

MISSION

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

VISION

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



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FUND'S INFORMATION

Management Company

First Capital Investments Limited

Board of Directors of the Management Company

Syed Nadeem Hussain	Chairman/Director	Independent
Imran Hafeez	CEO/Director	Executive
Myra Husain Qureshi	Director	Independent
Asif Pervez	Director	Non-Executive

CFO and Company Secretary of the Management Company

Chief Financial Officer	Syed Asad Abbas Ali Zaidi
Company Secretary	Abdul Sattar

Audit Committee

Myra Husain Qureshi	Chairman
Syed Nadeem Hussain	Member
Asif Pervez	Member

HR&R Committee

Syed Nadeem Hussain
Imran Hafeez
Myra Husain Qureshi

Trustee

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

Registrar & Transfer Agent

ITMinds Limited -
A Subsidiary of CDC
BPO Services, CDC House -99
Block-B, SMCHS, Main
Shahrah-e-Faisal, Karachi -74400
Tel: 021-111-111-500-1510

Bankers to the Fund

Habib Metropolitan Bank
Limited
NIB Bank Limited

Auditors of the Fund

KPMG Taseer Hadi & Co.
Chartered Accountants

Auditors of the Management Company

Nasir Javaid Maqsood Imran
Chartered Accountants
2nd Floor, Above the Motor
Point
26-A, Queens Road, Lahore

Legal Advisor of the Fund

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

Head office & Registered Office

2nd Floor, Pace Shopping
Mall, Fortress Stadium,
Lahore Cantt, Lahore
Tel: 042-366230005-6-8
Fax: 042-36623121-22

Islamabad office

Office No. 221, 2nd Floor, ISE
Tower, Jinnah Avenue,
Islamabad
Tel: 051-8356031-34,
2894201-4
Fax: 051-2894206

Karachi Office

4th Floor, Lakson Square
Building No. 1, Sarwar
Shaheen Road, Karachi
Tel: 021-111-226 -226
Fax: 021 -35656710

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 2016.

EQUITY MARKET REVIEW

KSE-100 index posted a return of 9.84% during the Financial Year 2016 ("FY-16") as compared to 16.01% during the Financial Year 2015 ("FY-15") and closed the year at the level of 37,783.54 points.

The FY-16 commenced on a positive note with gains of 3.90% during the month of July -2015 due to soft inflation and interest rate outlook, improving law and order situation and a mega investment in energy and infrastructure under the

China-Pak economic corridor program. After the month of July, the stock market declined by 9.66% in the next two

months, mainly attributed to devaluation of Chinese yuan and uncertainty regarding first hike of US interest rate since 2006 and the future path. These factors led to steep decline in equity markets across the globe, with the local bourse followed suit.

During the second and third quarters of the period under review the market remained volatile due to excessive distress on economic slowdown in China, uncertainty about US FED, downfall in international Oil prices due to the decision of OPEC members not to freeze oil production, lifting of sanctions on Iran and awful terrorist attacks in Paris.

After eight disappointing months of FY-16, finally the market turned toward stabilizing as the economic indicators got robust and make up a supportive context for equities mainly attributed to rebound in internationally oil prices on the back of declined production of U.S oil supply and supply disruption from Canada, Nigeria and Venezuela. Furthermore reclassification theme of MSCI Pakistan from "Frontier market" to "Emerging market" combined with cheap valuation of the stocks as compared to their regional peers attracted the investors and index hit the highest level of 38,965 points on 17 June 2016.

FUND PERFORMANCE

During the period under review, the Fund has reported total comprehensive income of Rs 14.015 million as compared to Rs.40.189 million in the corresponding period last year. The comprehensive income has decreased mainly on account of capital gain on sale of Investments which has diminished to Rs 8.469 million in FY-16 from Rs.35.944 million in the corresponding period last year. The dividend income also decreased to Rs 11.851 million in FY-16 from Rs.17.281 million in the same period last year. The unrealized appreciation on re-measurements of investments at fair value through profit has reduced to Rs. 0.324 million during FY-16 from Rs. 4.185 million in the same period last year also contributed to shrink the bottom line.

The total expenses of the fund for the period under review reduced to Rs. 8.263 million from Rs. 15.327 million in the corresponding period last year. The decline in total expenses of the fund is mainly on the back of reduction in Asset Management Fee to 2%, instead of 3%, of the average annual net assets of the scheme, calculated on the daily basis during the year, w.e.f. 1st July, 2015.

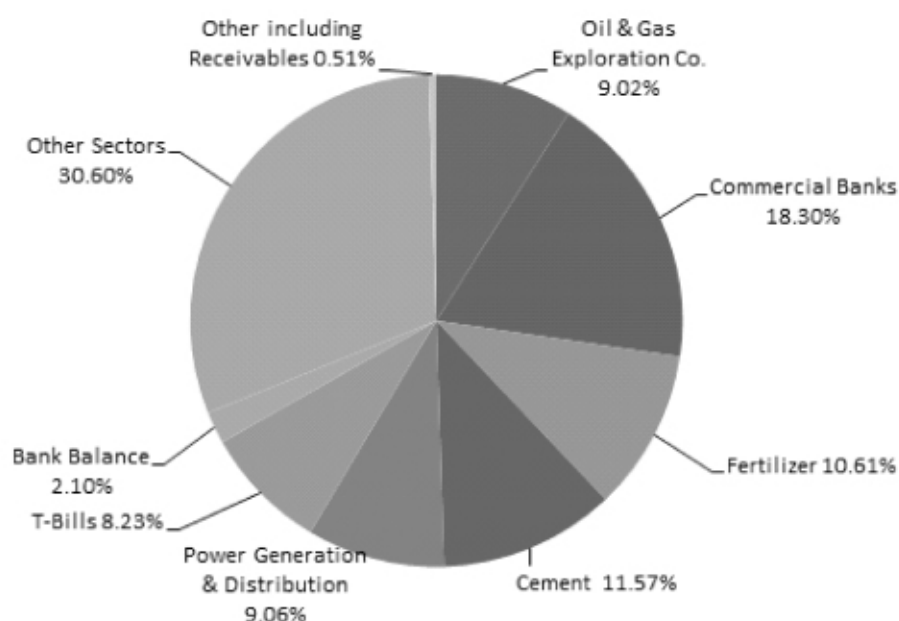
In terms of Net Asset Value ("NAV"), the NAV per unit of FCMF has decreased from Rs. 11.9697 to Rs.11.7968 while declaring a final dividend of Rs.0.91 per unit for the period ended June 30, 2015 on 5 October 2015. The benchmark of the fund for its investment portfolio is KSE-100 index. The Fund has posted a return of 6.97%, as compared to its Benchmark's ("KSE-100 index") return of 9.84%, for the same period. Thus, the Fund has underperformed the Benchmark by 2.87%. The Fund underperformed the benchmark mainly on the back of zero weight in the scrip of Feroze

1888 Mills Ltd (“FML”), a highly illiquid share. The approximately weighted return of FML is 7.21% in financial year 2016 in KSE-100 index. The investment portfolio of the Fund includes certain scrips which are not included in KSE-100 index. The investment portfolio mix of the Fund is not aligned exactly with investment portfolio mix of its benchmark in order to generate better return.

During the period under review The Pakistan Credit Rating Agency (“PACRA”) has assigned 2 stars 1 Year performance ranking to the Fund based on performance review for the period ended June 30, 2016.

The Fund size of FCMF at the end of the period stood at Rs. 194.363 million as compared to Rs. 264.232 million as at June 30, 2015 on the back of heavy redemption by Mr. Sulaiman Ahmed Saeed Al-Hoqani a foreign investor and his local entity AL-Hoqani Securities & Investment Corporation (Pvt.) Limited.

The asset allocation of FCMF as on June 30, 2016 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 approved the 7.6% final distribution, translating into total distribution of 7.6% of par value for the period under review.

TAXATION

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

WORKERS' WELFARE FUND

The Scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs. 8.204 million, if the same were not made the NAV per unit / return of the Fund would be higher by Rs. 0.4980 per unit / 4.52%. For details, investors are advised to refer to Note 13 of the financial statements.

EXPENSE RATIO

The Scheme has also maintained Total expense ratio ("TER") 3.19% during the period under review, within the limit of 4.00% prescribed under the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

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.

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 system of internal control is sound in design and has been effectively implemented and monitored;
6. There have been no significant doubts upon the Funds' ability to continue as going concern;
7. There has been no material departure from the best practices of corporate governance, as detailed in the Rule Book of Pakistan Stock Exchange except for non-compliances disclosed in the statement of compliance with the Code of Corporate Governance ("the Code");
8. Performance table of the Fund is Given on page 54 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. Meeting of the Board of Directors of the Management Company were held at least once in each quarter except for the first quarter. During the year five meetings were held on 05 October 2015, 29 October 2015, 12 November 2015, 29 February 2016 and 14 April 2016 respectively. Information in respect of attendance by directors in the meeting is given below;

S. No.	Name of Director	Number of Board of Directors meetings held	Attended	Leave granted	Meeting not attended
1.	Mrs. Aamna Taseer *	5	3	-	-
2.	Mr. Shahzad Jawahar **	5	5	-	-
3.	Syed Nadeem Hussain ***	5	4	-	3 rd
4.	Miss Myra Husain Qureshi	5	4	Leave	4 th
5.	Mr. Asif Parveiz ****	5	2	-	-

* Resigned on 15 February 2016

** Resigned on 27 June 2016

*** Attended meetings held on 5 October 2015, 12 November 2015, 29 February 2016 and 14 April 2016 through teleconference

**** Appointed on 21 January 2016

13. The Board has formed Human Resource and Remuneration Committee which comprises of the following members of the Board:

Mr. Imran Hafeez
Syed Nadeem Hussain
Miss Myra Qureshi

Meetings of the Committee were held on 05 October 2015 and 08 February 2016 during the period from 01 July 2015 to 30 June 2016.

14. Meeting of the Audit Committee of the Management Company were held once in each quarter except for the first quarter. During the year six meetings were held on 05 October 2015, 29 October 2015, 12 November 2015, 29 February 2015 and 14 April 2016 respectively. Information in respect of attendance by directors in the meeting is given below:

S. No.	Name of Director	Number of Audit Committee meetings held	Attended	Leave granted	Meeting not attended
1	Mrs. Aamna Taseer	6	4	-	-
2	Syed Nadeem Hussain	6	5	-	3 rd
3	Miss Myra Husain Qureshi	6	5	1	4 th
4	Mr. Asif Parveiz	6	2	-	-

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

Auditors:

The present auditors M/s. KPMG Taseer Hadi and Co., Chartered Accountants retire and offer themselves for reappointment. The Board of directors has recommended their appointment as auditors of the Fund for the year ending 30 June 2017, at a fee to be mutually agreed.

DIRECTORS TRAINING PROGRAM

The Board arranged no training program for its directors during the year. However, as on June 30, 2016 half of Directors on the Board have certifications under the Directors' Training Program offered by institutions that meet the criteria specified by the SECP.

CHANGES IN BOARD OF DIRECTORS

During the year Mr. Asif Parveiz appointed as Director in the place of Mrs. Aamna Taseer and Mr. Imran Hafeez appointed as CEO / Director in place of Mr. Shahzad Jawahar, respectively since the last Annual Report.

CHANGES IN AUDIT COMMITTEE

During the year Mr. Asif Parveiz and Mr. Imran Hafeez have been appointed as member of the committee in place of Mrs. Aamna Taseer and Mr. Shahzad Jawahar, respectively since the last Annual Report.

ACKNOWLEDGMENT

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

For and on behalf of the Board

Asif Pervaiz
Director

Imran Hafeez
Chief Executive Officer/Director

Lahore:
September 30, 2016

فرسٹ کیپیٹل میوچل فنڈ

ڈائریکٹر کی رپورٹ

فرسٹ کیپیٹل انویسٹمنٹ لمیٹڈ (FCIL) یا مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز فرسٹ کیپیٹل میوچل فنڈ ("فنڈ" یا "FCMF" یا "سکیم") اپنی سالانہ رپورٹ بمعہ فنڈز کی سالانہ آڈیٹڈ مالی سٹیٹمنٹ اختتام سال 30، جون 2016 پیش کرتے ہیں۔

ایکویٹی مارکیٹ کا جائزہ

مالی سال 2015ء ("FY-15") کے دوران 16.01 فیصد کے مقابلے میں کے ایس ای 100 انڈیکس مالی سال ("FY-16") 2016 کے دوران 9.84 فی صد کے مطابق پوسٹ کیا گیا۔ اور سال 37,783.54 کی سطح پر بند ہوا۔

نرم افراط زر، سود کی شرح کی آؤٹ لک، امن و امان کی بہتر صورت حال اور چین پاکستان اقتصادی راہداری کے تحت توانائی اور بنیادی ڈھانچے میں بڑی سرمایہ کاری کی وجہ سے FY-16، جولائی 2015ء کے دوران 3.90 فی صد کے اضافے کے ساتھ ایک مثبت نوٹ کے ساتھ شروع ہوا۔ جولائی کے مہینے کے بعد شاک مارکیٹ میں اگلے دو ماہ میں 9.66 فی صد کی کمی دیکھی گئی جس کی بڑی وجہ چینی یوآن کی قدر میں کمی اور غیر یقینی صورتحال جو امریکی شرح سود میں 2006ء سے پہلے اضافے سے پیدا ہوئی۔ ان عوامل کی وجہ سے دنیا بھر میں ایکویٹی مارکیٹ میں کمی دیکھنے میں آئی اور مقامی مارکیٹ میں بھی اسی طرح کی کمی دیکھی گئی۔

