limited - Group Company		
Brokerage commission	14,525	42,980
Dividend declared	-	596
First Capital Securities Corporation Limited - Group Company		
Issuance of 1,534,548 Units (2018: Nil)	13,000,000	-
Redemption of 634,397 (2018: 300,000) units	5,509,548	3,300,480
Dividend declared	-	78,242
Mr. Salman Taseer (Late) - Holder of more than 10% shares of the Management Company		
Dividend declared	-	696,597
Evergreen Water Valley (Private) Limited - Group Company		
Issuance of 5,075,176 Units (2018: Nil)	40,000,000	-
Redemption of 5,075,176 (2018: Nil) units	44,695,552	-
27.2 Outstanding balances as at year end		
The Management Company		
Remuneration payable inclusive of taxes thereon	4,109,733	3,917,739
Other payables	121,649	188,017
Units held: 10,713,544 units (2018: 6,910,698 units)	66,743,237	64,011,722
Trustee		
Remuneration payable inclusive of taxes thereon	65,013	65,013
Security deposit	237,500	237,500
Settlement charges payable inclusive of taxes thereon	576	3,390
Prepaid Fee	12,958	12,956
First Capital Equities Limited - Group Company		
Units held: 1,793 units (2018: 1,793 units)	11,171	22,477
First Capital Securities Corporation Limited - Group Company		
Units held: 935,466 units (2018: 335,316 units)	5,827,769	327,122
Mr. Salman Taseer (Late) - Holder of more than 10%		
Units held: 2,095,028 units (2018: 2,096,201 units)	13,051,604	26,277,771
Key management personnel of the Management Company		
Units held: 2,363 units (2018: 2,363 units)	14,719	7,549

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28 Details of pattern of unit holding

Category	2019			
	Number of unit holders	Number of Units held	Investment amount	Percentage
	----- Rupees -----			
Individuals	1,944	3,848,510	23,975,616	24.61%
Associated companies / Directors	3	11,650,803	72,582,690	74.51%
Bank/DFI	11	56,949	354,786	0.36%
Retirement Funds	2	15,893	99,008	0.10%
Others	16	64,209	400,009	0.41%
	1,976	15,636,364	97,412,109	100%

Category	2018			
	Number of unit holders	Number of Units held	Investment amount	Percentage
	----- Rupees -----			
Individuals	1,941	3,894,230	36,071,251	35.46%
Associated companies / Directors	7	6,949,732	64,373,579	63.29%
Bank/DFI	2	15,893	147,209	0.14%
Retirement Funds	15	105,847	980,429	0.96%
Others	11	15,311	141,827	0.14%
	1,976	10,981,013	101,714,295	100%

29 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	16 Years
2	Syed Asad Abbas Zaidi	Chief Financial Officer	Master of Business Administration	13 Years
3	Syed Ghazanfar Ali Bukhari	Chief Investment Officer / Fund Manager	Master of Economics	18 Years

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

30 Top ten brokers by percentage of commission paid

List of brokers by percentage of commission paid during the year ended 30 June 2019 :

S. No	Broker's Name	2019	2018
		----- Percentage (%) -----	
1	First Capital Equities Limited	14.80%	12.68%
2	Arif Habib Limited	13.61%	12.63%
3	AKD Securities Limited	12.95%	11.82%
4	MSMANIAR Financials (Pvt) Ltd.	11.34%	11.53%
5	Fortune Securities Limited	10.20%	10.65%
6	Ismail Iqbal Securities (Pvt) Ltd	9.62%	9.49%
7	BMA Capital Management Ltd.	9.33%	9.15%
8	Next Capital Limited	9.31%	7.33%
9	Topline Securities Limited	8.85%	5.92%
10	Pearl Securities Limited	0%	3.56%

31 Attendance at meetings of Board of Directors of Management Company

The board meetings were held on 05 October 2018, 30 October 2018, 27 February 2019 and 24 April 2019. 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	
Syed Nadeem Hussain	4	3	1	2nd
Mr. Imran Hafeez	4	4	-	-
Mr. Jawad Saleem	4	4	-	-
Mr. Asif Pervaiz	4	4	-	-

Asif Pervaiz

32 Financial Risk Management

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

32.1 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.

30.1.1 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:

- Cash is held only with reputable banks with high quality external credit enhancements.
- 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 only upon delivery.

