

# First Capital Mutual Fund

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## **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 2022.

## **EQUITY MARKET REVIEW**

During the period under review PSX-100 index (the benchmark) closed at 41,541 points, a decrease of 12.28%, as compared to gain of 37.58% in the same period last year.

The period under review commenced with negative note and posted a loss of 5.19% in 1st quarter, mainly attributable to the sharp currency devaluation and increase in global commodity prices. Uncertainties about Balance of Payment position over increasing Current Account Deficit; the developments in the neighboring Afghanistan, Pak-US relations and recognition of Taliban government by international powers also deter investor confidence.

During the 2nd quarter KSE-100 Index remained range bound on the back of widening Current Account Deficit, delay in of IMF review, rising noise in the domestic politics. Furthermore, the protests, sit-in and later on the march of banned TLP further sent jitters in the market. However, the market bounced back in the second half of the October 2021 on the back of Saudi Arabia announced financial support for Pakistan. Higher than expected increase in policy rate by SBP, passive outflows on the back of Pakistan's formal downgrade from MSCI Emerging Market Index to Frontier Market, negative sentiments were fueled by delay over completion of IMF's preconditions required for resumption of the IMF program along with uncertainty over outcome of mini-budget also deterred the investor's confidence. Moreover, PTI's surprise local body elections loss in Khyber Pakhtunkhwa created additional jitters amongst the investors.

During the 3rd Quarter the market remained range bound and showed a return of 0.75%. Uncertainty during the last quarter led by politically noised led by PDM. Further Russia-Ukraine war kept the market uncertain.

During the 4<sup>th</sup> quarter the PSX-100 index remained volatile and decreased by 7.54% on the back of transition of the government with PTI's administration being ousted on the account of no confidence vote and PML-N being elected as the new governing party. Delay for the restoration of the IMF program. Decreasing in SBP reserves and hike in the policy rate amid inflationary concerns going forward also deterred investor's confidence. Russia- Ukraine war pushed commodity prices on high side i.e. energy prices, that led to increase in inflation. The new government has taken several harsh steps including increasing petroleum and electricity prices to meet the IMF prior conditions that also headed toward political uncertainty

## **FUND PERFORMANCE**

During the period under review, the Fund has reported net loss after taxation of Rs. 28.232 million as compared to profit of Rs. 37.732 million in the corresponding period last year. Loss after taxation in the fund mainly on the back of unrealized diminution on revaluation of investments at fair value through profit or loss and capital gain on the sale of investment. Unrealized diminution on revaluation of investments at fair value through profit or loss has recorded at Rs. 32.708 million during the period under review as compared to gain of Rs. 16.475 million in the corresponding period last year. Capital gain on sale of investments decrease to Rs. 0.720 million from Rs. 19.956 million in the same period last year. Dividend income has been recorded at Rs. 6.820 million. Total expenses of the Fund for the period under review recorded at Rs. 4.280 million during the period under review.

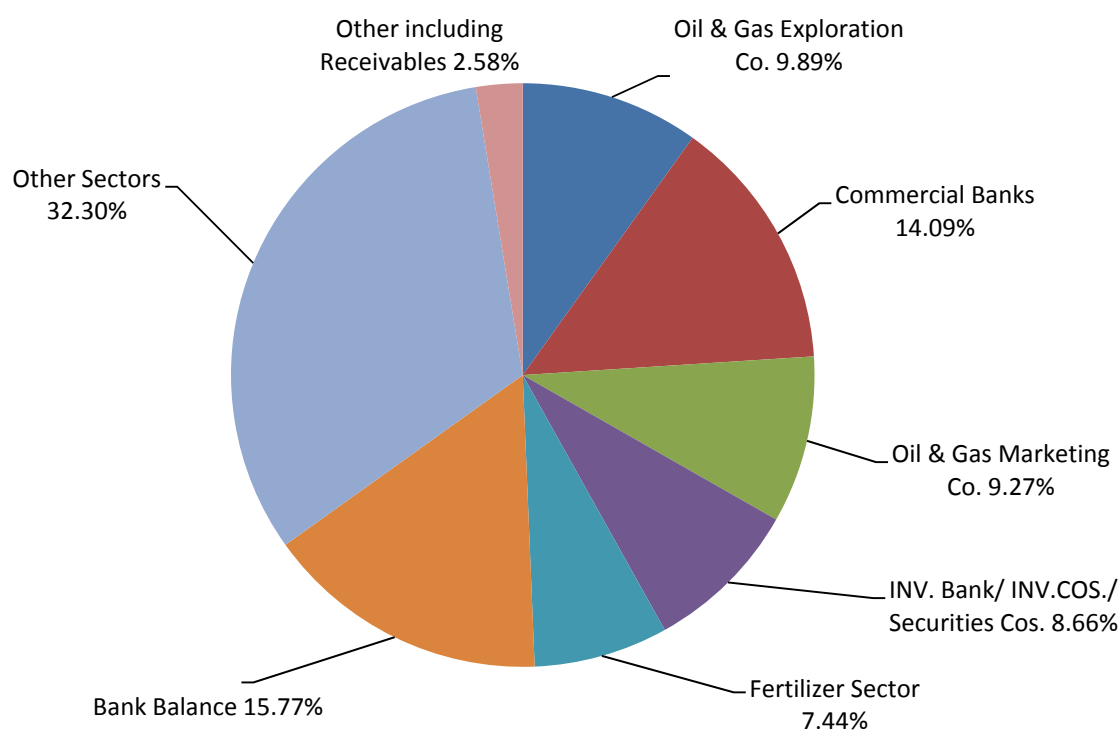
# First Capital Mutual Fund

In terms of Net Asset Value ("NAV"), the NAV per unit of FCMF has decreased from Rs. 8.1564 to Rs. 6.3206 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 22.51%, as compared to its Benchmark's ("KSE-100 index") return of 12.28%, for the same period. Thus, the Fund has underperformed the Benchmark by 10.23%. 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 "3 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. 96.829 million as compared to Rs. 125.235 million as at June 30, 2021.

The asset allocation of FCMF as on June 30, 2022 is as follows:



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

## INCOME DISTRIBUTION

During the period under review, the Board of Directors of the Management Company, on September 27, 2022 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, 2022.

# First Capital Mutual Fund

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## **TAXATION**

On account of net loss, no provision for taxation was made in the financial statements of the fund.

## **EXPENSE RATIO**

The Scheme has also maintained Total expense ratio ("TER") 3.84% (including 0.45% government levies) during the period under review, within the limit of 4.50% (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.
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.

# First Capital Mutual Fund

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## CHANGE IN BOARD OF DIRECTORS

The following persons, during the financial year, remained Directors of the Management Company:

<b>Names</b>	<b>Designation</b>
Fauzia Hussain Qureshi	Chairman
Imran Hafeez	CEO
Jawad Saleem	Director
Shahzad Jawahar	Director

### Total number of Directors

**04**

a) Male	03
b) Female	01

### Composition:

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

## COMMITTEE OF THE BOARD

### Audited committee was re-constituted as under:

<b>Audit Committee</b>	Mr. Jawad Saleem Miss Fauzia Husain Qureshi Mr. Shahzad Jawahar
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<b>Human Resource and Remuneration (HR&amp;R) Committee</b>	Miss Fauzia Husain Qureshi Mr. Imran Hafeez Mr. Jawad Saleem
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## COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The Board of Directors states that:

1. Financial Statements present fairly the state of affairs, the results of operations, cash flows and the changes in unit holder's Fund;
2. Proper books of accounts of the Fund have been maintained;
3. Appropriate accounting policies have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgments;
4. Relevant International Accounting Standards, as applicable in Pakistan, provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 & Non -Banking Finance Companies and Notified Entities Regulations, 2008, requirements of the Trust Deed and directives issued by the Securities and Exchange Commission of Pakistan, have been followed in the preparation of the financial statements;
5. The Directors are responsible to ensure that a system of sound internal control is established, which is effectively implemented, maintained and monitored at all levels within the fund;
6. There have been no significant doubts upon the Funds' ability to continue as going concern;
7. There has been no material departure from the best practices of corporate governance, as detailed in the Rule Book of Pakistan Stock Exchange except for non-compliances disclosed in the statement of compliance with the Code of Corporate Governance ("the Code");

# First Capital Mutual Fund

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8. Performance table of the Fund is Given on the last page of the Annual Report;
9. There is no statutory payments on account of taxes, duties, levies and charges outstanding other than already disclosed in the financial statements;
10. The statements as to the value of investments of Provident Fund is not applicable in the case of the Fund as employees post-employment benefits expenses are borne by the Management Company;
11. There have been no trades in the units of the Fund's carried out by the Directors, CEO, CFO, CIA and the Company Secretary and their spouse;
12. The details as required by the Code of Corporate Governance regarding the pattern of holding in Fund, is attached.

## AUDITORS

The present auditors M/s. Junaidy Shoaib Asad, 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 2023, at a fee to be mutually agreed.