چین میں معاشی سست روی، امریکی FED میں غیر یقینی صورت حال، OPEC ممبرز کے جانب سے تیل کی پیداوار کو منجمد نہ کرنے کے فیصلے کی وجہ سے بین الاقوامی سطح پر تیل کی قیمت میں کمی، ایران پر پابندیاں اٹھانے اور پیرس میں خوف ناک دہشت گردانہ حملوں کی وجہ سے زیر جائزہ مدت کی دوسری اور تیسری چوتھائی کے دوران مارکیٹ غیر مستحکم رہی۔

FY-16 کے آٹھ مایوس کن مہینوں کے بعد اقتصادی اشاروں میں مضبوطی کی وجہ سے آخر کار مارکیٹ میں استحکام ہوا۔ اور ایکویٹیز کے لیے ایک مددگار فضا قائم ہو گئی جو امریکی تیل کی سپلائی کی کم پیداوار کے نتیجے میں بین الاقوامی سطح پر تیل کی قیمتوں میں واپسی اور کینیڈا، ناٹجیر یا اورویزویلا سے تیل کی فراہمی میں تعطل سے منصوب ہے۔ مزید برآں MSCI پاکستان کے "فرئیئر مارکیٹ" سے "ابھرتی ہوئی مارکیٹ" کی از سر نو درجہ بندی کے ساتھ مقامی ساتھیوں کے مقابلے میں شاک کی سستی قدر کی وجہ سے سرمایہ کار مائل ہوئے۔ اور 17 جون 2016 کو انڈیکس 38,965 پوائنٹس کی بلند ترین سطح پر پہنچا۔

فنڈ کارکردگی

زیر جائزہ مدت کے دوران گزشتہ سال کی اسی مدت میں 40.189 ملین روپے کے مقابلے میں 14.015 ملین روپے کی کل جامع آمدنی رپورٹ کی گئی۔ FY-16 میں گزشتہ سال کی اسی مدت میں جامع آمدنی، سرمایہ کاری کی فروخت کے نتیجے میں حاصل شدہ رقم کے مطابق، 35.944 ملین روپے سے کم ہو کر 8.469 ملین روپے ہو گئی۔ گزشتہ سال اسی مدت میں

(FY-16) میں Dividend آمدنی 17.281 ملین روپے سے 11.851 ملین روپے کم ہوئی۔ گزشتہ سال اسی مدت میں FY-16 میں منافع کے ذریعے مناسب قدر پر سرمایہ کاری کی دوبارہ پینش پر غیر حقیقی قدر دانی 4.185 ملین روپے سے 0.324 ملین روپے کی کمی واقع ہوئی۔

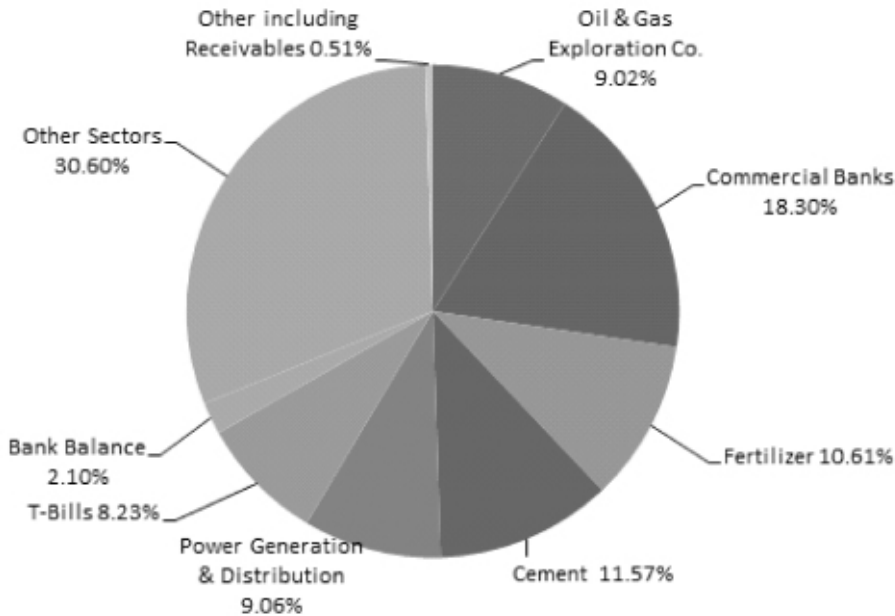
گزشتہ سال اسی مدت میں زیر جائزہ مدت کے لیے فنڈ کے کل اخراجات میں 15.327 ملین روپے سے 8.263 ملین روپے کی کمی ہوئی۔ فنڈ کے کل اخراجات میں تنزیلی اوسط سالانہ خالص اثاثہ جات کی سکیم کے تحت اثاثہ جات کے انتظام کی فیس کو 3% کی بجائے 2% کی وجہ سے ہوئی۔ جو کہ 01 جولائی 2015 سے سال کے دوران روزانہ کی بنیاد پر تخمینہ لگا کر کیا گیا۔

خالص اثاثہ جات ("NAV") کی قدر کے تحت FCMF کی فی اکائی NAV 11.7968 سے کم ہو کر 11.9697 ہو گئی۔ جب کہ 5 اکتوبر 2015 کو، 30 جون 2015 کی اختتامی مدت کو آخری dividend، 0.91 روپے فی اکائی جاری کیا گیا۔ سرمایہ کاری پورٹ فولیو کے لیے فنڈ کا بیچ مارک KSE-100 انڈیکس ہے۔ اسی مدت میں بیچ مارک KSE-100 انڈیکس کے 9.84 فی صد ریٹرن کے مقابلے میں فنڈ نے 6.97 فی صد ریٹرن دیا۔ پس، بیچ مارک نے فنڈ کو 2.87 فی صد سے شکست دی ہے۔ فنڈ نے بنیادی طور پر فیروز 1888 لمیٹڈ ("FML") کی scrip میں صفر وزن کے لحاظ سے شکست کھائی۔ KSE-100 انڈیکس میں مالی سال 2016ء میں FML کا weighted ریٹرن تقریباً 7.21 فی صد ہے۔ فنڈ کے سرمایہ کاری پورٹ فولیو میں کچھ scrip شامل ہیں جو کہ KSE-100 انڈیکس میں شامل نہیں۔ بہتر ریٹرن حاصل کرنے کے لیے مجموعی فنڈ کے پورٹ فولیو میں بیچ مارک کے مجموعی سرمایہ کاری پورٹ فولیو سے مختلف ہے۔

زیر جائزہ مدت کے دوران پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے، 30 جون 2016ء کو اختتام پذیر مدت کی کارکردگی کے جائزہ کی بنیاد پر، فنڈ کو ایک سال کی کارکردگی ریٹنگ میں 2 ستارے جاری کئے۔

مدت کے اختتام پر FCMF کا فنڈ سائز 30 جون 2015ء کے 264.232 ملین روپے کے مقابلے میں 194.363 ملین روپے رہا۔ جو کہ جناب سلیمان احمد سعید الحقانی، ایک غیر ملکی سرمایہ دار اور اس کی مقامی کمپنی الحقانی سیکورٹیز اینڈ انویسٹمنٹ کارپوریشن (پرائیویٹ) لمیٹڈ کے بھاری سرمایہ کاری نکال لینے سے ممکن ہوا۔

30 جون 2016 کو FCMF کو مختص کئے گئے اثاثہ جات مندرجہ ذیل ہیں۔



فنڈ کی کارکردگی میں بہتری کے لیے مینجمنٹ کمپنی مسلسل محنت کر رہی ہے۔ تاہم، اس کا مقصد مارکیٹ میں اچھی ساکھ بنانا اور طویل مدت کے لیے مستقل ریٹرنز کو ممکن بنانا ہے۔ جبکہ قلیل مدت کے لیے بہترین ریٹرن حاصل کرنے کے لیے بہت بڑے رسک والی حکمت عملیوں پر عمل پیرا نہ ہونا ہے۔

آمدنی کی تقسیم

زیر جائزہ مدت کے دوران، بورڈ نے 7.6 فی صد فائل تقسیم منظور کی ہے۔ جو کہ زیر جائزہ مدت کی قدر کے برابر 7.6 فی صد کی کل تقسیم ہونا قرار پائی ہے۔

ٹیکس

چونکہ مندرجہ بالا تقسیم سال کے دوران کی گئی آمدنی، جس میں سرمایہ کاری پر حقیقی اور غیر حقیقی طور پر حاصل کیا گیا کیپیٹل شامل نہیں ہے، کے 90 فی صد سے زائد ہے۔ پس اکٹم ٹیکس آرڈیننس 2001ء کے دوسرے شیڈول کے پارٹ I کی شق نمبر 99 کے تحت فنڈ پر کوئی ٹیکس لاگو نہیں ہے۔

ورکرز ویلفیئر فنڈ

ورکرز ویلفیئر فنڈ کی ذمہ داری کی مد میں سکیم نے 8.204 ملین روپے کی ضروریات برقرار رکھی ہیں۔ اگر یہ ممکن نہ ہو تو NAV فی یونٹ / فنڈ کارپٹن 0.4980 فی یونٹ / 4.52%۔ تفصیلات کے لیے سرمایہ داران کو مالی تفصیلات کے نوٹ 13 سے رجوع کرنے کی تلقین کی جاتی ہے۔

خرچ کا تناسب

زیر جائزہ مدت کے دوران سکیم نے خرچ کا کل تناسب "TER" 3.19 فی صد مقرر کیا ہے۔ جو کہ غیر بینکاری مالیاتی کمپنیوں اور مطلع اداروں کے ضابطے 2008ء کے تحت 4.00% کے دائرہ کار میں ہے۔

مینجمنٹ کے معیار کی درجہ بندی

زیر جائزہ مدت کے دوران PACRA نے FCIL کی اثاثہ مینجمر درجہ بندی "AM4++" (AM فور پلس پلس) کی دوبارہ توثیق کی ہے۔ اثاثہ کو منیج کرنے کے کاروبار میں موجود خطرات کا مقابلہ کرنے کے لیے مینجمنٹ کمپنی کی مخصوص صلاحیت کو اجاگر کرنے کے لیے یہ درجہ بندی مفید ہے۔ اور اثاثہ مینجمر سرمایہ کاری انڈسٹری معیار اور بیچ مارک پر عبور حاصل کرتا ہے۔

کارپوریٹ گورننس کوڈ کے ساتھ کمپلائنس

بورڈ آف ڈائریکٹرز بیان کرتے ہیں کہ:

- (i) مالیاتی بیانات معاملات کی حالت، آپریشن، نقدی کے بہاؤ اور پونٹ ہولڈر کے فنڈ میں تبدیلیوں کے نتائج بخوبی پیش کرتے ہیں۔
- (ii) فنڈ کے اکاؤنٹس کی مناسب جلدوں کو برقرار رکھا گیا ہے۔
- (iii) مالیاتی سسٹمز کی تیاری کے لیے مناسب اکاؤنٹنگ پالیسیاں لاگو کی گئی ہیں۔ اور اکاؤنٹنگ تخمینے مناسب اور دانش مندانہ فیصلوں کی بنیاد پر جاری کئے گئے ہیں۔
- (iv) متعلقہ بین الاقوامی اکاؤنٹنگ کے معیارات، جو کہ پاکستان میں قابل عمل ہیں، غیر بینکاری مالیاتی کمپنیوں (اسٹیلشمنٹ اینڈ ریگولیشن) دستور 2003ء کی دفعات اور غیر بینکاری فنانس کمپنی اور مطلع اداروں کے ضابطے 2008ء، ٹرسٹ ڈیڈ کی ضروریات اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے جاری کردہ اطلاعات کو مالیاتی سسٹمز کی تیاری میں استعمال کیا گیا ہے۔
- (v) اندرونی کنٹرول کا نظام کافی بہتر ہے۔ اور موثر طریقے سے اس پر عمل درآمد و نگرانی کی جارہی ہے۔
- (vi) جاری کاروبار میں فنڈ کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات موجود نہیں۔
- (vii) کارپوریٹ گورننس کی بہترین عمل داری میں کسی قسم کا شک نہیں ہے۔ جیسا کہ پاکستان شک ایکسچینج کی Rule Book میں درج ہے۔ بجائے اس کے کہ کارپوریٹ گورننس کوڈ (The Code) کے مطابق جو compliance بیانات میں موجود غیر تعمیل شدہ بیانات ہیں۔
- (viii) فنڈ کا کارکردگی ٹیبل سالانہ رپورٹ کے صفحہ نمبر 54 پر موجود ہے۔
- (ix) مالیاتی سسٹمز میں پہلے سے جاری کردہ نقاط کے علاوہ ٹیکس، فرائض، لیویز اور بقایا جات کی مد میں کوئی قانونی ادائیگیاں لاگو نہیں ہیں۔
- (x) چونکہ ملازمین کے پوسٹ employment فوائد و اخراجات مینجمنٹ کمپنی برداشت کرتی ہے پس فنڈ کی صورت میں پراویڈنٹ فنڈ کی سرمایہ کاری کی قدر کے بیانات پر لاگو نہیں ہیں۔
- (xi) ڈائریکٹرز، CIA، CFO، CEO اور کمپنی سیکریٹریز اور ان کے خاوند یا بیوی کی جانب سے جاری کردہ فنڈ کی مد میں کوئی تجارت نہیں ہوگی۔
- (xii) پہلی سہ ماہی کے علاوہ، مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کا اجلاس ہر سہ ماہی میں ایک دفعہ منعقد کرنا ہوگی۔ سال کہ دوران پانچ اجلاس، 15 اکتوبر 2015، 29 اکتوبر 2015، 12 نومبر 2015، 29 فروری 2016 اور 14 اپریل 2016 کو منعقد ہوئی ہیں۔ اجلاس میں ڈائریکٹرز کی حاضری کی تفصیلات مندرجہ ذیل ہیں۔