30.1.2 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:

	Note	2019		2018	
		Carrying value of Financial Assets	Maximum exposure	Carrying value of Financial Assets	Maximum exposure
----- Rupees -----					
Bank balances	6	3,036,789	3,036,789	14,617,436	14,617,436
Dividend and profit receivable - unsecured, considered good	8	273,217	273,217	236,500	236,500
Deposits and other receivables	9	448,776	448,776	448,863	448,863
		<u>3,758,782</u>	<u>3,758,782</u>	<u>15,302,799</u>	<u>15,302,799</u>

Investments in equity securities of Rs. 92.16 million (2018: Rs. 105.30 million) and investments in Government securities of 19.79 million (2018: Rs. Nil) are not exposed to credit risk.

30.1.3 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:

	2019		2018	
	Rupees	Percentage	Rupees	Percentage
Banking companies	3,060,562	81.42%	14,653,205	95.76%
Connected persons	448,863	11.94%	448,863	2.93%
Others	249,444	6.64%	200,731	1.31%
	<u>3,758,869</u>	<u>100%</u>	<u>15,302,799</u>	<u>100%</u>

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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.

30.1.3(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	2019 Rupees	2018 Rupees
	Long term	Short term			
<u>Bank balances including profit receivable</u>					
Habib Metropolitan Bank Limited	AA+	A1+	PACRA	3,018,276	14,599,855
Muslim Commercial Bank Limited	A	A1	PACRA	18,513	17,581
				<u>3,036,789</u>	<u>14,617,436</u>

32.2 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 :

	Note	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)	10	341,625	341,625	-	341,625
Remuneration payable to Trustee (excluding Sindh Sales tax)	11	57,534	57,534	-	57,534
Annual fee payable to SECP	13	115,541	115,541	-	115,541
Unclaimed dividend		13,745,579	13,745,579	-	13,745,579
Accrued expenses and other liabilities	14	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>

16/07/2019

		2018			
		Financial liabilities	Up to three months	More than three months and up to one year	Total
		----- Rupees -----			
<i>Non-derivative financial liabilities</i>					
Remuneration payable to the Management Company (excluding Punjab Sales Tax and FED)	10	176,112	176,112	-	176,112
Remuneration payable to Trustee (excluding Sindh Sales tax)	11	57,534	57,534	-	57,534
Annual fee payable to SECP	13	158,444	158,444	-	158,444
Unclaimed dividend		14,191,025	11,672,005	-	11,672,005
Accrued expenses and other liabilities	14	938,713	938,713	-	938,713
		<u>15,521,828</u>	<u>13,002,808</u>	<u>-</u>	<u>13,002,808</u>

32.3 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.

32.3.1 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.

32.3.2 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.

30.3.3 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 2019 with all other variables held constant, the net income for the year and net assets would have been higher / lower by Rs. 0.03 million (2018: Rs. 0.1461 million).

b) Fair value sensitivity analysis for fixed rate instruments

Presently, the Fund holds no fixed rate instruments.

32.3.4 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.

30.3.5 Fair value sensitive analysis

In case of 5% increase / decrease in the KSE 100 index, net income for the year ended 30 June 2019 would increase / decrease by Rs. 4.61 million (2018: Rs. 5.08 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 though 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 2019 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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33 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.

34 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.

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

	Note	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	-	19,788,500.00	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	-	-	-
		Carrying amount			Fair value			
		Held for trading	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Total
As at 30 June 2018		----- Rupees -----						
<u>Financial assets - measured at fair value</u>								
Investments								
- listed equity securities	7.1	105,297,073	-	-	105,297,073	105,297,073	-	105,297,073
<u>Financial assets - not measured at fair value</u>								
Bank balances	6	-	14,617,436	-	14,617,436	-	-	-
Dividend and profit receivable	8	-	236,500	-	236,500	-	-	-
Deposits and other receivables	9	-	448,863	-	448,863	-	-	-
		105,297,073	15,302,799	-	120,599,872	105,297,073	-	105,297,073
<u>Financial liabilities - not measured at fair value</u>								
Remuneration payable to Management Company	10.1	-	-	176,112	176,112	-	-	-
Remuneration payable to Trustee	12.1	-	-	57,534	57,534	-	-	-
Annual fee payable to Securities and Exchange Commission of Pakistan	13	-	-	158,444	158,444	-	-	-
Accrued expenses and other liabilities	14	-	-	938,713	938,713	-	-	-
Unclaimed dividend		-	-	14,191,025	14,191,025	-	-	-
		-	-	15,521,828	15,521,828	-	-	-

2019/06/30

35 Date of authorization for issue

These financial statements were authorized for issue on October 03, 2019 by the Board of Directors of the Management Company.

36 General

Figures have been rounded off to the nearest rupee.

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For First Capital Investments Limited
(Management Company)


Chief Executive


Chief Financial Officer


Director