## ACKNOWLEDGMENT

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

**Shahzad Jawahar**  
Director

**For and on behalf of the Board**

**Imran Hafeez**  
Chief Executive Officer/Director

Lahore:

**27 September 2022**

# First Capital Mutual Fund

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## FUND MANAGER'S REPORT FOR THE YEAR ENDED JUNE 30, 2022

### 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. 28.232 million as compared to profit of Rs. 37.732 million in the corresponding period last year. Loss after taxation in the fund mainly on the back of unrealized diminution on revaluation of investments at fair value through profit or loss and capital gain on the sale of investment. Unrealized diminution on revaluation of investments at fair value through profit or loss has recorded at Rs. 32.708 million during the period under review as compared to gain of Rs. 16.475 million in the corresponding period last year. Capital gain on sale of investment decrease to Rs. 0.720 million from Rs. 19.956 million in the same period last year. Dividend income has been recorded at Rs. 6.820 million. Total expenses of the Fund for the period under review recorded at Rs. 4.280 million during the period under review.

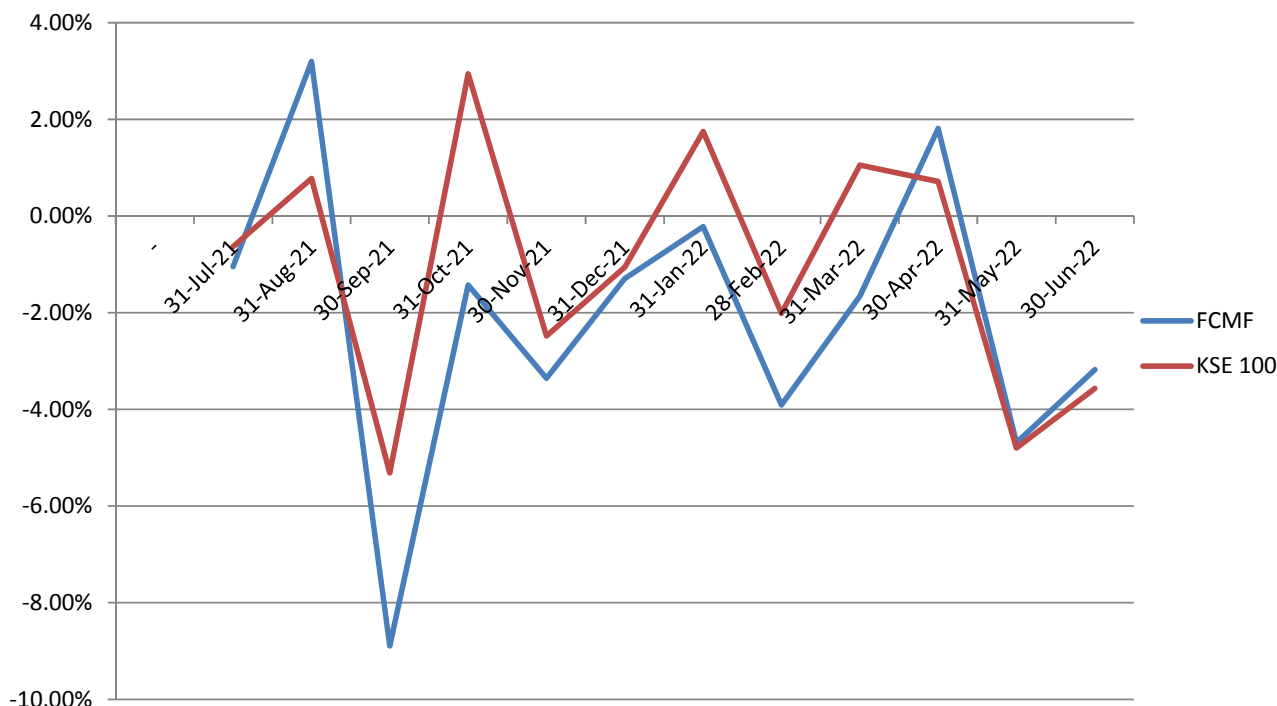
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The Fund size of FCMF at the end of the period stood at Rs. 96.829 million as compared to Rs. 125.235 million as at June 30, 2021.



# First Capital Mutual Fund

## FCMF Performance vs. KSE-100 Index



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

### Stock Market Review

During the period under review PSX-100 index (the benchmark) closed at 41,541 points, a decrease of 12.28%, as compared to gain of 37.58% in the same period last year. The period under review commenced with negative note and posted a loss of 5.19% in 1st quarter, mainly attributable to the sharp currency devaluation and increase in global commodity prices. Uncertainties about Balance of Payment position over increasing Current Account Deficit; the developments in the neighboring Afghanistan, Pak-US relations and recognition of Taliban government by international powers also deter investor confidence. During the 2nd quarter KSE-100 Index remained range bound on the back of widening Current Account Deficit, delay in of IMF review, rising noise in the domestic politics. Furthermore, the protests, sit-in and later on the march of banned TLP further sent jitters in the market. However, the market bounced back in the second half of the October 2021 on the back of Saudi Arabia announced financial support for Pakistan. Higher than expected increase in policy rate by SBP, passive outflows on the back of Pakistan's formal downgrade from MSCI Emerging Market Index to Frontier Market, negative sentiments were fueled by delay over completion of IMF's preconditions required for resumption of the IMF program along with uncertainty over outcome of mini-budget also deterred the investor's confidence. Moreover, PTI's surprise local body elections loss in Khyber Pakhtunkhwa created additional jitters amongst the investors. During the 3rd Quarter the market remained range bound and showed a return of 0.75%. Uncertainty during the last quarter led by politically noised led by PDM. Further Russia-Ukraine war kept the market uncertain. During the 4th quarter the PSX-100 index remained volatile and decreased by 7.54% on the back of transition of the government with PTI's administration being ousted on the account of no confidence vote and

## First Capital Mutual Fund

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PML-N being elected as the new governing party. Delay for the restoration of the IMF program. Decreasing in SBP reserves and hike in the policy rate amid inflationary concerns going forward also deterred investor's confidence. Russia- Ukraine war pushed commodity prices on high side i.e. energy prices, that led to increase in inflation. The new government has taken several harsh steps including increasing petroleum and electricity prices to meet the IMF prior conditions that also headed toward political uncertainty

### Asset Allocation of the Fund (% of total assets)

Asset Category	30-June-2022	30-June-2021
Equities	81.66%	85.20%
Bank Balance	15.77%	13.20%
Others including receivables	2.57%	1.60%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

### Pattern of Unit Holders of the FCMF as on June 30, 2022

The pattern of Unit Holders of the FCMF as on June 30, 2022 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.



**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

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Email: [info@cdcpak.com](mailto:info@cdcpak.com)



**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, 2022 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 28, 2022

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 2022, income statement, statement of comprehensive income, cash flow statement and statement of movement in unit holders' fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 June 2022, 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:

Sr No.	Key audit matters	How the matter was addressed in our audit
1.	<p><b>Valuation and existence of investments</b></p> <p>Refer note 5.1 and 7 to the financial statements for accounting policies and details of investments.</p> <p>The Fund's investment portfolio classified as 'fair value through profit or loss' represents listed equity securities amounting to Rs. 95.86 million as at 30 June 2022.</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>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> <li>obtaining an understanding of controls designed for the valuation and existence of investments classified as 'fair value through profit or loss';</li> <li>comparing the investments in equity securities at the year end with Central Depository Company's records;</li> <li>comparing, on a sample basis, specific investment buying and selling transactions recorded during the year with the underlying documentation;</li> <li>assessing whether equity investments at year end were valued at fair value based on the market price quoted at the Pakistan Stock Exchange (PSX); and</li> <li>tracing, on a sample basis, specific receipts and payments against sale and purchase of equity securities and government treasury bills during the year from bank statements.</li> </ul>

#### Other Information

Management is responsible for the other information. The other information comprises the information included in the Fund's Annual Report for 2022 but does not include the financial statements and our auditors' report thereon.

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

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

#### Responsibilities of Management and Those Charged With Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



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

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

### **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 the board of directors 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.

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 Mr. Shoaib Ahmed Waseem.