سیریل نمبر	ڈائریکٹر کا نام	بورڈ آف ڈائریکٹرز کے منعقد کردہ اجلاس کی تعداد	حاضر ہوئے	رخصت	اجلاس میں شرکت نہیں کی
1.	محترمہ آمنہ تاثیر *	5	3	-	-
2.	محترم شہزاد جواہر **	5	5	-	-
3.	سید ندیم حسین ***	5	4	-	3rd
4.	مس مائرہ حسین قریشی	5	4	رخصت	4th
5.	جناب آصف پرویز ****	5	2	-	-

- * 15 فروری 2016ء کو استعفیٰ دیا۔
- ** 27 جون 2016ء کو استعفیٰ دیا۔
- *** 5 اکتوبر 2015ء، 12 نومبر 2015ء، 29 فروری 2016ء اور 14 اپریل 2016ء کو منعقد کردہ اجلاس میں ٹیلی کانفرنس کے ذریعے شرکت کی۔
- **** 19 جون 2016ء کو تعینات کیا گیا۔
- (xiii) بورڈ نے انسانی وسائل اور معاوضے کی کمیٹی بنائی جو مندرجہ ذیل اراکین پر مشتمل ہے۔

جناب عمران حفیظ

سید ندیم حسین

مس مائرہ قریشی

کمیٹی کے اجلاس یکم جولائی 2015ء سے 30 جون 2015ء کے عرصے میں 5 اکتوبر 2015ء اور 8 فروری 2016ء کو منعقد ہوئے۔

- (xiv) پہلی سہ ماہی کے علاوہ ہر سہ ماہی میں ایک مرتبہ مینجمنٹ کمیٹی کی آڈٹ کمیٹی کا اجلاس منعقد ہوا۔ سال کے دوران چھ (06) اجلاس 5 اکتوبر 2015ء، 29 اکتوبر 2015ء، 12 اکتوبر 2015ء، 29 فروری 2016ء اور 14 اپریل 2016ء کو منعقد ہوئے۔
- اجلاس میں ڈائریکٹرز کی حاضری کی تفصیلات مندرجہ ذیل ہیں۔

سیریل نمبر	ڈائریکٹر کا نام	بورڈ آف ڈائریکٹرز کے منعقد کردہ اجلاس کی تعداد	حاضر ہوئے	رخصت	اجلاس میں شرکت نہیں کی
1.	محترمہ آمنہ تاثیر	6	4	-	-
2.	سید ندیم حسین	6	5	-	3rd
3.	مس مائرہ قریشی	6	5	1	4th
4.	جناب آصف پرویز	6	2	-	-

- (xv) فنڈ کے انعقاد کے لحاظ سے کارپوریٹ گورننس کوڈ کو مطلوب تفصیلات اس رپورٹ کے ساتھ منسلک ہیں۔

آڈیٹرز

موجودہ آڈیٹرز KPMG تاثیر ہادی اینڈ کو، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو چکے ہیں اور دوبارہ تعیناتی کے خواہش مند ہیں۔ بورڈ آف ڈائریکٹرز نے ان کو اختتام پذیر سال 30 جون 2016ء تک فنڈ کے آڈیٹر کے طور پر تعینات کرنے کی سفارش کی ہے۔ اور فیس پردوں کا باہمی اتفاق ہوگا۔

ڈائریکٹرز تربیتی پروگرام

سال کے دوران بورڈ نے کوئی تربیتی پروگرام مرتب نہیں کیا ہے۔ تاہم، آدھے ڈائریکٹرز کے پاس، 30 جون 2016ء کو ادارے کی جانب سے جاری شدہ ڈائریکٹرز ٹریننگ پروگرام کے تحت اسناد موجود ہیں۔ جو کہ SECP کے معیار کے عین مطابق ہے۔

بورڈ آف ڈائریکٹرز میں تبدیلیاں

سال کے دوران آخری سالانہ رپورٹ سے لے کر محترمہ آمنہ تاثیر کی جگہ جناب آصف پرویز کو ڈائریکٹر متعین کیا گیا۔ اور جناب عمران حفیظ کو جناب شہزاد جواہر کی جگہ CEO/Director متعین کیا گیا۔

آڈٹ کمیٹی میں تبدیلیاں

آخری سالانہ رپورٹ کے بعد سے محترمہ آمنہ تاثیر اور جناب شہزاد جواہر کی جگہ جناب آصف پرویز اور جناب عمران حفیظ کو کمیٹی کا ممبر مقرر کیا گیا۔

اعتراف

ہم اپنے قابل قدر سرمایہ داروں جنہوں نے ہم پر اعتماد کیا ہے کے بہت شکر گزار ہیں۔ بورڈ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، ٹرسٹی (سنٹرل ڈپازیری کمپنی آف پاکستان لمیٹڈ) اور پاکستان سٹاک ایکسچینج لمیٹڈ کی مینجمنٹ کی مسلسل رہنمائی اور مدد کے لیے بہت شکر گزار ہے۔ ڈائریکٹرز نے بھی انتظامی ٹیم کی کوششوں کی تعریف کی ہے۔

بورڈ کی جانب سے

آصف پرویز

ڈائریکٹر

لاہور

30 ستمبر 2016

عمران حفیظ

چیف ایگزیکٹو آفیسر/ڈائریکٹر

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

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TRUSTEE REPORT TO THE UNIT HOLDERS

FIRST CAPITAL MUTUAL FUND

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

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

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


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

Karachi: September 29, 2016

FUND MANAGER REPORT FOR THE YEAR ENDED JUNE 30, 2016

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 total comprehensive income of Rs 14.015 million as compared to Rs.40.189 million in the corresponding period last year. The comprehensive income has decreased mainly on account of capital gain on sale of Investments which has diminished to Rs 8.469 million during Financial Year 2016 (“FY-16”) from Rs.35.944 million in the corresponding period last year. The dividend income also decreased to Rs 11.851 million in FY-16 from Rs.17.281 million in the same period last year. The unrealized appreciation on re-measurements of investments at fair value through profit has reduced to Rs. 0.324 million during FY-16 from Rs. 4.185 million in the same period last year also contributed to shrink the bottom line.

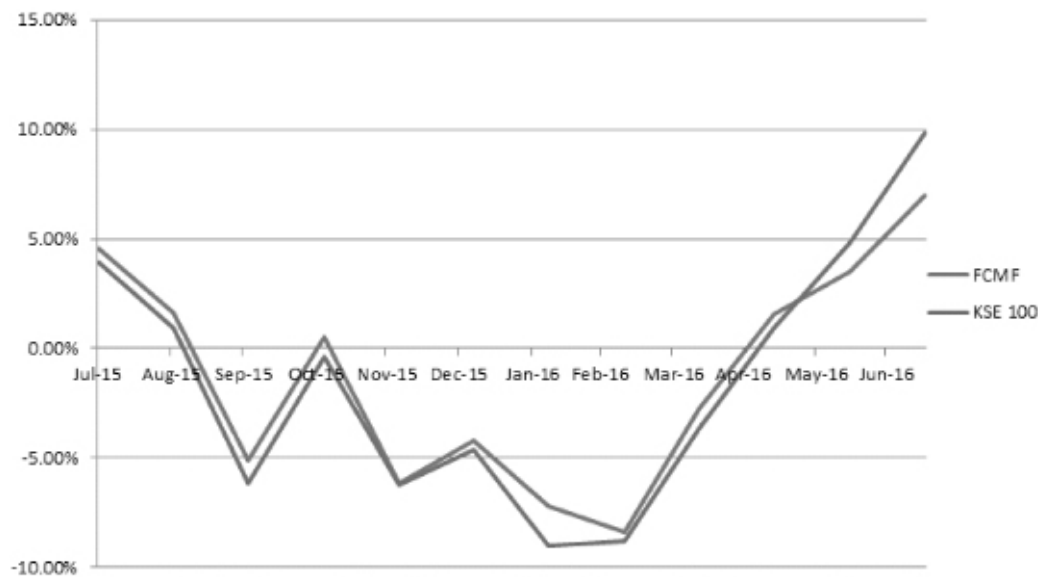
The total expenses of the fund for the period under review reduced to Rs. 8.263 million from Rs. 15.327 million in the corresponding period last year. The decline in total expenses of the fund is mainly on the back of reduction in Asset Management Fee to 2%, instead of 3%, of the average annual net assets of the scheme, calculated on the daily basis during the year, w.e.f. 1st July, 2015.

In terms of Net Asset Value (“NAV”), the NAV per unit of FCMF has decreased from Rs. 11.9697 to Rs.11.7968 while declaring a final dividend of Rs.0.91 per unit for the period ended June 30, 2015 on 5 October 2015. The benchmark of the fund for its investment portfolio is KSE-100 index. The Fund has posted a return of 6.97%, as compared to its Benchmark's (“KSE-100 index”) return of 9.84%, for the same period. Thus, the Fund has underperformed the Benchmark by 2.87%. The Fund underperformed the benchmark mainly on the back of zero weight in the scrip of Feroze 1888 Mills Ltd (“FML”), a highly illiquid share. The approximately weighted return of FML is 7.21% in financial year 2016 in KSE-100 index. The investment portfolio of the Fund includes certain scrips which are not included in KSE-100 index. The investment portfolio mix of the Fund is not aligned exactly with investment portfolio mix of its benchmark in order to generate better return.

During the period under review The Pakistan Credit Rating Agency (“PACRA”) has assigned 2 stars 1 Year performance ranking to the Fund based on performance review for the period ended June 30, 2016.

The Fund size of FCMF at the end of the period stood at Rs. 194.363 million as compared to Rs. 264.232 million as at June 30, 2015 on the back of heavy redemption by Mr. Sulaiman Ahmed Saeed Al-Hoqani a foreign investor and his local entity AL-Hoqani Securities & Investment Corporation (Pvt.) Limited.

FCMF Performance vs. KSE-100 Index



Summary of Key Investment Decisions during the Year

During the period under review the fund remained invested 89.15% in equities and 8.23% in T-bills. However during the period, the fund adjusted its exposure in equities with focus on diversification in different sectors, mainly the fund reduced the stake in Oil sector to 9% in FY-16 as compare to 17% in corresponding period of last year on the back of decline in Oil prices internationally.

Stock Market Review

KSE-100 index posted a return of 9.84% during the FY-16 as compared to 16.01% during the Financial Year 2015 (“FY-15”) and closed the year at the level of 37,783.54 points.

The FY-16 commenced on a positive note with gains of 3.90% during the month of July -2015 due to soft inflation and interest rate outlook, improving law and order situation and a mega investment in energy and infrastructure under the China-Pak economic corridor program. After the month of July, the stock market declined by 9.66% in the next two months, mainly attributed to devaluation of Chinese yuan and uncertainty regarding first hike of US interest rate since 2006 and the future path. These factors led to steep decline in equity markets across the globe, with the local bourse followed suit.

During the second and third quarters of the period under review the market remained volatile due to excessive distress on economic slowdown in China, uncertainty about US FED, downfall in international Oil prices due to the decision of OPEC members not to freeze oil production, lifting of sanctions on Iran and awful terrorist attacks in Paris.

After eight disappointing months of FY-16, finally the market turned toward stabilizing as the economic indicators got robust and make up a supportive context for equities mainly attributed to rebound in internationally oil prices on the back of declined production of U.S oil supply and supply disruption from Canada, Nigeria and Venezuela. Furthermore reclassification theme of MSCI Pakistan from “Frontier market” to “Emerging market” combined with cheap valuation of the stocks as compared to their regional peers attracted the investors and index hit the highest level of 38,965 points on 17 June 2016.

Asset Allocation of the Fund (% of total assets)

Asset Category	30-June-2016	30-June-2015
Equities	89.15%	92.32%
Treasury Bills	8.23%	3.48%
Bank Balance	2.10%	0.54%
Others including receivables	0.51%	3.66%
Total	100.00%	100.00%

Pattern of Unit Holders of the FCMF as on June 30, 2016

The pattern of Unit Holders of the FCMF as on June 30, 2016 is attached.

WORKERS' WELFARE FUND

The Scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs. 8.204 million, if the same were not made the NAV per unit / return of the Fund would be higher by Rs. 0.4980 per unit / 4.52%. For details, investors are advised to refer to Note 13 of the financial statements.

Disclosures

- The Asset Management fee chargeable to the fund has been reduced from 03% to 02% with effect from 01-July-2015.
- 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.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

First Capital Mutual Fund For year ended 30 June 2016

This statement is being presented to comply with the Code of Corporate Governance (“the Code”) contained in clause 5.19 of Chapter 5 of the Rule Book of Pakistan Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed entity is managed in compliance with the best practices of Corporate Governance.

The Board of Directors (“the Board”) of First Capital Investments Limited, (“the Management Company”) an un-listed public company, manages the affairs of First Capital Mutual Fund (“the Fund”). The Fund being a unit trust open ended scheme does not have its own Board of Directors.