  
**Junaidy Shoaib Asad**  
Chartered Accountants

Lahore

Date: October 04, 2022

UDIN: AR202210196a3EMI4ASB



First Capital Mutual Fund  
Statement of Assets and Liabilities  
As at 30 June 2022

2022 2021  
Note ----- Rupees -----

Assets

Bank balances	6	18,523,286	19,865,176
Investments	7	95,859,793	128,256,260
Dividend and profit receivable - unsecured, considered good	8	211,269	130,840
Advances, deposits, prepayments and other receivables	9	2,809,225	2,283,393
<b>Total Assets</b>		<b>117,403,573</b>	<b>150,535,669</b>

Liabilities

Payable to First Capital Investment Limited - Management Company			
- against remuneration	10	3,908,616	3,970,802
- other payables	11	111,874	121,354
Payable to Central Depository Company of Pakistan Limited - Trustee	12	57,276	25,140
Payable to Securities and Exchange Commission of Pakistan	13	22,350	24,465
Accrued and other liabilities	14	1,554,657	2,542,703
Dividend payable		-	4,737,695
Unclaimed dividend	15	14,919,368	13,878,987
<b>Total Liabilities</b>		<b>20,574,141</b>	<b>25,301,146</b>

Contingencies and commitments 16

Net Assets 96,829,432 125,234,522

Unit holders' fund (as per statement attached) 96,829,432 125,234,522

(Number of Units)

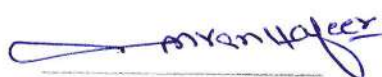
Number of units in issue 17 15,319,687 15,354,216


----- Rupees -----

Net asset value per unit 6.3206 8.1564

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

For First Capital Investments Limited  
(Management Company)

  
Chief Executive

  
Chief Financial Officer

  
Director

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**First Capital Mutual Fund**  
**Income Statement**  
**For the year ended 30 June 2022**

	Note	2022	2021
		----- Rupees -----	
<b><u>(Loss)/Income</u></b>			
Capital gain on sale of investments at 'fair value through profit or loss'		720,185	19,956,396
Dividend income		6,819,877	4,929,620
Income from government securities		-	165,090
Profit on bank deposits		1,216,209	1,096,858
Other income		-	150,765
Unrealised diminution / appreciation on revaluation of investments at 'fair value through profit or loss'	7.2	(32,708,124)	16,475,166
<b>Total (loss) / Income</b>		<b>(23,951,853)</b>	<b>42,773,895</b>
<b><u>Expenses</u></b>			
Remuneration of the Management Company	10.1	2,237,482	2,449,078
Punjab Sales tax on remuneration of the Management Company	10.2	357,997	391,853
Remuneration of the Trustee	12.1	223,748	244,908
Sindh Sales tax on remuneration of the Trustee	12.2	29,087	31,838
Annual fee of Securities and Exchange Commission of Pakistan	13	22,375	24,491
Securities transaction costs	18	114,099	583,894
Auditors' remuneration	19	996,000	996,000
Accounting & operational charges		111,874	122,454
Annual listing fee of Pakistan Stock Exchange		22,000	24,460
Fund's ranking fee		142,361	142,360
Bank charges		23,242	30,925
<b>Total expenses</b>		<b>4,280,265</b>	<b>5,042,261</b>
<b>Net (Loss) / Income from operating activities</b>		<b>(28,232,118)</b>	<b>37,731,636</b>
Taxation	20	-	-
<b>Net (Loss) / Income for the year after taxation</b>		<b>(28,232,118)</b>	<b>37,731,636</b>
<b>Allocation of net income for the year</b>			
Net income for the year		-	37,731,636
Income already paid on units redeemed		-	(2,447,376)
		-	<b>35,284,260</b>
<b>Accounting income available for distribution</b>			
- Relating to capital gains		-	36,431,562
- Excluding capital gains		-	(1,147,302)
		-	<b>35,284,260</b>

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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 2022

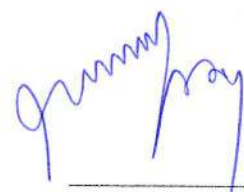
	2022	2021
	----- Rupees -----	
Net (Loss) / Income for the year after taxation	(28,232,118)	37,731,636
Other comprehensive income for the year	-	-
Total comprehensive (Loss) / Income for the year	<u>(28,232,118)</u>	<u>37,731,636</u>

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

For First Capital Investments Limited  
(Management Company)

  
Chief Executive

  
Chief Financial Officer

  
Director

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First Capital Mutual Fund  
Statement of Movement in Unit Holder's Fund  
For the year ended 30 June 2022

	For the year ended 30 June					
	2022			2021		
	Capital Value	Accumulated Losses	Total	Capital Value	Accumulated Losses	Total
	Rupees					
Net assets at beginning of the year	128,155,449	(2,920,927)	125,234,522	135,251,612	(29,724,786)	105,526,826
Issuance of 135,849 (2021: 1,447,387) units						
- Capital value	1,108,035	-	1,108,035	9,185,553	-	9,185,553
- Element of (loss) / income	(88,035)	-	(88,035)	987,416	-	987,416
<b>Total proceeds on issuance of units</b>	<b>1,020,000</b>	<b>-</b>	<b>1,020,000</b>	<b>10,172,969</b>	<b>-</b>	<b>10,172,969</b>
Redemption of 170,378 (2021: 2,721,134) units						
- Capital value	(1,389,665)	-	(1,389,665)	(17,269,132)	-	(17,269,132)
- Element of income / (loss)	196,693	-	196,693	-	(2,447,376)	(2,447,376)
<b>Total payment on redemption of units</b>	<b>(1,192,972)</b>	<b>-</b>	<b>(1,192,972)</b>	<b>(17,269,132)</b>	<b>(2,447,376)</b>	<b>(19,716,508)</b>
Dividend distribution	-	-	-	-	(8,480,401)	(8,480,401)
Total comprehensive (loss) / income for the year	-	(28,232,118)	(28,232,118)	-	37,731,636	37,731,636
<b>Net assets at end of the year</b>	<b>127,982,477</b>	<b>(31,153,045)</b>	<b>96,829,432</b>	<b>128,155,449</b>	<b>(2,920,927)</b>	<b>125,234,522</b>
Accumulated loss brought forward:						
- Realised		(19,396,093)			(26,742,935)	
- Unrealised		16,475,166			(2,981,851)	
		<u>(2,920,927)</u>			<u>(29,724,786)</u>	
Accounting income available for distribution:						
Relating to capital gains	-			36,431,562		
Excluding capital gains	-			(1,147,302)		
				<u>35,284,260</u>		
Distribution during the year				(8,480,401)		
Net loss for the year after taxation		(28,232,118)				
<b>Accumulated loss carried forward</b>		<b>(31,153,045)</b>			<b>(2,920,927)</b>	
Accumulated loss carried forward represented by						
- Realised	1,555,079			(19,396,093)		
- Unrealised	(32,708,124)			16,475,166		
	<u>(31,153,045)</u>			<u>(2,920,927)</u>		
	(Rupees)					
Net assets value per unit at beginning of the year	8.1564			6.3463		
Net assets value per unit at end of the year	6.3206			8.1564		

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

  
Chief Executive Officer

For First Capital Investments Limited  
(Management Company)  
  
Chief Financial Officer

  
Director



First Capital Mutual Fund  
Cash Flow Statement  
For the year ended 30 June 2022

	Note	2022	2021
<u>Cash flows from operating activities</u>			
Net (Loss) / Income for the year before taxation		(28,232,118)	37,731,636
Adjustments for:			
Unrealised diminution / appreciation on revaluation of investments at 'fair value through profit or loss'		32,708,124	(16,475,166)
		4,476,006	21,256,470
(Increase) / Decrease in assets:			
Investments - net		(311,657)	10,446,103
Dividend and profit receivable - unsecured, considered good		(80,429)	(50,799)
Advances, deposits, prepayments and other receivables		(525,832)	203,508
		(917,918)	10,598,812
(Decrease) / Increase in liabilities:			
Remuneration payable to the Management Company		(62,186)	(147,166)
Other payable to the Management Company		(9,480)	13,924
Remuneration payable to Trustee		32,136	5,637
Annual fee payable to SECP		(2,115)	3,028
Accrued and other liabilities		(988,047)	(906,790)
		(1,029,692)	(1,031,367)
Net cash generated from operating activities		2,528,396	30,823,915
<u>Cash flows from financing activities</u>			
Proceeds from issuance of units		1,020,000	10,172,969
Dividend distribution		(3,697,314)	(1,894,428)
Payments on redemption of units		(1,192,972)	(19,712,404)
Net cash (used in) from financing activities		(3,870,286)	(11,433,863)
Net (decrease) / increase in cash and cash equivalents during the year		(1,341,890)	19,390,052
Cash and cash equivalents at the beginning of the year		19,865,176	475,124
Cash and cash equivalents at the end of the year	6	18,523,286	19,865,176

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

For First Capital Investments Limited  
(Management Company)

  
Chief Executive

  
Chief Financial Officer

  
Director





**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 on April 05, 2022 and has assigned '3 Star' (short term) and '2 Star' (long term) rating to the Fund on February 04, 2022.

**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 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 and the requirements VIIIA of the repealed Companies Ordinance, 1984 and the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) and the 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, 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, 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.





## 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 5.1 - Classification of investments
- Note 5.1 - Valuation of investments
- Note 5.1 - Impairment of financial assets and other assets

## 2.4 Functional and presentation currency

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

## 3 Standards and amendments effective during the year

There are a number of new standards / amendments that are effective from 01 July 2021; however, these do not have a significant effect on the Fund's financial statements.

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

### 4.1 The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2022:

- Amendment to IFRS 17 'Insurance Contracts' – (Effective for annual periods beginning on or after 1 January 2023). IFRS 17 replaces IFRS 4, which was brought in as an interim Standard in 2004. IFRS 4 has given companies dispensation to carry on accounting for insurance contracts using national accounting standards, resulting in a multitude of different approaches. IFRS 17 solves the comparison problems created by IFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner, benefiting both investors and insurance companies. Insurance obligations will be accounted for using current values instead of historical cost.
- Amendment to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', Definition of Accounting Estimates – (Effective for annual periods beginning on or after 1 January 2023). The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.



- Further IASB has issued amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 Insurance Contracts was published in 2017. The main changes are: Deferral of the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023; additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk; recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognised in a business acquired in a business combination Clarification of the application of IFRS 17 in interim financial statements allowing an accounting policy choice at a reporting entity level; clarification of the application of contractual service margin (CSM) attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements; extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives; amendments to require an entity that at initial recognition recognises losses on onerous insurance contracts issued to also recognise a gain on reinsurance contracts held; simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than groups of insurance contracts; additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach.
- Amendment to IAS 12 'Income taxes', Deferred Tax related to Assets and Liabilities arising from a Single Transaction – (Effective for annual periods beginning on or after 1 January 2023). These amendments in the standards have been added to further clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.
- Amendment to IAS 1 'Presentation of Financial Statements', Definition of Accounting Estimates and IFRS Practice Statement 2 – (Effective for annual periods beginning on or after 1 January 2023). The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.
- Amendments to IFRS 4 'Insurance Contracts', Extension of the Temporary Exemption from Applying IFRS 9. The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.
- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 01 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

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- Amendment to IFRS 17 'Insurance Contracts' – (Effective for annual periods beginning on or after 1 January 2023). IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2023.

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

## 5 Summary of significant accounting policies

The accounting policies adopted for the preparation of these financial statements are the same as those applied in the preparation of the financial statements of the Fund for the year ended 30 June 2020.

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

### 5.1 Financial assets

#### 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
- 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;

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- 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)

#### **ii) Subsequent measurement**

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

<b>Financial assets at FVTPL</b>	These assets are subsequently measured at fair value. Net gains and losses, including any profit / mark-up or dividend income, are recognised in income statement.
<b>Financial assets at amortised cost</b>	These assets are subsequently measured at amortised cost using the effective yield method. The amortised cost is reduced by impairment losses. Interest / mark-up income, foreign exchange gains and losses and impairment are recognised in income statement.
<b>Debt Securities at FVOCI</b>	These assets are subsequently measured at fair value. Interest / mark-up income calculated using the effective yield method, foreign exchange gains and losses and impairment are recognised in income statement. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to income statement.

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**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.

**iv) Impairment of financial assets at amortised cost**

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

**5.1.1 Derecognition**

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

**5.1.2 Offsetting of financial assets and liabilities**

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

**5.2 Cash and cash equivalents**

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





### 5.3 Financial liabilities

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

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or

### 5.4 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

### 5.5 Provisions and contingencies

Provisions are recognized 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 obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate. Where outflow of resources embodying economic benefits is not probable, a contingent liability is disclosed, unless the possibility of outflow is remote.

### 5.6 Taxation

#### Current tax

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realized or unrealized, is distributed amongst the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account.

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

#### Deferred tax

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and amounts used for taxation purposes. In addition, the Fund also records deferred tax asset on unutilized tax losses to the extent that it is probable that the related tax benefit will be realized. However, the Fund has not recognized any amount in respect of deferred tax in these financial statements as the Fund has a past practice and intends to continue the same by availing the tax exemption in future years through distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realized or unrealized, to its unit holders every year. Further, it is also mandatory as per section 63(1) of the NBFC regulations 2008 to distribute ninety percent of aforesaid accounting income as dividend.

### 5.7 Issuance of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that day. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable. The sales load is payable to the investment facilitators, distributors and the Management Company.

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#### **5.10 Redemption of units**

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

#### **5.11 Unit holders' fund**

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

#### **5.12 Trade date accounting**

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

#### **5.13 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 asset Value (NAV) at the beginning of the relevant accounting period.

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

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

#### **5.14 Net asset value per unit**

The Net Asset 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 in issue at the year end.

#### **5.15 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.

#### **5.16 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 the portion of amount of income already paid on units redeemed and the amount of cash distribution for the

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





### 5.17 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.

### 5.18 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.

	Note	2022 ----- Rupees -----	2021 ----- Rupees -----
<b>6 Bank balances</b>			
Cash at bank			
- saving accounts	6.1	18,523,286	19,865,176
- current account		-	-
		<u>18,523,286</u>	<u>19,865,176</u>

6.1 The rate of return on these saving accounts is 5.50% - 8.25% (30 June 2021: 5.49% to 5.50%) per annum.

	Note	2022 ----- Rupees -----	2021 ----- Rupees -----
<b>7 Investments</b>			
Financial assets at fair value through profit or loss			
Listed equity securities	7.1	95,859,793	128,256,260
		<u>95,859,793</u>	<u>128,256,260</u>

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## 7.1 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						As at June 30, 2022 (Rupees)				Percentage in relation to		
	As at July 01, 2021	Purchased/ entitled during the period	Bonus during the period	Rights subscribed during the period	Sold during the period	LoR not subscribed during the period	As at June 30, 2022	Carrying value	Market value	Appreciation / (Diminution)	Market value as percentage of net assets	Market value as percentage of total investments	Face value of investment to paid up capital of investee
<b>Inv. Bank/Inv. Companies/Securities Co.</b>													
Esports Investment Bank Limited	96,659	-	-	-	46,500	-	50,159	506,104	335,564	(170,540)	0.35	0.35	0.0004
First Capital Equities Limited	1,005,395	-	-	-	-	-	1,005,395	9,541,199	9,541,199	-	9.85	9.95	0.0071
First National Equities Limited	-	50,000	-	-	-	-	50,000	507,730	292,500	(215,230)	0.30	0.31	0.0002
	<b>1,102,054</b>	<b>50,000</b>	<b>-</b>	<b>-</b>	<b>46,500</b>	<b>-</b>	<b>1,105,554</b>	<b>10,555,033</b>	<b>10,169,263</b>	<b>(385,770)</b>	<b>10.50</b>	<b>10.61</b>	<b>0.0077</b>
<b>Banks</b>													
Bank Alfalah Limited	56,500	-	-	-	16,500	-	40,000	1,287,200	1,280,000	(7,200)	1.32	1.34	-
Bank Al Habib Limited	10,000	-	-	-	10,000	-	-	-	-	-	-	-	-
The Bank Of Punjab	50,000	-	-	3,125	25,000	-	28,125	2,100,000	152,438	(57,562)	0.16	0.16	-
Faysal Bank Limited	30,812	-	-	-	-	-	30,812	522,880	710,525	187,645	0.73	0.74	-
Habib Bank Limited	45,300	-	-	-	-	-	45,300	5,543,361	4,137,702	(1,405,659)	4.27	4.32	-
Is Bank Limited	40,500	-	-	-	40,500	-	-	-	-	-	-	-	-
Mcb Bank Limited	30,000	-	-	-	-	-	30,000	4,794,900	3,689,400	(1,105,500)	3.81	3.85	-
Meezan Bank Limited	15,000	-	-	2,250	-	-	17,250	1,731,130	1,948,905	217,755	2.01	2.03	-
Siltbank Limited	-	370,000	-	-	-	-	370,000	571,262	436,600	(134,662)	0.45	0.46	-
United Bank Limited	37,000	-	-	-	-	-	37,000	4,521,400	4,185,810	(335,590)	4.32	4.37	-
	<b>315,112</b>	<b>370,000</b>	<b>-</b>	<b>5,375</b>	<b>92,000</b>	<b>-</b>	<b>598,487</b>	<b>19,182,153</b>	<b>16,541,380</b>	<b>(2,640,773)</b>	<b>17.07</b>	<b>17.27</b>	<b>-</b>
<b>Insurance</b>													
The United Insurance Company Of Pakistan Ltd	1,894	-	-	-	-	-	1,894	15,152	15,985	833	0.02	0.02	-
	<b>1,894</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,894</b>	<b>15,152</b>	<b>15,985</b>	<b>833</b>	<b>0.02</b>	<b>0.02</b>	<b>-</b>
<b>Textile Composite</b>													
Nishat (Chunian) Limited	30,000	-	-	-	-	-	30,000	1,508,700	1,343,700	(165,000)	1.39	1.40	0.0001
Nishat Mills Limited	30,000	-	-	-	-	-	30,000	2,799,800	2,217,300	(581,700)	2.29	2.31	0.0001
	<b>60,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>60,000</b>	<b>4,307,700</b>	<b>3,561,000</b>	<b>(746,700)</b>	<b>3.68</b>	<b>3.71</b>	<b>0.0002</b>
<b>Cement</b>													
Cherat Cement Company Limited	5,000	-	-	-	1,200	-	3,800	674,044	353,552	(320,492)	0.57	0.37	-
DG Khan Cement Company Limited	20,000	-	-	-	5,000	-	15,000	1,768,800	937,500	(831,300)	0.97	0.98	-
Fecto Cement Limited	10,000	-	-	-	2,500	-	7,500	249,000	147,150	(101,850)	0.15	0.15	0.0001
Jiling Cement Company Limited	30,000	-	-	1,125	7,500	-	23,625	478,800	169,628	(309,172)	0.18	0.18	-
Plving Cement Company Limited (LCR)	-	17,952	-	-	-	-	-	-	-	-	-	-	-
Javedan Corporation Limited	15,000	-	-	2,300	17,300	-	-	-	-	-	-	-	-
Kohat Cement Company Limited	5,000	-	-	-	1,200	-	3,800	784,662	494,494	(290,168)	0.51	0.52	-
Lucky Cement Limited	2,000	-	-	-	500	-	1,500	1,295,160	688,560	(606,600)	0.71	0.72	-
Maple Leaf Cement Factory Limited	50,250	-	-	-	12,500	-	37,750	1,773,495	1,032,463	(741,032)	1.07	1.08	-
Pioneer Cement Limited	5,000	-	-	-	5,000	-	-	-	-	-	-	-	-
Power Cement Limited	150,000	-	-	-	37,500	-	112,500	1,081,125	598,300	(482,825)	0.62	0.62	0.0001
	<b>292,250</b>	<b>17,952</b>	<b>-</b>	<b>3,425</b>	<b>90,200</b>	<b>17,952</b>	<b>205,475</b>	<b>8,105,086</b>	<b>4,421,847</b>	<b>(3,683,239)</b>	<b>4.58</b>	<b>4.62</b>	<b>0.0002</b>