The Management Company has applied the principles contained in the Code, in the following manner:

1. The Management Company encourages representation of independent Non-Executive Directors and Directors representing minority interests on its Board of Directors. At present, the Board includes:

Category	Names
Executive Director	Mr. Imran Hafeez
Independent Directors	Syed Nadeem Hussain Miss Myra Husain Qureshi
Non-Executive Director	Mr. Asif Parveiz

Mr. Imran Hafeez, Chief Executive Officer (“CEO”) has been appointed as an Executive Director on June 27, 2016 as a result of casual vacancy arose due to resignation of Mr. Shahzad Jawahar. His appointment has been approved by Securities and Exchange Commission of Pakistan (“SECP”) on September 08, 2016.

The Independent Directors meet the criteria of independence under clause 5.19.1(b) of the Code.

2. The directors have confirmed that none of them is serving as a Director on more than seven listed companies, including the Management Company.
3. All the resident Directors of the Management Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a Broker of Stock Exchange, has been declared as defaulter by that stock exchange.
4. The casual vacancies occurring on the Board on February 15, 2016 and June 27, 2016 were filled up by the Board on the same day.
5. The Management Company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company and the Fund along with its supporting policies and procedures.
6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Fund. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other Non-Executive Directors have been taken by the Board. There is no Executive Director of the Management Company other than the CEO.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board met once in every quarter, except for the first quarter. Written notices of the Board meetings, along with agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board arranged no training program for its directors during the year. However, as on June 30, 2016 half of Directors on the Board have certifications under the Directors' Training Program offered by institutions that meet the criteria specified by the SECP.
10. No new appointment of CFO and Company Secretary has been made during the year. However, the vacant position subsequent to the resignation of the Head of Internal Audit was filled in February 2016. The remuneration and terms and conditions of employment were approved by the Board.
11. The Director's report relating to the Fund for the year ended June 30, 2016 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by CEO and CFO of the Management Company before approval of the Board.
13. The Directors, CEO and executives do not hold any interest in the units of the Fund other than those disclosed in the Directors Report, pattern of unit holding and notes to the financial statements of the Fund.
14. The Management Company has complied with all the applicable corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee of the Management Company. It comprises of three members, all of whom are Non-Executive Directors and the Chairman is an Independent Director.
16. The meetings of the Audit Committee were held at least once every quarter except in the first quarter. The meetings of the Audit Committee were held prior to the approval of interim and final results of the Fund as required by the Code. The terms of reference of the Audit Committee have been formed and advised to the committee for compliance.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises of three members, of whom two are Non-Executive Directors and the Chairman of the committee is an Independent Director.
18. The Board has set up an effective internal audit function within the Management Company.
19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with International Federation of Accountants ("IFAC") guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period' prior to the announcement of interim/final results and business decisions which may materially was determined and intimated to Directors, employees and the stock exchange.
22. Material / price sensitive information has been disseminated among all market participants at once through the stock exchange.
23. The Management Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the Code have been complied with.

For and on behalf of the Board

Lahore:
September 30, 2016

Imran Hafeez
Chief Executive Officer/Director

REVIEW REPORT TO THE UNIT HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (“the Code”) prepared by the Board of Directors of First Capital Investments Limited (“the Management Company”) of First Capital Mutual Fund (“the Fund”) for the year ended 30 June 2016 to comply with the requirements of clause 5.19 of the Rule Book of Pakistan Stock Exchange, where the Fund is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Management Company of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Management Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

The Code requires the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Management Company for the year ended 30 June 2016.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the paragraph reference where these are stated in the Statement of Compliance:

Paragraph reference	Description
i) Paragraph 8	Five meetings of the Board of Directors were held during the year. However, the first meeting of the Board of Directors was held subsequent to the first quarter ended 30 September 2015.
ii) Paragraph 16	As per clause 5.19.17 of the Code, the Audit Committee shall meet at least once every quarter of the financial year. However, out of the total six meetings of the Audit Committee, the first meeting of the Audit Committee was held subsequent to the first quarter ended 30 September 2015.

LAHORE
September 30, 2016

KPMG Taseer Hadi & Co.
Chartered Accountants
(Kamran Iqbal Yousafi)

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

Report on the Financial Statements

We have audited the accompanying financial statements of **First Capital Mutual Fund** (hereinafter referred to as the 'Fund'), which comprise the statement of assets and liabilities as at 30 June 2016, and the related income statement, statement of comprehensive income, distribution statement, statement of movements in unit holders' fund and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the Financial Statements

The Management Company (**First Capital Investments Limited**) of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with approved accounting standards as applicable in Pakistan, and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of Fund's affairs as at 30 June 2016 and of its financial performance, its cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

Other matter

The annual financial statements of the Fund for the year ended 30 June 2015 were audited by another firm of Chartered Accountants whose report dated 05 October 2015 expressed an unqualified opinion thereon.

Report on other legal and regulatory requirements

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

LAHORE

Dated: September 30, 2016

KPMG Taseer Hadi & Co.

Chartered Accountants
(Kamran Iqbal Yousafi)

STATEMENT OF ASSETS AND LIABILITIES

AS AT JUNE 30, 2016

	Note	2016 ----- Rupees -----	2015
<u>Assets</u>			
Bank balances	4	4,570,869	1,547,638
Investments	5	211,865,587	274,010,061
Dividend and profit receivable-unsecured, considered good	6	382,707	975,955
Receivable against sale of investments		-	7,874,333
Advances, deposits, prepayments and other receivables	7	724,075	633,247
Total Assets		217,543,238	285,041,234
<u>Liabilities</u>			
Remuneration payable to First Capital Investments Limited - Management Company	8	4,080,426	5,507,090
Remuneration payable to Central Depository Company of Pakistan Limited -Trustee	9	65,410	57,111
Annual fee payable to Securities and Exchange Commission of Pakistan	10	190,561	286,955
Payable against purchase of investments		-	12,941
Accrued expenses and other liabilities	11	842,133	722,972
Unclaimed dividend	12	9,796,624	6,017,088
Provision for Workers' Welfare Fund	13	8,204,866	8,204,866
Total Liabilities		23,180,020	20,809,023
Contingencies and commitments	14		
Net Assets		194,363,218	264,232,211
Unit holders' fund (as per statement attached)		194,363,218	264,232,211
(Number of Units)			
Number of units in issue	15	16,475,941	22,075,084
----- Rupees -----			
Net asset value per unit (face value per unit Rs. 10/-)		11.7968	11.9697

The annexed notes from 1 to 32 form an integral part of these financial statements.

For First Capital Investments Limited
(Management Company)

Chief Executive

Director

INCOME STATEMENT

FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 ----- Rupees -----	2015
<u>Income</u>			
Capital gain on sale of 'fair value through profit or loss investments'- <i>net</i>		8,468,884	35,944,479
Dividend income from 'fair value through profit or loss investments'		11,828,972	17,280,514
Income from government securities		934,351	1,057,934
Profit on bank deposits		436,853	853,541
Back end load and other income	16	-	3,733
Unrealised appreciation on re-measurement of investments - <i>at fair value through profit or loss - net</i>	5.4	346,031	4,185,361
Total income		22,015,091	59,325,562
<u>Expenses</u>			
Remuneration to the Management Company	8.1	4,011,804	9,057,644
Punjab Sales tax on remuneration to the Management Company	8.2	744,591	1,449,223
Federal Excise Duty on remuneration to the Management Company	8.3	641,889	1,681,099
Remuneration to the Trustee	9.1	700,000	700,000
Sindh Sales tax on remuneration to the Trustee	9.2	98,000	-
Annual fee - <i>Securities and Exchange Commission of Pakistan</i>	10	190,561	286,955
Securities transaction costs	17	381,900	472,630
Auditors' remuneration	18	996,000	1,100,000
Punjab sales tax on auditors' remuneration		147,750	-
Annual listing fee- <i>Pakistan Stock Exchange</i>		30,000	5,000
Legal and other professional fees		77,073	-
Fund's ranking fee		140,360	127,600
Printing and postage charges		93,107	218,375
Bank charges		10,810	228,651
Total expenses		8,263,845	15,327,177
Net income from operating activities		13,751,246	43,998,385
Element of income / (loss) and capital gains / (loss) included in prices of units issued less those in the units redeemed - <i>net</i>		264,062	(2,989,054)
Provision for Workers' Welfare Fund	13	-	(820,187)
Net income for the year before taxation		14,015,308	40,189,144
Taxation	19	-	-
Net income for the year after taxation		14,015,308	40,189,144
Earnings per unit	20		

The annexed notes from 1 to 32 form an integral part of these financial statements.

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

Chief Executive

Director

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
	----- Rupees -----	
Net income for the year after taxation	14,015,308	40,189,144
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>14,015,308</u>	<u>40,189,144</u>

The annexed notes from 1 to 32 form an integral part of these financial statements.

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

Chief Executive

Director

DISTRIBUTION STATEMENT***FOR THE YEAR ENDED JUNE 30, 2016***

	2016	2015
	----- Rupees -----	
<i>Undistributed income brought forward represented by:</i>		
- Realised income / (loss)	28,657,337	(24,300,185)
- Unrealised income	21,294,331	52,167,921
	49,951,668	27,867,736
 <i>Distribution:</i>		
Interim cash dividend distributed during the previous year at the rate of Rs. 0.71 per unit on 13 March 2015	-	(18,105,212)
 Final cash dividend distributed during the year at the rate of Rs. 0.91 per unit on 05 October 2015	(16,864,231)	-
 Net income for the year after taxation	14,015,308	40,189,144
 Undistributed income carried forward represented by:	47,102,745	49,951,668
 - Realised income	32,222,632	28,657,337
- Unrealised income	14,880,112	21,294,331
	47,102,744	49,951,668

The annexed notes from 1 to 32 form an integral part of these financial statements.

For First Capital Investments Limited
(Management Company)

Chief Executive

Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
	----- Rupees -----	
<u>Cash flows from operating activities</u>		
Net income for the year before taxation	14,015,308	40,189,144
Adjustments for:		
Element of income / (loss) and capital gains / (loss) included in prices of units issued less those in the units redeemed - net	(264,062)	2,989,054
Back end load and other income	-	(3,733)
Provision for Workers' Welfare Fund	-	820,187
Provision for Federal Excise Duty	-	1,681,099
Unrealised appreciation on re-measurement of investments - at fair value through profit or loss - net	(346,031)	(4,185,361)
	13,405,215	1,301,246
<u>(Increase) / decrease in assets:</u>		
Investments - net	62,490,505	54,259,233
Receivable against sale of investments	7,874,333	(7,874,333)
Dividend and profit receivable - unsecured, considered good	593,248	(408,030)
Advances, deposits, prepayments and other receivables	(90,828)	(11,311)
	70,867,258	45,965,559
Increase / (decrease) in liabilities:		
Remuneration payable to Management Company	(1,426,664)	(139,678)
Remuneration payable to Trustee	8,299	(424)
Annual fee payable to Securities and Exchange Commission of Pakistan	(96,394)	7,256
Payable against Purchase of Investments	(12,941)	12,941
Unclaimed dividend	3,779,536	-
Accrued expenses and other liabilities	119,161	122,967
	2,370,997	3,062
Net cash generated from operating activities	86,643,470	87,459,011
<u>Cash flows from financing activities</u>		
Receipts against issuance of units	2,568,579	6,550,521
Cash payout against distribution of interim cash dividend	-	(18,106,562)
Cash payout against distribution of final cash dividend	(16,864,231)	-
Payments made against redemption of units	(69,324,587)	(79,813,155)
Net cash used in financing activities	(83,620,239)	(91,369,196)
Net increase / (decrease) in cash and cash equivalents during the year	3,023,231	(3,910,185)
Cash and cash equivalents at the beginning of the year	1,547,638	5,457,823
Cash and cash equivalents at the end of the year	4,570,869	1,547,638

The annexed notes from 1 to 32 form an integral part of these financial statements.

For First Capital Investments Limited
(Management Company)

Chief Executive

Director

**STATEMENT OF MOVEMENT IN
UNIT HOLDERS' FUND**
FOR THE YEAR ENDED JUNE 30, 2016

	2016 ----- Rupees	2015 -----
Net assets at the beginning of the year	264,232,211	312,425,592
Amount received on issue of 221,093 units(2015: 549,380 units)	2,568,579	6,550,521
Amount paid on redemption of 5,820,236 units (2015: 6,956,108 units)	(69,324,587)	(79,816,888)
	(66,756,008)	(73,266,367)
Element of (income) / loss and capital (gains) / loss included in prices of units issued less those in the units redeemed - <i>net</i>	(264,062)	2,989,054
Total comprehensive income for the year:		
Capital gain on sale of investments - <i>net</i>	8,468,884	35,944,479
Unrealised appreciation on re-measurement of investments - <i>at fair value through profit or loss - net</i>	346,031	4,185,361
Other net income for the year	5,200,393	59,304
	14,015,308	40,189,144
Distribution made:		
Interim cash dividend distributed during the previous year at the rate of Rs. 0.71 per unit on 13 March 2015	-	(18,105,212)
Final cash dividend distributed during the year at the rate of Rs. 0.91 per unit on 05 October 2015	(16,864,231)	-
Net total comprehensive income less distribution for the year	(2,848,923)	22,083,932
Net assets at the end of the year	194,363,218	264,232,211
Net assets value per unit at the beginning of the year - rupees	11.9697	10.9693
Net assets value per unit at the end of the year - rupees	11.7968	11.9697

The annexed notes from 1 to 32 form an integral part of these financial statements.