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Name of Investee company	Number of shares						As at June 30, 2022 (Rupees)				Percentage in relation to		
	As at July 01, 2021	Purchased/entitled during the period	Bonus during the period	Rights subscribed during the period	Sold during the period	LoR not subscribed during the period	As at June 30, 2022	Carrying value	Market value	Appreciation / (Diminution)	Market value as percentage of net assets	Market value as percentage of total investments	Face value of investment to be paid up capital of investee
<b>Refinery</b>													
Aroclor Refinery Limited	2,500	-	-	-	-	-	2,500	641,125	439,450	(201,675)	0.45	0.46	-
Chengduo PK Limited	70,000	-	-	-	-	-	70,000	812,700	373,800	(438,900)	0.39	0.39	-
National Refinery Limited	3,000	-	-	-	-	-	3,000	1,509,570	757,710	(811,860)	0.78	0.79	-
Pakistan Refinery Limited	60,000	-	-	-	-	-	60,000	1,476,600	1,073,400	(403,200)	1.11	1.12	0.0001
	<b>135,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>135,500</b>	<b>4,499,995</b>	<b>2,644,360</b>	<b>(1,855,635)</b>	<b>2.73</b>	<b>2.76</b>	<b>0.0001</b>
<b>Power Generation &amp; Distribution</b>													
The Hub Power Company Limited	15,093	-	-	-	-	-	15,093	1,250,261	1,069,792	(180,469)	1.10	1.12	-
Kot Addu Power Company Limited	60,000	-	-	-	-	-	60,000	2,661,000	1,651,800	(1,009,200)	1.71	1.72	0.0001
	<b>75,093</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>75,093</b>	<b>3,911,261</b>	<b>2,721,592</b>	<b>(1,189,669)</b>	<b>2.81</b>	<b>2.84</b>	<b>0.0001</b>
<b>Oil &amp; Gas Marketing Companies</b>													
Hascol Petroleum Limited	140,366	-	-	-	139,500	-	866	7,733	3,655	(4,078)	-	-	-
Hi-Tech Lubricants Limited	10,000	-	-	-	10,000	-	-	-	-	-	-	-	-
Pakistan State Oil Company Limited	52,064	-	-	-	-	-	52,064	11,675,352	8,946,678	(2,728,674)	9.24	9.33	0.0001
Sui Northern Gas Pipelines Limited	50,000	-	-	-	-	-	50,000	2,429,000	1,710,500	(718,500)	1.77	1.78	0.0001
Sui Southern Gas Company Limited	-	25,000	-	-	-	-	25,000	305,985	226,500	(79,485)	0.23	0.24	-
	<b>252,430</b>	<b>25,000</b>	<b>-</b>	<b>-</b>	<b>149,500</b>	<b>-</b>	<b>127,930</b>	<b>14,418,070</b>	<b>10,887,333</b>	<b>(3,530,737)</b>	<b>11.24</b>	<b>11.35</b>	<b>0.0002</b>
<b>Oil &amp; Gas Exploration Companies</b>													
Mari Petroleum Company Limited	1,684	-	-	-	1,580	-	104	158,537	180,933	22,396	0.19	0.19	-
Oil & Gas Development Company Limited	70,500	-	-	-	5,000	-	65,500	6,224,465	5,152,885	(1,071,580)	5.32	5.38	-
Pakistan Oilfields Limited	6,000	-	-	-	-	-	6,000	2,363,160	2,434,860	71,700	2.51	2.54	-
Pakistan Petroleum Limited	62,000	-	-	-	3,000	-	57,000	4,949,310	3,848,070	(1,101,240)	3.97	4.01	-
	<b>140,184</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,580</b>	<b>-</b>	<b>128,604</b>	<b>13,695,472</b>	<b>11,616,748</b>	<b>(2,078,724)</b>	<b>11.99</b>	<b>12.12</b>	<b>-</b>
<b>Engineering</b>													
Amrith Steels Limited	15,000	-	-	-	-	-	15,000	651,600	351,600	(300,000)	0.36	0.37	0.0001
International Steels Limited	15,000	-	-	-	-	-	15,000	1,401,150	890,400	(510,750)	0.92	0.93	-
Indefat Iron Industries Limited	10,000	10,000	-	-	-	-	20,000	353,500	140,400	(213,100)	0.14	0.15	0.0001
Mughal Iron And Steel Industries Ltd	11,600	-	-	915	12,515	-	-	-	-	-	-	-	-
	<b>51,600</b>	<b>10,000</b>	<b>-</b>	<b>915</b>	<b>12,515</b>	<b>-</b>	<b>50,000</b>	<b>2,406,250</b>	<b>1,382,400</b>	<b>(1,023,850)</b>	<b>1.42</b>	<b>1.45</b>	<b>0.0002</b>
<b>Automobile Assembler</b>													
Chandiana Industries Limited	5,000	-	-	-	-	-	5,000	1,395,100	789,850	(605,250)	0.82	0.82	0.0001
Milhar Tractors Limited	-	2,000	-	880	-	-	2,880	1,948,042	2,513,059	565,017	2.60	2.62	-
Suzgar Engineering Works Limited	19,500	-	-	5,850	5,000	-	20,350	2,633,134	1,264,142	(1,368,992)	1.31	1.32	0.0003
	<b>24,500</b>	<b>2,000</b>	<b>-</b>	<b>6,730</b>	<b>5,000</b>	<b>-</b>	<b>28,230</b>	<b>5,976,276</b>	<b>4,567,051</b>	<b>(1,409,225)</b>	<b>4.73</b>	<b>4.76</b>	<b>0.0004</b>
<b>Property</b>													
TPL Properties Limited	50,000	20,000	14,100	7,000	30,000	-	61,100	1,544,000	1,231,776	(312,224)	1.27	1.28	0.0001
	<b>50,000</b>	<b>20,000</b>	<b>14,100</b>	<b>7,000</b>	<b>30,000</b>	<b>-</b>	<b>61,100</b>	<b>1,544,000</b>	<b>1,231,776</b>	<b>(312,224)</b>	<b>1.27</b>	<b>1.28</b>	<b>0.0001</b>

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Name of Investee company	Number of shares						As at June 30, 2022 (Rupees)				(% ) Percentage in relation to		
	As at July 01, 2021	Purchased/ entitled during the period	Bonus during the period	Rights subscribed during the period	Sold during the period	LoR not subscribed during the period	As at June 30, 2022	Carrying value	Market value	Appreciation / (Diminution)	Market value as percentage of net assets	Market value as percentage of total investments	Face value of investment to paid up capital of investee
<b>Cables &amp; Electricals Goods</b>													
Pak Fikrion Limited	5,000	-	-	-	5,000	-	15,000	408,900	190,950	(217,950)	0.20	0.20	0.0001
Waves Singer Pakistan Limited	15,000	-	-	-	-	-	15,000	408,900	190,950	(217,950)	0.20	0.20	0.0001
	20,000	-	-	-	5,000	-	15,000	408,900	190,950	(217,950)	0.20	0.20	0.0001
<b>Glass And Ceramics</b>													
Tariq Glass Industries Ltd	5,000	-	-	-	5,000	-	-	-	-	-	-	-	-
	5,000	-	-	-	5,000	-	-	-	-	-	-	-	-
<b>Technology &amp; Communications</b>													
Air Link Communication Limited	-	5,000	-	375	-	-	5,375	369,173	217,096	(152,077)	0.22	0.23	-
Avancon Limited	40,000	-	-	1,250	35,000	-	6,250	458,400	486,038	28,538	0.50	0.51	-
77PL Corp Limited	50,000	40,000	-	-	20,000	-	70,000	1,526,731	638,400	(888,331)	0.66	0.67	0.00003
Ilum Network Limited	-	130,000	-	-	60,000	-	70,000	409,400	498,400	88,999	0.51	0.52	0.00007
Nesol Technologies Limited	2,000	-	-	-	-	-	2,000	339,966	199,480	(140,486)	0.21	0.21	-
Oceopus Digital Limited	-	2,000	-	-	2,000	-	-	-	-	-	-	-	-
Telecord Limited	-	25,000	-	1,250	-	-	26,250	577,320	284,288	(293,032)	0.29	0.30	0.00001
TRG Pakistan Limited - Class 'A'	35,000	40,000	-	-	-	-	75,000	12,925,734	5,992,750	(7,125,984)	5.99	6.05	0.00001
Worldcall Telecom Limited	100,000	-	-	-	50,000	-	50,000	198,000	66,500	(131,500)	0.07	0.07	-
	227,000	242,000	-	2,875	167,000	-	304,875	16,804,719	8,196,852	(8,613,867)	8.45	8.56	0.00012
<b>Fertilizer</b>													
Engro Fertilizers Limited	20,000	-	-	-	-	-	20,000	1,405,400	1,772,800	367,400	1.83	1.85	-
Engro Corporation Limited	20,000	2,800	-	-	-	-	22,800	6,718,872	5,861,652	(857,220)	6.05	6.11	-
Fauji Fertilizer Bin Qasim Limited	30,000	-	-	-	30,000	-	-	-	-	-	-	-	-
Fauji Fertilizer Company Limited	10,000	-	-	-	-	-	10,000	1,661,000	1,102,200	(41,200)	1.14	1.15	-
	80,000	2,800	-	-	30,000	-	32,800	9,185,272	8,736,652	(448,620)	9.02	9.11	-
<b>Pharmaceuticals</b>													
Citi Pharma Limited	-	10,000	-	1,000	-	-	11,000	531,985	359,040	(172,945)	0.37	0.37	-
Genzeon Laboratories Limited	3,600	-	-	-	-	-	3,600	1,270,152	968,076	(302,076)	1.00	1.01	0.00001
Glassonkhilne Pakistan Limited	3,000	-	-	-	-	-	3,000	497,010	374,730	(122,280)	0.39	0.39	-
Hightoon Laboratories Limited	49	-	-	4	-	-	53	29,400	28,083	(1,317)	0.03	0.03	-
The Searle Company Limited	6,223	-	-	1,866	-	-	8,089	1,509,824	881,863	(627,961)	0.91	0.92	-
	12,872	10,000	-	2,870	-	-	25,742	3,838,371	2,611,852	(1,226,519)	2.70	2.72	0.00001
<b>Chemicals</b>													
G3 Technologies Limited	-	25,000	-	371,500	25,000	-	371,500	3,715,000	3,142,890	(572,110)	3.23	3.28	0.00015
G3 Technologies Limited (LOR)	-	371,500	-	(371,500)	-	-	-	-	-	-	-	-	-
Numar Industrial Chemicals Limited	-	5,000	-	-	-	-	5,000	(500,000)	444,530	(205,450)	0.46	0.46	-
	-	401,500	-	-	25,000	-	376,500	4,365,000	3,587,440	(777,560)	3.71	3.74	-

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Name of Investee company	Number of shares					As at June 30, 2022 (Rupees)					Percentage in relation to		
	As at July 01, 2021	Purchased/entitled during the period	Bonus during the period	Rights subscribed during the period	Sold during the period	LoR not subscribed during the period	As at June 30, 2022	Carrying value	Market value	Appreciation / (Diminution)	Market value as percentage of net assets	Market value as percentage of total investments	Face value of investment to paid up capital of investee
<b>Paper And Board Packages Limited</b>													
Packages Limited	1,750	-	-	-	-	-	1,750	954,180	698,001	(256,079)	0.72	0.73	-
Roshan Packages Limited	5,000	-	-	-	-	-	5,000	1,64,700	74,300	(90,400)	0.08	0.08	-
	<b>6,750</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,750</b>	<b>1,18,880</b>	<b>772,301</b>	<b>(346,499)</b>	<b>0.80</b>	<b>0.81</b>	<b>-</b>
<b>Textile Spinning</b>													
Kohinoor Spinning Mills Limited	100,000	45,000	-	-	75,000	-	70,000	377,819	225,400	(152,419)	0.23	0.24	0.0006
	<b>100,000</b>	<b>45,000</b>	<b>-</b>	<b>-</b>	<b>75,000</b>	<b>-</b>	<b>70,000</b>	<b>377,819</b>	<b>225,400</b>	<b>(152,419)</b>	<b>0.23</b>	<b>0.24</b>	<b>0.0006</b>
<b>Textile Weaving</b>													
Yousaf Weaving Mills Limited	50,000	-	-	-	50,000	-	-	-	-	-	-	-	-
	<b>50,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Foods &amp; Personal Care Products</b>													
Al Shabir Corporation Limited	50,000	-	-	-	-	-	50,000	996,500	452,000	(544,500)	0.47	0.47	0.0002
Fajri Foods Limited	35,000	-	-	-	-	-	35,000	632,100	232,050	(400,050)	0.24	0.24	-
Fajri Foods Limited (AOR)	-	34,019	-	-	34,019	-	-	-	-	-	-	-	-
Unity Foods Limited	30,000	10,000	-	-	-	-	40,000	1,705,600	802,800	(902,800)	0.83	0.84	-
Unity Foods Limited (AOR)	-	8,047	-	-	8,047	-	-	-	-	-	-	-	-
Quince Food Industries Limited	50,000	-	-	-	50,000	-	-	-	-	-	-	-	-
Treet Corporation Limited	170	10,000	-	-	-	-	10,170	518,388	296,761	(221,627)	0.31	0.31	0.0001
	<b>165,170</b>	<b>62,066</b>	<b>-</b>	<b>-</b>	<b>92,066</b>	<b>-</b>	<b>135,170</b>	<b>3,852,588</b>	<b>1,783,611</b>	<b>(2,068,977)</b>	<b>1.85</b>	<b>1.86</b>	<b>0.0003</b>
<b>Total as at June 30, 2022</b>	<b>3,168,009</b>	<b>1,235,318</b>	<b>14,100</b>	<b>29,190</b>	<b>886,361</b>	<b>17,932</b>	<b>3,565,304</b>	<b>128,567,917</b>	<b>95,859,793</b>	<b>(32,708,124)</b>	<b>99.00</b>	<b>100.03</b>	
<b>Total as at June 30, 2021</b>							<b>111,781,097</b>	<b>128,256,260</b>	<b>16,475,164</b>				

7.1.1 The Finance Act, 2014 has 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 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. 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 jointly with other asset management companies and Mutual Funds Association of Pakistan, has filed a petition in Honourable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the mutual funds based on the premise of exemption given to mutual funds under clause 47B and 99 of Second Schedule of Income Tax Ordinance, 2001. The Honourable Sindh High Court has granted stay order till the final outcome of the case.

During the year ended 30 June 2018, the Honourable Supreme Court of Pakistan (JSC) passed a judgement on 27 June 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, the CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically during the year ended 30 June 2019. After that, the CISs have filed a fresh constitutional petition via CP 4655 dated 11 July 2019. In this regard, on 15 July 2019, the Honourable High of Sindh has issued notices to the relevant parties and has ordered that no third party interest on bonus shares issued to the funds in lieu of their investments be created in the meantime. The manner is still pending adjudication and the Funds have included these shares in their portfolio, as the management is confident that the decision of the constitutional petition will be in favour of the CISs.

Further, the Finance Act, 2018 effective from 1 July 2018 has omitted Section 236N of Income Tax Ordinance, 2001 requiring every company quoted on stock exchange issuing bonus shares to the shareholders of the company, to withhold five percent of the bonus shares to be issued. Therefore, bonus shares issued to the fund during the year were not withheld by the investee companies.

Accordingly, the investee company(s) has withheld the shares equivalent to 5% of bonus announcement amounting to Rs. 1,447 million (Rs. 1,447 million) and not deposited in (CDC) account of department of Income Tax.

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	Note	2022	2021
		Rupees	
<b>7.2 Unrealised appreciation in value of investments - net</b>			
Market value of investments		95,859,793	128,256,260
Less : carrying value of investments		(128,567,917)	(111,781,097)
		<u>(32,708,124)</u>	<u>16,475,163</u>

**8 Dividend and profit receivable - unsecured, considered good**

Dividend receivable on equity securities	8.1	150,584	45,224
Profit receivable on bank deposits		60,685	85,616
		<u>211,269</u>	<u>130,840</u>

8.1 This includes dividend receivable on bonus shares amounting to Rs. 150,584 (2021: 45,224), withheld by investee companies due to facts stated in note 7.1.1.

	Note	2022	2021
		Rupees	
<b>9 Advances, deposits, prepayments and other receivables</b>			
Advance tax deducted	9.1	2,350,954	1,825,162
Other receivables		211,276	211,276
Prepaid listing fee		9,495	9,455
Security deposits with CDC	9.2	237,500	237,500
		<u>2,809,225</u>	<u>2,283,393</u>

9.1 The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule to the ITO 2001 from withholding of tax under section 150, 151 and 233 of ITO 2001. The Federal Board of Revenue through a circular "C.No.1 (43) DG (WIT)/ 2008-Vol.II- 66417-R" dated 12 May 2015, made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). Prior to receiving tax exemption certificate(s) from CIR various withholding agents have deducted advance tax under section 150, and 151 of ITO 2001. The management is confident that the same shall be adjustable against the future tax liabilities, if any.