**For First Capital Investments Limited
(Management Company)**
Chief Executive
Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

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 Investments Limited ("FCIL") as Management Company and Central Depository Company of Pakistan Limited ("CDC") as Trustee. The Trust Deed was executed on August 06, 2013 after being approved by the Securities and Exchange Commission of Pakistan ("SECP") on July 30, 2013 in accordance with the provisions of Non - Banking Finance Companies and Notified Entities Regulations, 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 net 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 was previously listed on Lahore Stock Exchange ("LSE") of Pakistan. However, due to integration of Karachi, Lahore and Islamabad Stock Exchanges into Pakistan Stock Exchange ("PSX") with effect from 11 January 2016 the Fund is now listed on PSX.
- 1.5 Pakistan Credit Rating Agency Limited (PACRA) has assigned management quality rating of AM4++ to the Management Company and has assigned "2 Star" to the fund on 8th Jun 2016 and 29 June 2016 respectively.

2 Basis of measurement

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non Banking Finance Companies ("Establishment and Regulation") Rules 2003 ("the NBFC Rules"), the Non Banking Finance Companies and Notified Entities Regulations 2008 ("the NBFC Regulations") and the directives issued by the Security and Exchange Commission of Pakistan ("SECP"). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations, the provisions or directives of Companies Ordinance, 1984 or directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the provisions or directives of the Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except that certain financial assets have been carried at fair value in accordance with the requirements of International Accounting Standard ("IAS") 39: 'Financial Instruments Recognition and Measurement.'

2.3 Change in accounting policy

During the year, the Fund has adopted IFRS 13 'Fair Value Measurement' which became effective for the financial periods beginning on or after 01 January 2015. IFRS 13 Fair Value Measurement establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair values as the prices 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. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 'Financial Instruments Disclosures'. As a result, the Fund has included the additional disclosure in this regard in note 28 to the financial statements. In accordance with the transitional provisions of IFRS 13, the Fund has applied the new fair value measurement guidance prospectively and has adjusted corresponding information for new disclosures. The application of IFRS 13 does not have any significant impact on the financial statements of the Fund except for certain additional disclosures.

2.4 Critical accounting estimates and judgments

The preparation of financial statements 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 3.1 - *Classification of investments*
- Note 3.1.2 & 3.1.3 - *Valuation of investments*
- Note 3.1.4 - *Impairment of financial assets*
- Note 3.4 - *Provisions and contingencies*
- Note 3.5 - *Taxation*
- Note 3.8 - *Element of income / (loss)*
- Note 8 - *Federal Excise Duty on Management Company's remuneration*
- Note 13 - *Provision for Workers' Welfare Fund*

2.5 Standards, interpretations and amendments to published approved accounting standards

The following amendments to existing standards have been published that are applicable to the Fund's financial statements covering annual periods, beginning on or after the following dates:

2.5.1 New standards, amendments to approved accounting standards and interpretations which became effective during the year ended 30 June 2016

During the year IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements', IFRS 12 'Disclosure of Interests in Other Entities' and IFRS 13 'Fair Value Measurements' became effective. These standards became applicable from 1 July 2015, as per the adoption status of IFRS in Pakistan. The application of IFRS 10, IFRS 11 and IFRS 12 did not have any impact on the financial statements of the Fund. However, during the year the Fund has adopted IFRS 13 'Fair Value Measurement' as disclosed in note 2.3.

2.5.2 The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2016

- Amendments to IAS 38 'Intangible Assets' and IAS 16 'Property, Plant and Equipment' (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Fund's financial statements;
- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 – 'Consolidated Financial Statements' and IAS 28 – 'Investments in Associates and Joint Ventures') [effective for annual periods beginning on or after 1 January 2016] clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and (c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity. The amendments are not likely to have an impact on Fund's financial statements;
- Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendments are not likely to have an impact on Fund's financial statements;
- Amendment to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2016) allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is not likely to have an impact on Fund's financial statements;
- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 'Property, Plant and Equipment' for measurement and disclosure purposes. Therefore, a Fund can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The amendments are not likely to have an impact on Fund's financial statements;
- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments are not likely to have an impact on Fund's financial statements;
- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes; and
- Amendments to IFRS 2 - 'Share-based Payment' clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The

amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognised for new and outstanding awards. The amendments are not likely to have an impact on Fund's financial statements.

Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting;
- IFRS 7 'Financial Instruments - Disclosures'. IFRS 7 is amended to clarify when servicing arrangements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety are in the scope of its disclosure requirements. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods;
- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid; and
- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.
- The above amendments are not likely to have any impact on these financial statements.

2.6 Functional and presentation currency

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

3. Summary of significant accounting policies

The accounting policies and methods of computation followed in the preparation of these financial statements are consistent with those applied in the previous year, except for that as disclosed in note 2.3.

3.1 Financial assets

The Fund classifies its financial assets into the following categories: 'loans and receivables', 'at fair value through profit or loss', 'held to maturity' and 'available for sale'. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this classification on a regular basis.

(a) Loans and receivables

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

(b) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

(c) Held to maturity

Held to maturity are financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity are carried at amortised cost.

(d) Available for sale financial assets

Available for sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the above categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the balance sheet date. Available-for-sale financial assets are classified as short term investments in the balance sheet.

3.1.1 Trade date accounting

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

3.1.2 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are recognised as expense in the income statement.

3.1.3 Subsequent measurement

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

a) Loans and receivables

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

Gain or loss is also recognized in the income statement when financial assets carried at amortized cost are derecognized or impaired, and through the amortization process.

Significant financial assets in the category include deposits, other receivables and bank balances.

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

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

Basis of valuation of listed equity securities

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

Basis of valuation of unlisted equity securities

Securities not listed or quoted on a stock exchange, other than Government Securities or debt security, are valued at investment price / par value.

Basis of valuation of government securities

Government Securities not listed on a stock exchange and traded in the interbank market are valued at the average rate quoted on a widely used electronic quotation system and such average rate is based on the remaining tenor of the security. Net gains and losses arising on changes in the fair value are taken to the income statement.

c) Available for sale

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

3.1.4 Impairment

Financial assets not carried 'at fair value through profit or loss' are reviewed at each balance sheet date to determine whether there is any indication of impairment. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of asset and that loss events had an impact on the future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. In case of an investment in an equity security, a significant or prolonged decline in fair value below its cost is objective evidence of impairment. Impairment losses are recognised in Income Statement. Any subsequent decrease in impairment loss on debt securities classified as available-for-sale is recognised in Income Statement.

3.1.5 Derecognition

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

3.1.6 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.

3.2 Cash and cash equivalents

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

3.3 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 expired. Financial liabilities include remuneration payable to the Management Company and other liabilities. Financial liabilities other than those at fair value through profit or loss account are measured at amortized cost using effective interest rate method. Any gain or loss on derecognition is taken to the income statement.

3.4 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.

3.5 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. 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.

3.6 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.

3.7 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.

3.8 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - *net*

An equalization account called the element of income / (loss) and capital gains / (losses) included in prices

of units issued less those in units redeemed' is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.

Element of income / (loss) is recognized in the income statement for the year to the extent that it is represented by income earned during the year.

3.9 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.

3.10 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.

3.11 Dividend and bonus units

Dividend declared (including distribution in the form of bonus units) is recognized in the period in which it is authorized or approved. Dividend declared subsequent to the balance sheet date are considered as non-adjusting events and are recognized in the financial statements in the period in which such distributions are declared.

3.12 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.

3.13 Revenue recognition

- 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 dividend is established.
- 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.
- Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed realised during the year is included in the Income Statement on the date of issue and redemption of units.

		2016	2015
		----- Rupees -----	
4	Bank balances	<i>Note</i>	
	Cash at bank		
	- saving accounts	4.1	4,565,869
	- current account		5,000
			<u>5,000</u>
			<u>4,570,869</u>
			<u>1,542,638</u>
			<u>1,547,638</u>

4.1 These bank accounts carry profit at the rate ranging from 4% to 5% per annum (2014: 5% to 6%).

		2016	2015
		----- Rupees -----	
5	Investments	<i>Note</i>	
	At fair value through profit or loss		
	Listed equity securities	5.1	193,942,033
	Unlisted equity security	5.2	21,600
	Government securities - Market treasury bills	5.3	17,901,954
			<u>9,958,220</u>
			<u>211,865,587</u>
			<u>274,010,061</u>

Listed equity securities

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

Number of shares		As at 30 June 2016				Percentage in relation to					
Sector / investee company	As at 01 July 2015	Purchases made during the year	Bonus issued during the year	Sales made during the year	As at 30 June 2016	Carrying value	Market value	Appreciation / (diminution)	Net assets of the Fund (with market value of investments)	Paid up capital of investee company (with face value of investments)	Market value of total investments
-----Shares-----Rupees----- (%)-----											
Automobile Parts & Accessories											
Exide Pakistan Limited	500	-	-	(500)	-	-	-	-	0.00%	0.00%	0.00%
The General Tyre & Rubber Company of Pakistan Limited	10,000	4,200	-	(8,800)	5,400	899,304	961,146	61,842	0.49%	0.01%	0.45%
	10,500	4,200	-	(9,300)	5,400	899,304	961,146	61,842	0.49%	0.01%	0.45%
Automobile Assembler											
Al-Ghazi Tractors Limited*	2,590	2,200	-	(1,300)	3,490	1,636,450	1,472,885	(163,565)	0.76%	0.01%	0.70%
Atlas Honda Limited	2,000	-	-	(1,000)	1,000	334,980	369,000	34,020	0.19%	0.00%	0.17%
Honda Atlas Cars (Pakistan) Limited	8,500	12,400	-	(18,000)	2,900	684,376	1,041,361	356,985	0.54%	0.00%	0.49%
Ghansara Nissan Limited	-	6,000	-	-	6,000	1,041,976	936,900	(105,076)	0.48%	0.01%	0.44%
Indus Motor Company Limited	2,300	500	-	(1,000)	1,800	2,091,700	1,691,172	(400,528)	0.87%	0.00%	0.80%
Millat Tractors Limited	3,866	-	-	(2,650)	1,216	833,957	693,424	(140,533)	0.36%	0.00%	0.33%
Pak Suzuki Motor Company Limited	4,200	2,900	-	(4,300)	2,800	1,272,207	1,070,020	(202,187)	0.55%	0.00%	0.51%
	23,456	24,000	-	(28,250)	19,206	7,895,646	7,274,762	(620,884)	3.75%	0.02%	3.44%
Banks											
Allied Bank Limited	39,295	-	-	(26,000)	13,295	1,328,702	1,196,018	(132,684)	0.62%	0.00%	0.56%
Askari Bank Limited	158,500	-	-	(74,000)	84,500	1,792,245	1,578,460	(213,785)	0.81%	0.01%	0.75%
Bank Alfalah Limited	180,500	-	-	(140,500)	40,000	1,012,800	1,022,800	10,800	0.53%	0.00%	0.48%
Bank Al Habib Limited	109,800	-	-	(24,000)	85,800	3,770,910	3,699,696	(71,214)	1.90%	0.01%	1.75%
The Bank of Punjab	47,180	-	-	-	47,180	430,753	379,327	(51,426)	0.20%	0.00%	0.18%
MCB Bank Limited	60,500	3,000	-	(30,000)	33,500	8,335,660	7,370,670	(964,990)	3.79%	0.00%	3.48%
United Bank Limited	61,500	6,000	-	(22,000)	49,600	8,479,872	8,775,232	295,360	4.51%	0.00%	4.14%
Meezan Bank Limited	35,600	-	-	(30,500)	1,000	41,000	42,500	1,500	0.02%	0.00%	0.02%
Faysal Bank Limited	212,300	-	-	(140,000)	72,300	1,136,556	947,853	(188,703)	0.49%	0.01%	0.45%
Habib Bank Limited	30,400	25,100	-	(5,000)	50,500	10,358,820	9,976,780	(382,040)	5.13%	0.00%	4.71%
Habib Metropolitan Bank Limited	55,000	-	-	-	55,000	1,650,000	1,560,350	(89,650)	0.80%	0.01%	0.74%
National Bank of Pakistan Standard Chartered Bank (Pakistan) Limited	93,250	8,500	-	(52,000)	49,750	2,691,338	2,876,048	184,710	1.48%	0.00%	1.36%
	46,000	-	-	(30,000)	16,000	383,520	381,600	(1,920)	0.20%	0.00%	0.18%
	1,129,825	42,600	-	(574,000)	598,425	41,411,376	39,807,334	(1,604,042)	20.48%	0.04%	18.80%
Cables & Electrical Goods											
Pak Elektron Limited	36,500	42,000	-	(38,500)	40,000	3,007,540	2,586,000	(421,540)	1.33%	0.01%	1.22%
TPL Traekker Limited	-	76,000	-	(29,000)	47,000	945,566	590,790	(354,776)	0.30%	0.02%	0.28%
	36,500	118,000	-	(67,500)	87,000	3,953,106	3,176,790	(776,316)	1.63%	0.03%	1.50%
Cement											
Attock Cement Pakistan Limited	9,850	-	-	(8,400)	1,450	276,370	346,130	69,760	0.18%	0.00%	0.16%
Cherat Cement Company Limited	13,000	5,500	-	(11,000)	7,500	658,344	896,775	238,431	0.46%	0.00%	0.42%
D.O.G. Khan Cement Company Limited	35,900	9,000	-	(20,700)	24,200	3,606,226	4,609,858	1,003,632	2.37%	0.01%	2.18%
Fauji Cement Company Limited	119,000	11,500	-	(60,000)	70,500	2,549,341	2,523,900	(25,441)	1.30%	0.01%	1.19%
Feeto Cement Limited	42,000	7,000	-	(42,000)	7,000	658,101	808,500	150,399	0.42%	0.01%	0.38%
Kohat Cement Company Limited	20,100	10,900	-	(26,400)	4,600	1,082,843	1,204,832	121,989	0.62%	0.00%	0.57%
Lucky Cement Limited	16,900	14,100	-	(17,500)	13,500	7,297,945	8,754,885	1,456,940	4.50%	0.00%	4.13%
Maple Leaf Cement Factory Limited	23,500	50,500	-	(50,500)	23,500	1,909,877	2,479,485	569,608	1.28%	0.00%	1.17%
Pakcem Limited	84,916	-	-	-	84,916	1,652,465	1,499,617	(152,848)	0.77%	0.01%	0.71%
Pioneer Cement Limited	20,000	26,000	-	(27,000)	19,000	1,761,958	2,040,600	278,642	1.05%	0.01%	0.96%
	385,166	134,500	-	(263,500)	256,166	21,453,470	25,164,582	3,711,112	12.95%	0.05%	11.87%