9.2 The maximum aggregate amount outstanding at any time during the year was Rs. 237,500 (2021: 237,500).

	Note	2022	2021
		Rupees	
<b>10 Remuneration payable to First Capital Investment Limited - Management Company</b>			
Remuneration of the Management Company	10.1	168,248	221,857
Punjab sales tax on remuneration of the Management Company	10.2	26,920	35,497
Federal Excise Duty on remuneration of the Management Company	10.3	3,713,448	3,713,448
		<u>3,908,616</u>	<u>3,970,802</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 2022.

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.

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- 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.

The Honorable Sindh High Court (SHC) through its recent 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 (FEA) 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 (2021: 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. 0.2424 per unit (30 June 2021: Rs. 0.2419 per unit).

	Note	2022	2021
		----- Rupees -----	
11 Other payable to First Capital Investment Limited - Management Company			
Accounting & operational charges	11.1	111,874	121,354

- 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.

	Note	2022	2021
		----- Rupees -----	
12 Payable to Central Depository Company of Pakistan Limited - Trustee			
Remuneration of the Trustee	12.1	50,687	22,248
Sindh Sales tax on remuneration of the Trustee	12.2	6,589	2,892
		57,276	25,140

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

Based on the Trust Deed and the revised fee notification by Central Depository Company of Pakistan Limited, the tariff structure applicable to the Fund as at 30 June 2022 is as follows:

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

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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% (2021: 13%) was charged on trustee remuneration.

	Note	2022	2021
		----- Rupees -----	
<b>13 Payable to Securities and Exchange Commission of Pakistan</b>			
Annual fee	13.1	22,350	24,465

- 13.1 Under the provisions of the NBFC Regulations a CIS categorized as an equity scheme is required to pay annual fee to SECP, an amount equal to 0.02% (2021: 0.02%) of the average annual net assets of the Fund. The fee is paid annually in arrears.

	2022	2021
	----- Rupees -----	
<b>14 Accrued and other liabilities</b>		
Auditors' remuneration	1,124,601	756,100
Listing fees payable	145,772	123,773
Fund's ranking fee	140,362	140,361
Withholding & capital gain tax payable	136,383	1,391,085
Zakat	-	113,186
Other payable	7,539	18,198
	<u>1,554,657</u>	<u>2,542,703</u>

**15 Unclaimed dividend**

This mainly includes an amount of Rs. 10.33 million (2021: Rs. 9.51 million) not paid to Salman Taseer (Late) due to pending adjudication for issuance of succession certificate before the Honorable Lahore High Court. Until the Honorable Court reaches a verdict in relation to his succession, the dividend can not be claimed by any party and the transmission of units can not be performed.

**16 Contingencies and commitments**

- 16.1 Contingency as explained in note 7.1.1.  
16.2 Contingency as explained in note 10.3.

	2022	2021
	----- Number of units -----	
<b>17 Number of units in issue</b>		
Total units in issue at the beginning of the year	15,354,216	16,627,963
Add: units issued during the year	135,849	1,447,387
Less: units redeemed during the year	(170,378)	(2,721,134)
Total units in issue at the end of the year	<u>15,319,687</u>	<u>15,354,216</u>

**18 Securities transaction costs**

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

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	2022	2021
	----- Rupees -----	
<b>19 Auditors' remuneration</b>		
Annual audit fee	550,000	550,000
Half yearly review fee	330,000	330,000
Punjab Sales Tax	44,000	44,000
Out of pocket expenses	72,000	72,000
	<u>996,000</u>	<u>996,000</u>

**20 Taxation**

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

**21 Reconciliation of liabilities arising out of financing activities**

	Receivable against sale of units	Payable against redemption of units	Total
	----- Rupees -----		
Opening balance as at 01 July 2021	-	-	-
Receivable against issuance of units	1,020,000	-	1,020,000
Payable against redemption of units	-	1,192,972	1,192,972
	1,020,000	1,192,972	2,212,972
Amount received on issuance of units	(1,020,000)	-	(1,020,000)
Amount paid on redemption of units	-	(1,192,972)	(1,192,972)
	(1,020,000)	(1,192,972)	(2,212,972)
<b>Closing balance as at 30 June 2022</b>	<u>-</u>	<u>-</u>	<u>-</u>

	Receivable against sale of units	Payable against redemption of units	Total
	----- Rupees -----		
Opening balance as at 01 July 2020	-	-	-
Receivable against issuance	10,172,969	-	10,172,969
Payable against redemption	-	19,716,508	19,716,508
	10,172,969	19,716,508	29,889,477
Amount received on issuance	(10,172,969)	-	(10,172,969)
Amount paid on redemption of units	-	(19,716,508)	(19,716,508)
	(10,172,969)	(19,716,508)	(29,889,477)
<b>Closing balance as at 30 June 2021</b>	<u>-</u>	<u>-</u>	<u>-</u>



## 22 Financial instruments by category

**Assets**

Bank balances	18,523,286	-	18,523,286
Investments	-	95,859,793	95,859,793
Dividend and profit receivable	211,269	-	211,269
Advances, deposits and other receivables	448,776	-	448,776
	<b>19,183,331</b>	<b>95,859,793</b>	<b>115,043,124</b>

**Liabilities**

Payable to First Capital Investment Limited - Management Company	4,020,490	-	4,020,490
Payable to Central Depository Company of Pakistan Limited - Trustee	57,276	-	57,276
Annual fee payable to Securities and Exchange	22,350	-	22,350
Accrued expenses and other liabilities	1,554,657	-	1,554,657
Dividend payable	-	-	-
Unclaimed dividend	14,919,368	-	14,919,368
	<b>20,574,141</b>	<b>-</b>	<b>20,574,141</b>

**Assets**

Bank balances	19,865,176	-	19,865,176
Investments	-	128,256,260	128,256,260
Dividend and profit receivable	130,840	-	130,840
Advances, deposits and other receivables	448,776	-	448,776
	<b>20,444,792</b>	<b>128,256,260</b>	<b>148,701,052</b>

**Liabilities**

Payable to First Capital Investment Limited - Management Company	4,092,156	-	4,092,156
Payable to Central Depository Company of Pakistan Limited - Trustee	25,140	-	25,140
Annual fee payable to Securities and Exchange	24,465	-	24,465
Accrued expenses and other liabilities	1,151,618	-	1,151,618
Dividend payable	4,737,695	-	4,737,695
Unclaimed dividend	13,878,987	-	13,878,987
	<b>23,910,061</b>	<b>-</b>	<b>23,910,061</b>

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**23 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.

**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 3.84% (2021: 4.10%) per annum. Total expense ratio (excluding government levies) is 3.39% (2021: 3.64%) per annum.

**25 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 2022.

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

	2022	2021
	----- Rupees -----	
<b>25.1 Transactions for the year</b>		
<b>The Management Company</b>		
Remuneration charged for the year	2,237,482	2,449,078
Accounting and operational charges for the year	111,874	122,454
PST on remuneration of Management Company	357,997	391,853
Remuneration paid	2,657,665	2,988,097
Accounting and operational charges paid	121,354	108,530
Dividend paid	3,324,718	1,407,455
Issuance of 133,364 units (2021: 1,447,387 units)	1,000,000	10,172,968
Redemption of 126,662 units (2021: 2,672,543 units)	900,000	19,300,000

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

	2022	2021
	----- Rupees -----	
<b>Trustee</b>		
Remuneration charged for the year	223,748	244,908
Remuneration paid	220,699	271,109
Sindh Sales Tax on remuneration of the Trustee	29,087	31,838
Settlement charges inclusive of Sindh Sales Tax	8,232	18,902
Sindh Sales Tax on settlement charges	1,070	2,175
CDS Fee paid	9,302	21,077
<b>First Capital Equities Limited - Group Company</b>		
Dividend paid	594	263
<b>First Capital Securities Corporation Limited - Group Company</b>		
Dividend paid	310,107	137,004
<b>Key management personnel of the Management Company</b>		
Dividend paid	818	258

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25.2	<b>Outstanding balances as at year end</b>		
	<b>The Management Company</b>		
	Remuneration payable inclusive of taxes thereon	3,908,616	3,970,802
	Other Payables	111,874	121,354
	Units held: 10,500,884 units (2021: 10,494,182 units)	66,371,888	85,594,750
	Dividend payable	-	3,324,718
	<b>Trustee</b>		
	Remuneration payable inclusive of taxes thereon	57,276	25,140
	Security deposit	237,500	237,500
	<b>First Capital Equities Limited - Group Company</b>		
	Units held: 1,793 units (2021: 1,793 units)	11,334	14,626
	Dividend payable	-	594
	<b>First Capital Securities Corporation Limited - Group Company</b>		
	Units held: 935,466 units (2021: 935,466 units)	5,912,709	7,630,038
	Dividend payable	-	310,107
	<b>Mr. Salman Taseer (late) - Holder of more than 10%</b>		
	Units held: 2,095,028 units (2021: 2,095,028 units)	13,241,832	17,087,884
	Dividend Payable	10,331,275	10,078,453
	<b>Key management personnel of the Management Company</b>		
	Units held: 2,466 units (2021: 2,466 units)	15,589	19,271
	Dividend Payable	-	818

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26 Details of pattern of unit holding

Category	2022			
	Number of unit holders	Number of Units held	Investment amount	Percentage
	Rupees			
Individuals	1,929	3,744,493	23,667,397	24.44%
Associated companies and directors	3	11,438,144	72,295,795	74.66%
Banks and DFIs	11	56,949	359,955	0.37%
Retirement Funds	2	15,893	100,451	0.10%
Public limited companies	15	50,640	320,077	0.33%
Others	1	13,568	85,759	0.09%
	1,961	15,319,687	96,829,432	100%

Category	2021			
	Number of unit holders	Number of Units held	Investment amount	Percentage
	Rupees			
Individuals	1,933	3,785,723	30,877,871	24.66%
Associated companies and directors	3	11,431,442	93,239,414	74.45%
Banks and DFIs	5	20,199	164,751	0.13%
Retirement Funds	2	15,893	129,630	0.10%
Public limited companies	4	47,399	385,999	0.31%
Others	18	53,560	436,857	0.35%
	1,965	15,354,216	125,234,522	100%

27 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	19 Years
2	Syed Asad Abbas Zaidi	Chief Financial Officer	Master of Business Administration	16 Years
3	Syed Ghazanfar Ali Bukhari	Chief Investment Officer / Fund Manager	Master of Economics	21 Years

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

28 Top ten brokers by percentage of commission paid

List of brokers by percentage of commission paid during the year ended 30 June 2021:

S. No	Broker's Name	2022	2021
		Percentage (%)	
1	Ismail Iqbal Securities (Pvt) Ltd	14.30%	14.29%
2	Arif Habib Limited	18.62%	16.48%
3	AKD Securities Limited	18.19%	14.30%
4	Topline Securities Limited	10.05%	16.10%
5	Next Capital Limited	18.80%	14.84%
6	Fortune Securities Limited	13.56%	15.09%
7	Pearl Securities Limited	6.48%	8.37%
8	BMA Capital Management Ltd.	-	0.53%

28.1 During the current period, the fund has only operated through 7 (2021: 8) brokers.

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## 29 Attendance at meetings of Board of Directors of Management Company

The board meetings were held on 29 September 2021, 29 October 2021, 24 February 2022 and 25 April 2022. 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	
Miss. Fauzia Husain Qureshi	4	4	-	-
Mr. Imran Hafeez	4	4	-	-
Mr. Jawad Saleem	4	4	-	-
Mr. Shahzad Jawahar	4	4	-	-
Syed Asad Abbas Zaidi	4	4	-	-
Mr. Abdul Sattar	4	4	-	-

## 30 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

### 30.1 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:

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

### 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	2022		2021	
		Carrying value of Financial Assets	Maximum exposure	Carrying value of Financial Assets	Maximum exposure
		----- Rupees -----			
Bank balances	6	18,523,286	18,523,286	19,865,176	19,865,176
Dividend and profit receivable - unsecured, considered good	8	211,269	211,269	130,840	130,840
Deposits and other receivables	9	448,776	448,776	448,776	448,776
		<b>19,183,331</b>	<b>19,183,331</b>	<b>20,444,792</b>	<b>20,444,792</b>

Investments in equity securities of Rs. 95.86 million (2021: Rs. 128.26 million) 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:

	2022		2021	
	Rupees	Percentage	Rupees	Percentage
Banking companies	18,583,971	96.88%	19,950,792	97.58%
Connected persons	448,776	2.34%	448,776	2.20%
Others	150,584	0.78%	45,224	0.22%
	<b>19,183,331</b>	<b>100%</b>	<b>20,444,792</b>	<b>100%</b>

#### 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	2022	2021
	Long term	Short term		Rupees	Rupees
<b><u>Bank balances including profit receivable</u></b>					
Habib Metropolitan Bank Limited	AA+	A1+	PACRA	18,502,644	19,845,155
MCB Islamic Bank Limited	A	A1	PACRA	20,642	20,021
				18,523,286	19,865,176

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### 30.2 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 :

		2022			
		Financial liabilities	Up to three months	More than three months and up to one year	Total
<u>Non-derivative financial liabilities</u>		----- Rupees -----			
	Note				
Payable to the Management Company (excluding Punjab Sales Tax and FED)	10	168,248	168,248	-	168,248
Remuneration payable to Trustee (excluding Sindh Sales Tax)	12	50,687	50,687	-	50,687
Annual fee payable to SECP	13	22,350	22,350	-	22,350
Unclaimed dividend	15	14,919,368	14,919,368	-	14,919,368
Accrued expenses and other liabilities	14	1,554,657	1,554,657	-	1,554,657
		<u>16,715,310</u>	<u>16,715,310</u>	<u>-</u>	<u>16,715,310</u>
		2021			
		Financial liabilities	Up to three months	More than three months and up to one year	Total
<u>Non-derivative financial liabilities</u>		----- Rupees -----			
	Note				
Payable to the Management Company (excluding Punjab Sales Tax and FED)	10	221,857	221,857	-	221,857
Remuneration payable to Trustee (excluding Sindh Sales Tax)	12	22,248	22,248	-	22,248
Annual fee payable to SECP	13	24,465	24,465	-	24,465
Dividend payable		4,737,695	4,737,695	-	4,737,695
Unclaimed dividend	15	13,878,987	13,878,987	-	13,878,987
Accrued expenses and other liabilities	14	1,151,618	1,151,618	-	1,151,618
		<u>20,036,870</u>	<u>20,036,870</u>	<u>-</u>	<u>20,036,870</u>

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### 30.3 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.

#### 30.3.1 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 three types of risks: currency risk, interest rate risk and other price risk.

#### 30.3.2 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 2022 with all other variables held constant, the net income for the year and net assets would have been higher / lower by Rs. 0.1852 million (2021: Rs. 0.1987 million).

##### b) Fair value sensitivity analysis for fixed rate instruments

Presently, the Fund holds no fixed rate instruments.

#### 30.3.4 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 7.5% increase / decrease in the KSE 100 index, net income for the year ended 30 June 2022 would increase / decrease by Rs. 7.19 million (2021: Rs. 6.41 million) and net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified at fair value through profit or loss.

The analysis is based on the assumption that the equity index had increased / decreased by 7.5% 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 2022 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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### 31 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.



**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 SBCP. 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.

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

		Carrying amount		Fair value				
		At Fair value through profit or loss	At amortised cost	At fair value through Other comprehensive income	Total	Level 1	Level 2	Total
As at 30 June 2022		Rupees						
Note								
<b>Financial assets - measured at fair value</b>								
Investments								
- listed equity securities	7.1	95,859,793	-	-	95,859,793	95,859,793	-	95,859,793
<b>Financial assets - not measured at fair value</b>								
Bank balances	6	-	18,523,286	-	18,523,286	-	-	-
Dividend and profit receivable	8	-	211,269	-	211,269	-	-	-
Deposits and other receivables	9	-	448,776	-	448,776	-	-	-
		95,859,793	19,183,331	-	115,043,124	95,859,793	-	95,859,793
<b>Financial liabilities - not measured at fair value</b>								
Remuneration payable to Management Company	10.1	-	168,248	-	168,248	-	-	-
Remuneration payable to Trustee	12.1	-	50,687	-	50,687	-	-	-
Annual fee payable to Securities and Exchange Commission of Pakistan	13	-	22,350	-	22,350	-	-	-
Accrued and other liabilities	14	-	1,554,657	-	1,554,657	-	-	-
Unclaimed dividend	15	-	14,919,368	-	14,919,368	-	-	-
		-	16,715,310	-	16,715,310	-	-	-

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Note	Carrying amount				
	At Fair value through profit or loss	At amortised cost	At fair value through Other comprehensive income	Fair value	
				Level 1	Level 2
			Total		Total
As at 30 June 2021					
Financial assets - measured at fair value					
Investments					
- listed equity securities	128,256,260	-	128,256,260	128,256,260	128,256,260
Financial assets - not measured at fair value					
Bank balances	-	19,865,176	-	-	-
Dividend and profit receivable	-	130,840	-	-	-
Deposits and other receivables	-	448,776	-	-	-
	128,256,260	20,444,792	148,701,052	128,256,260	128,256,260
Financial liabilities - not measured at fair value					
Remuneration payable to Management Company	-	221,857	-	-	-
Remuneration payable to Trustee	-	22,248	-	-	-
Annual fee payable to Securities and Exchange Commission of Pakistan	-	24,465	-	-	-
Accrued and other liabilities	-	1,151,618	-	-	-
Dividend payable	-	4,737,695	-	-	-
Undeclared dividend	-	13,878,987	-	-	-
	-	20,036,870	-	-	-

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33 Date of authorization for issue

These financial statements were authorized for issue on September 27, 2022 by the Board of Directors of the Management Company.


34 General

- Figures have been rounded off to the nearest rupee.
- Corresponding figures have been re-arranged/reclassified, where ever considered necessary, for the purpose of better presentation of the financial statements. However, there is no material re-arrangement/reclassification during financial year 2022.

For First Capital Investments Limited  
(Management Company)

  
Chief Executive

  
Chief Financial Officer

  
Director

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