Sector / investee company	Number of shares				As at 30 June 2016			Percentage in relation to			
	As at 01 July 2015	Purchases made during the year	Bonus issued during the year	Sales made during the year	As at 30 June 2016	Carrying value	Market value	Appreciation / (diminution)	Net assets of the Fund (with market value of investments)	Paid up capital of investee company (with face value of investments)	Market value of total investments
----- Rupees -----											
----- Shares -----											
----- (%) -----											
Chemicals											
AKAKZO Nobel Pakistan Limited	4,000	1,700	-	-	5,700	1,570,780	1,052,505	(518,275)	0.54%	0.01%	0.50%
Archroma Pakistan Limited	3,000	1,100	-	(1,000)	3,100	1,416,280	1,510,785	94,505	0.78%	0.01%	0.71%
ICI Pakistan Limited	6,188	400	-	(4,900)	1,688	743,585	751,194	7,609	0.39%	0.00%	0.35%
Lotte Chemical Pakistan Limited	50,000	-	-	(50,000)	-	-	-	-	0.00%	0.00%	0.00%
	63,188	3,200	-	(55,900)	10,488	3,730,645	3,314,484	(416,161)	1.71%	0.02%	1.56%
Fertilizer											
Dawood Hercules Corporation Limited	25,000	3,700	-	(3,700)	25,000	2,971,559	3,721,750	750,191	1.91%	0.01%	1.76%
Engro Fertilizers Limited	26,000	32,000	-	-	58,000	5,220,340	3,739,840	(1,480,500)	1.92%	0.00%	1.77%
Engro Corporation Limited	38,000	22,400	-	(32,800)	27,600	8,586,773	9,189,972	603,199	4.73%	0.01%	4.34%
Fatima Fertilizer Company Limited	146,500	25,500	-	(124,500)	47,500	1,818,340	1,612,150	(206,190)	0.83%	0.00%	0.76%
Fauji Fertilizer Bin Qasim Limited	33,500	16,000	-	(18,500)	31,000	1,790,373	1,643,310	(147,063)	0.85%	0.00%	0.78%
Fauji Fertilizer Company Limited	93,300	3,200	-	(68,800)	27,700	4,144,476	3,177,744	(966,732)	1.63%	0.00%	1.50%
	362,300	102,800	-	(248,300)	216,800	24,531,861	23,084,766	(1,447,095)	11.87%	0.02%	10.91%
Power Generation & Distribution											
The Hub Power Company Limited	96,000	22,500	-	(43,200)	75,300	7,380,698	9,040,518	1,659,820	4.65%	0.01%	4.27%
Kot Addu Power Company Limited	74,500	-	-	(39,500)	35,000	3,011,400	3,123,750	112,350	1.61%	0.00%	1.47%
K-Electric Limited*	150,000	158,500	-	-	308,500	2,473,100	2,486,510	13,410	1.28%	0.00%	1.17%
Lalpur Power Limited	29,000	20,000	-	-	49,000	1,485,300	1,063,300	(422,200)	0.55%	0.01%	0.50%
Nishat Chunian Power Limited	27,502	-	-	-	27,502	1,633,619	1,445,505	(188,114)	0.74%	0.01%	0.68%
Nishat Power Limited	51,000	-	-	(12,500)	38,500	2,253,790	1,944,635	(309,155)	1.00%	0.01%	0.92%
Pakgen Power Limited	50,000	-	-	(25,000)	25,000	750,250	601,250	(149,000)	0.31%	0.01%	0.28%
	478,002	201,000	-	(120,200)	558,802	18,988,357	19,705,468	717,111	10.14%	0.05%	9.29%
Technology & Communications											
TRG Pakistan Limited	-	17,000	-	(17,000)	-	-	-	-	0.00%	0.00%	0.00%
NETSOL Technologies Limited	10,000	-	-	(10,000)	-	-	-	-	0.00%	0.00%	0.00%
Pakistan Telecommunication Company Limited	200,000	-	-	(111,500)	88,500	1,814,250	1,330,155	(484,095)	0.68%	0.00%	0.63%
	210,000	17,000	-	(138,500)	88,500	1,814,250	1,330,155	(484,095)	0.68%	0.00%	0.63%
Foods & Personal Care Products											
Al Shaheer Corporation Limited	-	8,000	-	-	8,000	484,000	417,680	(66,320)	0.21%	0.01%	0.20%
Engro Foods Limited	10,000	16,700	-	(15,200)	11,500	1,706,247	1,878,295	172,048	0.97%	0.00%	0.89%
National Foods Limited*	3,400	-	-	-	3,400	1,155,082	955,400	(199,682)	0.49%	0.00%	0.45%
	13,400	24,700	-	(15,200)	22,900	3,345,329	3,251,375	(93,954)	1.67%	0.01%	1.54%
Paper & Board											
Packages Limited	6,400	1,000	-	(800)	6,600	3,927,992	4,199,052	271,060	2.16%	0.01%	1.98%
Cherat Packaging Limited	-	3,600	-	(1,500)	2,100	598,500	717,717	119,217	0.37%	0.01%	0.34%
	6,400	4,600	-	(2,300)	8,700	4,526,492	4,916,769	390,277	2.53%	0.02%	2.32%
Industrial Engineering											
Anmudi Steels Limited	-	16,500	-	-	16,500	868,100	775,830	(92,270)	0.40%	0.01%	0.37%
Crescent Steel & Allied Products Limited	30,500	8,700	-	(30,000)	9,200	1,109,370	1,054,412	(54,958)	0.54%	0.01%	0.50%
International Steels Limited	5,000	-	-	-	5,000	140,500	178,100	37,600	0.09%	0.00%	0.08%
KSB Pumps Company Limited	6,500	-	-	(6,500)	-	-	-	-	0.00%	0.00%	0.00%
Mughal Iron And Steel Industries Limited	-	25,500	-	(5,000)	20,500	1,433,859	1,377,395	(56,464)	0.71%	0.02%	0.65%
	42,000	50,700	-	(41,500)	51,200	3,551,829	3,385,737	(166,092)	1.74%	0.04%	1.60%

Sector / investee company	Number of shares				As at 30 June 2016		Percentage in relation to				
	As at 01 July 2015	Purchases made during the year	Bonus issued during the year	Sales made during the year	As at 30 June 2016	Carrying value	Market value	Appreciation / (diminution)	Net assets of the Fund (with market value of investments)	Paid up capital of investee company (with face value of investments)	Market value of total investments
----- Shares ----- Rupees-----											
Insurance											
Adamejee Insurance Company Limited	10,074	9,000	-	(8,500)	10,574	546,592	530,392	(16,200)		0.27%	0.00%
Habib Insurance Company Limited*	72,500	-	-	-	72,500	1,371,701	1,177,400	(194,301)		0.61%	0.06%
Pakistan Reinsurance Company Limited	16,000	13,000	-	-	29,000	953,150	877,540	(75,610)		0.45%	0.01%
Shahreen Insurance Company Limited	925,318	5,000	-	(820,000)	110,318	707,084	551,590	(155,494)		0.28%	0.25%
The United Insurance Company of Pakistan Limited	32,200	30,000	10,480	(36,000)	36,680	614,135	537,362	(76,773)		0.28%	0.03%
	1,056,092	57,000	10,480	(864,500)	259,072	4,192,662	3,674,284	(518,378)		1.89%	0.35%
Refinery											
Attock Refinery Limited	-	6,500	-	(1,700)	4,800	1,139,908	1,344,672	204,764		0.69%	0.01%
BYCO Petroleum Pakistan Limited	50,000	50,000	-	(41,000)	59,000	1,486,199	1,211,860	(274,339)		0.62%	0.01%
National Refinery Limited	-	5,000	-	(12,200)	3,800	1,233,442	1,806,520	573,078		0.93%	0.00%
	50,000	61,500	-	(43,900)	67,600	3,859,549	4,363,052	503,503		2.24%	0.02%
Investment Banks / Investment Companies											
First Capital Equities Limited	128,395	-	-	-	128,395	4,518,220	3,562,961	(955,259)		1.83%	0.09%
	128,395	-	-	-	128,395	4,518,220	3,562,961	(955,259)		1.83%	0.09%
Oil & Gas Exploration Companies											
Mari Petroleum Company Limited	77	2,150	-	(1,600)	627	525,445	569,454	44,009		0.29%	0.00%
Oil & Gas Development Company Limited	54,900	62,300	-	(54,400)	62,800	8,167,407	8,670,796	503,389		4.46%	0.00%
Pakistan Oilfields Limited	12,500	34,000	-	(36,800)	9,700	3,301,304	3,370,556	69,252		1.73%	0.00%
Pakistan Petroleum Limited	57,300	39,100	-	(51,200)	45,200	6,480,665	7,008,260	527,595		3.61%	0.00%
	124,777	137,550	-	(144,000)	118,327	18,474,821	19,619,066	1,144,245		10.09%	0.00%
Oil & Gas Marketing Companies											
Attock Petroleum Limited	16,100	-	-	(13,900)	2,200	1,247,884	962,588	(285,296)		0.50%	0.00%
Hascol Petroleum Limited	29,785	8,700	3,208	(32,200)	9,493	1,559,746	1,854,647	294,901		0.95%	0.01%
Pakistan State Oil Company Limited	20,000	10,400	-	(11,700)	18,700	6,923,908	7,021,102	97,194		3.61%	0.01%
Shell Pakistan Limited	7,500	-	-	-	7,500	1,897,200	2,176,575	279,375		1.12%	0.01%
Sui Northern Gas Pipelines Limited	-	44,000	-	-	44,000	1,476,750	1,596,760	120,010		0.82%	0.01%
Sui Southern Gas Company Limited	-	44,500	-	-	44,500	1,500,900	1,225,085	(275,815)		0.63%	0.01%
	73,385	107,600	3,208	(57,800)	126,393	14,606,388	14,836,757	230,369		7.63%	0.05%
Textile Composite											
Nishat (Chunian) Limited	25,500	-	-	-	25,500	936,615	903,210	(33,405)		0.46%	0.01%
Nishat Mills Limited	22,800	8,500	-	(4,000)	27,300	3,138,725	2,945,670	(193,055)		1.52%	0.01%
	48,300	8,500	-	(4,000)	52,800	4,075,340	3,848,880	(226,460)		1.98%	0.02%
Pharmaceuticals											
Abbott Laboratories (Pakistan) Limited	2,100	-	-	(800)	1,300	867,503	980,200	112,697		0.50%	0.00%
Ferozsons Laboratories Limited	-	500	-	-	500	508,500	515,470	6,970		0.27%	0.00%
GlaxoSmithKline Pakistan Limited	7,200	4,500	-	(4,500)	7,200	1,520,208	1,491,192	(29,016)		0.77%	0.00%
Highnoon Laboratories Limited	4,912	1,400	253	(4,200)	2,365	927,193	1,363,186	435,993		0.70%	0.01%
The Searle Company Limited	4,280	13,800	641	(13,716)	5,005	2,076,539	2,683,431	606,892		1.38%	0.00%
	18,492	20,200	894	(23,216)	16,370	5,899,943	7,033,479	1,133,536		3.62%	0.01%
Textile Spinning											
Gadon Textile Mills Limited	5,690	-	-	(2,000)	3,690	607,964	474,496	(133,468)		0.24%	0.01%
	5,690	-	-	(2,000)	3,690	607,964	474,496	(133,468)		0.24%	0.01%
Tobacco											
Pakistan Tobacco Company Limited	500	-	-	(500)	-	-	-	-		0.00%	0.00%
	500	-	-	(500)	-	-	-	-		0.00%	0.00%
Transport											
Pakistan International Bulk Terminal Limited	-	15,000	-	-	15,000	489,750	481,050	(8,700)		0.25%	0.00%
Pakistan National Shipping Corporation	-	9,400	-	(2,200)	7,200	795,983	674,640	(121,343)		0.35%	0.01%
	-	24,400	-	(2,200)	22,200	1,285,733	1,155,690	(130,043)		0.60%	0.01%
											0.55%

Sector / investee company	Number of shares				As at 30 June 2016			Percentage in relation to			
	As at 01 July 2015	Purchases made during the year	Bonus issued during the year	Sales made during the year	As at 30 June 2016	Carrying value	Market value	Appreciation / (diminution)	Net assets of the Fund (with market value of investments)	Paid up capital of investee company (with face value of investments)	Market value of total investments
Miscellaneous											
Pace (Pakistan) Limited	-	260,000	-	(260,000)	-	-	-	-	0.00%	0.00%	0.00%
	-	260,000	-	(260,000)	-	-	-	-	0.00%	0.00%	0.00%
Listed securities as at 30 June 2016	4,266,368	1,404,050	14,582	(2,966,566)	2,718,434	193,622,285	193,942,033	319,748			
Unlisted equity securities											
<i>GlaxoSmithKline Consumer Healthcare</i>											
Pakistan Limited	-	-	2,160	-	2,160	-	21,600	21,600	0.01%	0.00%	0.01%
Total as at 30 June 2016	4,266,368	1,404,050	16,742	(2,966,566)	2,720,594	193,622,285	193,963,633	341,348			
Total as at 30 June 2015	6,111,544	2,438,500	73,867	(4,357,543)	4,266,368	259,868,449	264,051,841	4,183,392			

*The face value of each share held of Habib Insurance Company Limited, Al Ghazi Tractors Limited and National Foods Limited is Rs. 5 each and face value of each share held of K-Electric Limited is Rs. 3.5 each.

5.1.1 The Finance Act 2014 brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5% is to be applied on the value of bonus shares determined on the basis of day end price on the first day of book closure. The tax is to be collected at source by the Company declaring bonus shares which shall be considered as final discharge of tax liability on such income. However, the Management Company of the fund along with other asset management companies and Mutual Fund Association of Pakistan, had filed a petition in the Honorable Sindh High Court ("the Court") to declare the amendments brought into the Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes ("CIS") as null and void and not applicable on mutual funds based on the premise of exemption given to mutual funds under clause 47B of Part IV and clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001. The Court has granted such order in favor of CIS till the final outcome of the case. Accordingly, the investee companies have withheld the shares equivalent to 5% bonus shares announcement and not deposited in CDC account of department of Income Tax. However, the Fund has included the bonus shares withheld by the Investee Companies in its investment portfolio, amounting to Rs. 0.326 million (2015: Rs. 0.162 million) on the basis of aforementioned Court order. Had the fund not included bonus shares withheld by investee companies in its investment portfolio, net asset value at the reporting date would have been lower by Rs. 0.0198 per unit (2015: Rs. 0.0073 per unit).

5.2 This represents 2,160 unlisted ordinary shares of Glaxo Smith Kline Consumer Healthcare Pakistan Limited received on demerger of Consumer Healthcare business from Glaxo Smith Kline Pakistan Limited. Under the scheme of arrangement, the Fund received 3 ordinary shares of newly formed Glaxo Smith Kline Consumer Healthcare Pakistan Limited for every 10 existing ordinary shares of Glaxo Smith Kline Pakistan Limited held on the entitlement date. As per Clause (i) and (ii) of the investment criteria laid down for 'Equity Scheme' in Circular no. 7 of 2009 dated 6 March 2009 issued by SECP, the Fund is allowed equity investment in only listed securities. However as stated above the Fund has received 2,160 unlisted equity securities of Glaxo Smith Kline Healthcare Pakistan Limited under scheme of arrangement which are not in compliance with the said investment criteria. The management intends to hold the said securities as these will be listed on PSX during the forthcoming financial year.

5.3 Government securities - Market treasury bills

Purchase date	Tenor	Face value			As at 30 June 2016				Percentage in relation to		
		As at 01 July 2015	Purchased during the year	Disposed / matured during the year	As at 30 June 2016	Carrying value	Market value	Appreciation / (diminution)	Market Value as percentage of total investments	Market Value as percentage of net assets	Effective rate of return
----- Rupees ----- (%) -----											
Market treasury bills											
	3 months	10,000,000	-	(10,000,000)	-	-	-	-	-	-	-
	3 months	-	10,000,000	(10,000,000)	-	-	-	-	-	-	-
	3 months	-	10,000,000	(10,000,000)	-	-	-	-	-	-	-
	3 months	-	15,000,000	(15,000,000)	-	-	-	-	-	-	-
	18-Feb-16	-	15,000,000	(15,000,000)	-	-	-	-	-	-	-
	3 months	-	18,000,000	-	18,000,000	17,897,271	17,901,954	4,683	8.45%	9.21%	6.21%
	Total as at 30 June 2016	10,000,000	68,000,000	(60,000,000)	18,000,000	17,897,271	17,901,954	4,683			
					18,000,000	17,897,271	17,901,954	4,683			
	Total as at 30 June 2015	10,000,000	63,000,000	(63,000,000)	10,000,000	9,956,252	9,958,220	1,968			

5.3.1 The outstanding treasury bill has a maturity period of 3 months (2015: 3 months).

	Note	2016 ----- Rupees -----	2015
5.4 Unrealized appreciation in value of investments at fair value through profit or loss - net			
Market value of investments		211,865,587	274,010,062
Carrying value of investments		(211,519,556)	(269,824,701)
		<u>346,031</u>	<u>4,185,361</u>
6 Dividend and profit receivable - unsecured, considered good			
Dividend receivable	6.1	362,516	936,689
Profit accrued on bank deposits		20,191	39,266
		<u>382,707</u>	<u>975,955</u>

6.1 This includes dividend receivable on bonus shares amounting to Rs. 3,516 (2015: Nil), withheld by investee companies due to facts as stated in note 5.1.1.

	Note	2016 ----- Rupees -----	2015
7 Advances, deposits, prepayments and other receivables			
Security deposit with CDC		237,500	237,500
Advance Tax deducted		262,177	184,384
Prepaid Annual Fee of CDC		13,035	-
Other receivable from Management Company		211,363	211,363
		<u>724,075</u>	<u>633,247</u>

**8 Remuneration payable to First Capital Investment Limited -
- Management Company**

Remuneration payable to the Management Company	8.1	316,360	2,188,123
Punjab Sales tax on remuneration to the Management Company	8.2	50,618	350,109
Federal Excise Duty on remuneration to the Management Company	8.3	3,713,448	2,968,858
		<u>4,080,426</u>	<u>5,507,090</u>

8.1 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 (2015: three percent per annum).

8.2 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.

8.3 As per requirement of the Finance Act, 2013, the Federal Excise Duty ("FED") at the rate of 16% on the remuneration of Management Company has been applied effectively from 13 June 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law. A stay order against the collection has been granted by the Honorable Sindh High Court on a petition filed by the Mutual Funds Association of Pakistan ("MUFAP") as on 04 September 2013.

On 30 June 2016 the Honorable Sindh High Court of Pakistan has passed a Judgment that after 18th amendment in Constitution of Pakistan the Provinces alone have the legislative power to levy a tax on rendering or providing services therefore chargeability and collection of Federal Excise Duty after 1 July 2011 is Ultra Vires to the Constitution of Pakistan. Further, subsequent to the year end Finance Act 2016 has

excluded the asset management companies from levy of FED with effect from 01 July 2016 where provinces have levied their respective provincial sales tax.

In view of uncertainty regarding the applicability of FED on asset management services, the management as a matter of abundant caution, has not reversed the provision of FED amounting to Rs. 3,713 million (2015: Rs. 2,969 million) as the Federal Board of Revenue could file an appeal with Honorable Supreme Court of Pakistan against the Judgment passed by Honorable Sindh High Court of Pakistan. Had the said provision of FED not been recorded in the books of account of the Fund, the net asset value per unit of the Fund would have been higher by Rs. 0.23 per unit (2015: 0.13 per unit).

	Note	2016 -----Rupees-----	2015 -----Rupees-----
9 Remuneration payable to Central Depository Company of Pakistan Limited - Trustee			
Remuneration to the Trustee	9.1	57,377	57,111
Sindh Sales tax on remuneration to the Trustee	9.2	8,033	-
		<u>65,410</u>	<u>57,111</u>

- 9.1** 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 (NAV) of the Fund. The fee is paid to the Trustee monthly in arrears.

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

Net Assets Value	Tariff per annum
Upto Rs 1,000 million	Rs 0.7 million or 0.20% per annum of net assets of the Fund, whichever is higher
Exceeding Rs 1,000 million	Rs 2.0 million plus 0.10% per annum of net assets of the Fund, on amount exceeding Rs 1,000 million

- 9.2** As per Sindh Finance Act 2015, the Sindh Government levied sales tax at the rate of 14% on asset management services including services in capacity of Trustee.

10 Annual fee payable to Securities and Exchange Commission of Pakistan

	Note	2016 -----Rupees-----	2015 -----Rupees-----
Annual fee	10.1	<u>190,561</u>	<u>286,955</u>

- 10.1** Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 a collective investment scheme categorized as an equity scheme is required to pay annual fee to SECP, an amount equal to 0.095% (2015: 0.095%) of the average annual net assets of the Fund.

	2016	2015
	-----Rupees-----	
11 Accrued expenses and other liabilities		
Auditors' remuneration	717,500	660,864
Listing fees payable	30,000	30,000
Withholding & capital gain tax payable	75,470	27,108
Transaction costs payable	1,368	5,000
Other payable	17,795	-
	<u>842,133</u>	<u>722,972</u>

12 Unclaimed dividend

This mainly includes an amount of Rs. 6.42 million (2015: Rs. 4.75 million) not paid to Salman Taseer (Late) due to pending adjudication for issuance of succession certificate before the Honorable Lahore High Court.

13 Provision for Workers' Welfare Fund

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 ("WWF Ordinance"). As a result of this amendment it may be construed that all Collective Investment Schemes / Mutual Funds ("CISs") / Pension Funds whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a Constitutional Petition has been filed by certain CISs through their trustees in the Honorable Sindh High Court ("SHC"), challenging the applicability of WWF to the CISs / pension funds, which is pending adjudication. However, without prejudice to the above, the Management Company made a provision for WWF contribution in the annual financial statements since the financial year ended 30 June 2010.

During the year ended 30 June 2011, a clarification was issued by the Ministry of Labor and Manpower ("the Ministry") on 8 July 2010 which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However on 14 December 2010 the Ministry filed its response against the Constitutional Petition requesting the Court to dismiss the same. Show cause notices were then issued by Federal Board of Revenue ("FBR") to several Mutual Funds (CISs) / Pension Funds for the collection of WWF including some of the mutual funds and pension funds managed by the AMC. In respect of such show cause notices, certain Mutual Funds (CISs) / Pension Funds have been granted stay by Honorable SHC on the basis of the pending Constitutional Petition as referred above.

In March 2013, a three member bench of the Sindh High Court in its judgment on various Constitutional Petitions challenging the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, held that WWF is a tax and consequently, the amendments introduced in the Workers' Welfare Fund Ordinance, 1971 through Finance Act, 2006 and 2008 respectively (Money Bills) do not suffer from any constitutional or legal infirmity. This judgment was in contrast to the July 2011 single member bench decision of the Honorable Lahore High Court which had held such amendments as unlawful and unconstitutional for the reason that they were made through the money bills.

In a judgment of May 2015, the Honorable Peshawar High Court ("PHC") also held these amendments to be ultra vires as they lacked the essential mandate to be introduced and passed through the Money Bill under the Constitution. For the CISs and Pension Funds, the issue of chargeability or otherwise of WWF levy to the CISs / Pension Funds is currently pending before the Honorable SHC. The Finance Act, 2015 has excluded Mutual Funds and Collective Investment Schemes from the definition of 'Industrial establishment' subject to WWF under WWF Ordinance, 1971.

In view of the pending decision of the SHC, the Management Company of the Fund, as a matter of abundant caution, has decided to continue to maintain the provision for WWF till 30 June 2015 amounting to Rs. 8.2049

million (2015: Rs. 8.2049 million) in these financial information. Had the same not been made the net asset value per unit of the Fund would have been higher by Rs. 0.4980 per unit (2015: Rs.0.3717 per unit).

14 Contingencies and commitments

There were no contingencies and commitments outstanding as at 30 June 2016 (2015: Nil)

15 Number of units in issue

	2016	2015
	-----Number-----	
Total units in issue at the beginning of the year	22,075,084	28,481,812
Add: Units issued during the year	221,093	549,380
Less: Units redeemed during the year	(5,820,236)	(6,956,108)
Total units in issue at the end of the year	<u>16,475,941</u>	<u>22,075,084</u>

16 Back end load and other income

	2016	2015
	-----Rupees-----	
Processing charges	-	3,693
Other income	-	40
	<u>-</u>	<u>3,733</u>

17 Securities transaction costs

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

18 Auditors' remuneration

	2016	2015
	-----Rupees-----	
Annual audit fee	550,000	550,000
Half yearly review fee	330,000	330,000
Other certifications and services	75,000	150,000
Out of pocket expenses	41,000	70,000
	<u>996,000</u>	<u>1,100,000</u>

19 Taxation

The income of the Fund 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 to 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. Since the Management Company has intention to distribute the income earned by the Fund during the year to the unit holders in the manner as explained above, hence no provision for taxation has been made in these financial statements.

Finance Act 2015 introduced income tax at the rate of 10% on undistributed reserves where such reserves of the Company are in excess of its paid up capital and the Company derives profit for a tax year but does not distribute requisite cash dividend within six months of the end of the said tax year. Liability in respect of such income tax, if any, is recognised when the prescribed time period for distribution of dividend expires.

The income of the Fund is exempt from Super tax under Division IIA of Part I of the First Schedule of the Income Tax Ordinance, 2001 as its income for the year is less than Rs. 500 million.

20 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.

21 Transactions with connected persons / related parties

Connected persons include First capital Investments Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee of the Fund, any person or company beneficially owning ten percent or more of the capital of the Management Company or net assets of the Fund and directors and key management personnel of the Management Company as at 30 June 2016.

Transactions with related parties / connected persons are in the normal course of business and on arm's length basis.

Remuneration to the Management Company and the Trustee of the Fund is determined in accordance with the provisions of the NBFC Regulations and Trust Deed respectively as disclosed in note 8 and 9 to these financial statements.

	Note	2016 --- --- Rupees ---	2015 --- --- Rupees ---
21.1 Transactions for the year			
First Capital Investments Limited - Management Company			
Remuneration charged for the year	8	4,011,804	9,057,644
Punjab Sales Tax on remuneration of the Management Company*	8.2	744,591	1,449,223
Federal Excise Duty charged on remuneration of the Management Company*	8.3	641,889	1,681,099
Dividend paid		10,200,916	-
Issuance of 587 units (2015: 421,269 units)		6,518	5,000,000
Redemption of 263,687 (2015: 103 units)		263,687	1,129
Transfer in of nil units (2015: 10,227 units)		-	111,757

* Sales tax and FED is paid / payable to the management company for onwards payment to the Government.

	Note	2016 --- --- Rupees ---	2015 --- --- Rupees ---
Central Depository Company of Pakistan Limited - Trustee			
Remuneration charged for the year	9.1	700,000	700,000
Sindh Sales Tax on remuneration of the Trustee	9.2	98,000	-
Settlement charges inclusive of Sindh Sales Tax		84,265	81,420

First Capital Equities Limited - Group Company

Brokerage commission	22,085	37,048
Dividend paid	1,632	-
Transfer out of nil units (2015: 10,330 units)	-	112,886

- - - - - Rupees - - - - -

- *Group Company*

305,137

594,103

36,894,043

25,410,225

26,460,434

8,906,775

875,259

1

1,906,475

1,487,470

87,857

171,375

8

4,080,426

5,507,090

211,363

211,363

129,171,027

134,177,914

9

65,410

57,111

237,500

237,500

1,368

5,000

13,035

2

21,152

21,463

	2016	2015
	--- --- Rupees ---	
First Capital Securities Corporation Limited <i>- Group Company</i>		
Units held: 335,316 units (2015: 335,316 units)	3,955,656	4,013,627
Al - Hoqani securities and Investments Corporation (Private) Limited - Holder of more than 10% shares of the Management Company		
Units held: Nil (2015: 3,082,860 units)	-	36,900,909
Sulaiman Ahmed Saeed Al Hoqani - Holder of more than 10% shares of the Management Company		
Units held: 2 units (2015: 2,211,823 units)	27	26,474,861
Salman Taseer (Late) - Holder of more than 10%		
Units held: 2,096,201 units (2015: 2,096,201 units)	24,728,464	25,090,897
Key management personnel of the Management Company		
Units held: 1,204 units (2015: 602 units)	14,203	7,208

22 Details of pattern of unit holding

Category	2016			
	Number of unit holders	Number of Units held	Investment amount	Percentage
	----- Rupees -----			
Individuals	1,910	3,947,513	46,567,984	23.96%
Associated companies and directors	7	11,285,628	133,134,183	68.50%
Banks and DFIs	5	20,199	238,290	0.12%
NBFCs	1	47,515	560,524	0.29%
Modaraba	4	35,694	421,071	0.22%
Retirement funds	2	15,893	187,482	0.10%
Public limited companies	2	105,397	1,243,346	0.64%
Others	14	1,018,102	12,010,338	6.18%
	1,945	16,475,941	194,363,218	100%

Category	2015			
	Number of unit holders	Number of Units held	Investment amount	Percentage
	----- Rupees -----			
Individuals	1,913	6,199,547	74,206,735	28.08%
Associated companies / directors	7	11,548,727	138,234,848	52.32%
Banks and DFIs	5	20,199	241,782	0.09%
NBFCs	1	47,515	568,739	0.22%
Modaraba	4	35,694	427,243	0.16%
Retirement funds	2	15,893	190,230	0.07%
Public limited companies	2	105,397	1,261,570	0.48%
Others	17	4,102,112	49,101,064	18.58%
	1,951	22,075,084	264,232,211	100%

23 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	Shahzad Jawahar	Chief Executive Officer	Associate Member of Institute of Chartered Secretaries	21 Years
2	Syed Asad Abbas Zaidi	Chief Financial Officer	Master of Business Administration	11 Years
3	Syed Ghazanfar Ali Bukhari	Chief Investment Officer / Fund Manager	Master of Economics	16 Years

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

24 List of top ten brokers by percentage of commission paid

Broker's Name	2016	2015
First Capital Equities Limited	8.81%	9.51%
Fortune Securities Limited	8.47%	-
AKD Securities Limited	8.41%	8.55%
BMA Capital Management Limited	8.34%	8.38%
MSMANIAR Financials (Private) Limited	8.33%	8.39%
Arif Habib Limited	8.32%	8.61%
Pearl Securities Limited	8.29%	8.39%
Ismail Iqbal Securities (Private) Limited	8.28%	8.33%
Elixir Securities Pakistan (Private) Limited	8.20%	8.41%
Next Capital Limited	8.20%	8.41%

25 Attendance at meetings of Board of Directors of Management Company

The Board meetings were held on 5 October 2015, 29 October 2015, 12 November 2015, 29 February 2016 and 14 April 2016. Information in respect of attendance by the directors in the meetings is given below:

Name of persons attending the meetings	Number of meetings			Meetings not attended
	Held	Attended	Leave granted	
Mrs. Aamna Taseer*	3	3	-	-
Mr. Shahzad Jawahar**	5	5	-	-
Syed Nadeem Hussain***	5	4	-	3rd
Miss. Myra Husain Qureshi	5	4	1	4th
Mr. Asif Parvez****	2	2	-	-
Syed Asad Abbas Ali Zaidi	5	5	-	-
Mr. Abdul Sattar	5	5	-	-

* Resigned on 15 February 2016

** Resigned on 27 June 2016

*** Attended meetings held on 5 October 2015, 12 November 2015, 29 February 2016 and 14 April 2016 through teleconference

**** Appointed on 21 January 2016

26 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 Securities and Exchange Commission of Pakistan. 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 Fund has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

26.1 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.

Management of credit risk

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

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

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

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:

		2016		2015	
	Note	Carrying value of Financial Assets	Maximum exposure	Carrying value of Financial Assets	Maximum exposure
----- Rupees -----					
Bank balances including profit receivable	4	4,591,060	4,591,060	1,586,904	1,586,904
Dividend and profit receivable - unsecured, considered good	6	362,516	362,516	936,689	936,689
Receivable against sale of investments		-	-	7,874,333	7,874,333
Deposits and other receivables	7	448,863	448,863	448,863	448,863
		5,402,439	5,402,439	2,972,456	2,972,456

Investments in equity securities of Rs. 193.96 million (2015: Rs. 264.05 million) and investments in Government securities of Rs. 17.9 million (2015: Rs. 9.96 million) are not exposed to credit risk.

26.1.1 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:

	2016		2015	
	Rupees	Percentage	Rupees	Percentage
Banking Companies	4,591,060	84.98%	1,586,904	14.63%
Connected persons	448,863	8.31%	1,485,079	13.69%
Others	362,516	6.71%	7,774,806	71.68%
	5,402,439	100%	10,846,789	100%

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.

26.1.1(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	2016	2015
	Long term	Short term		Rupees	Rupees
<u>Bank balances including profit receivable</u>					
Habib Metropolitan Bank Limited	AA+	A1+	PACRA	4,567,842	1,563,643
NIB Bank Limited	AA-	A1+	PACRA	23,218	23,261
				4,591,060	1,586,904

26.2 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 Securities and Exchange Commission of Pakistan.

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 :

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26.3.2 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 2016 with all other variables held constant, the net income for the year and net assets would have been higher / lower by Rs. 0.046 million (2015: Rs. 0.015 million).

b) Fair value sensitivity analysis for fixed rate instruments

As at 30 June 2016 the Fund holds market treasury bills which are classified as financial assets at fair value through profit or loss exposing the Fund to fair value interest rate risk. In case of 100 basis points increase / decrease in rates announced by Financial Markets Association of Pakistan for market treasury bills as on 30 June 2016 with all other variables held constant, the net income for the year and net assets would have been lower / higher by Rs. 0.0167 million (2015: Rs. 0.006 million).

26.3.3 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 / NBFC Regulations, 2008 also limit individual equity securities to no more than 10% of net assets of the Fund, or issued capital of the investee company and sector exposure limit to 25% of net assets.

Fair value sensitive analysis

In case of 5% increase / decrease in the KSE 100 index, net income for the year ended 30 June 2016 would increase / decrease by Rs. 9.7 million (2015: Rs. 13.2 million) and net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified at fair value through profit or loss.

The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in KSE 100 Index having regard to historical volatility of the index. The composition of the Fund's investment portfolio and the correlation, thereof, to the KSE 100 Index is expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2016 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KSE 100 index.

27 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.

28 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.

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 Securities and Exchange Commission of Pakistan. 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				
		Fair value through profit or loss	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
As at 30 June 2016		----- Rupees -----							
<i>Note</i>									
<i>Financial assets – measured at fair value</i>									
Investments									
	5.1	193,942,033	-	-	193,942,033	193,942,033	-	-	193,942,033
	5.2	21,600	-	-	21,600	-	-	-	-
	5.3	17,901,954	-	-	17,901,954	-	17,901,954	-	17,901,954
<i>Financial assets – not measured at fair value</i>									
	4	-	4,570,869	-	4,570,869	-	-	-	-
	6	-	382,707	-	382,707	-	-	-	-
		-	-	-	-	-	-	-	-
	7	-	448,863	-	448,863	-	-	-	-
		211,865,587	5,402,439	-	217,268,026	193,942,033	17,901,954	-	211,843,987
<i>Financial liabilities – not measured at fair value</i>									
	8.1	-	-	316,360	316,360	-	-	-	-
	9.1	-	-	57,377	57,377	-	-	-	-
	10	-	-	190,561	190,561	-	-	-	-
		-	-	-	-	-	-	-	-
	11	-	-	766,663	766,663	-	-	-	-
		-	-	9,796,624	9,796,624	-	-	-	-
		-	-	11,127,585	11,127,585	-	-	-	-

Note

Financial assets - measured at fair value

- Government securities

Financial assets - not measured at fair value

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Financial liabilities - not measured at fair value

Remuneration payable to Management Company	8.1	-	2,188,123	-	-	-
Remuneration payable to Trustee	9.1	-	57,111	-	-	-
Annual fee payable to Securities and Exchange Commission of Pakistan	10	-	286,955	-	-	-
Payable against purchase of investments	11	-	12,941	-	-	-
Accrued expenses and other liabilities		-	695,864	-	-	-
Unclaimed dividend		-	6,017,088	-	-	-
		-	9,258,082	-	-	-

29 Non-adjusting event after the reporting period

The Board of Directors of the Management Company in the meeting held on 30 September 2016 have approved a final distribution of Rs.0.76 per unit (2015: Rs. 0.91) for the year ended 30 June 2016. The financial statements of the Fund for the year ended 30 June 2016 do not include the effect of this distribution which will be accounted for in the financial statements of the Fund for the year ending 30 June 2017.

30 Corresponding figures

Corresponding figures have been re-arranged, where necessary, for the purpose of comparison and better presentation.

31 Date of authorization for issue

These financial statements were authorized for issue on 30 September 2016 by the Board of Directors of the Management Company.

32 General

Figures have been rounded off to the nearest rupee.

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

Chief Executive

Director

PERFORMANCE TABLE

	2016	2015	2014
Net assets (Rupees)	194,363,218	264,232,211	312,425,952
Number of units	16,475,941	22,075,084	28,481,812
Net asset value per unit (Rupees)	11.7968	11.9697	10.9693
Redemption Price Per unit (Rupees)	11.7968	11.9697	10.9693
Offer price per unit (Rupees)	12.0327	12.2091	-
Highest redemption price per unit (Rupees)	12.7562	12.9791	12.0222
Lowest redemption price per unit (Rupees)	9.8409	10.2006	9.1101
Highest offer price per unit (Rupees)	13.0113	13.2387	-
Lowest offer price per unit (Rupees)	10.0377	10.4046	-
First Interim dividend distribution per unit (Rupees)	-	0.71	0.075
Second Interim dividend distribution per unit (Rupees)	-	-	0.06
Final dividend distribution per unit	-	-	-
Distribution Date - First Interim Dividend	5-Oct-15	13-Mar-15	14-Feb-14
Distribution Date - Second Interim Dividend	-	-	25-Jun-14
Distribution (%)	7.60%	6.47%	12.64%
Capital growth (%)	-1.44%	9.12%	8.53%
Total return (%)	6.16%	15.59%	21.16%

Disclaimer

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

First Capital Mutual Fund
Pattern of Unit Holding
as at June 30, 2016

-----June 30, 2016-----				
Category	Number of unit holders	Units held	Investment amount	Percentage
-----Rupees-----				
Individuals	1,910	3,947,513	46,567,984	23.96%
Associated companies / directors	7	11,285,628	133,134,185	68.50%
Retirement funds	2	15,893	187,482	0.10%
Public limited companies	2	105,397	1,243,345	0.64%
others	25	1,121,510	13,230,221	6.81%
Total	1,946	16,475,941	194,363,218	100.0%

14.1 Details of pattern of unit holding

-----June 30, 2016-----				
Category	Number of unit holders	Units held	Investment amount	Percentage
-----Rupees-----				
Individuals	1,910	3,947,513	46,567,984	23.96%
Associated companies / directors	7	11,285,628	133,134,185	68.50%
Banks and DFI's	5	20,199	238,289	0.12%
NBFC's	2	47,515	560,523	0.29%
Modarba	4	35,694	421,071	0.22%
Retirement funds	2	15,893	187,482	0.10%
Public limited companies	2	105,397	1,243,345	0.64%
Others	14	1,018,102	12,010,338	6.18%
Total	1,946	16,475,941	194,363,218	100.0%

From	To	No. of Investors	No. of Units
Less Than 1		8	5.3295
1	1000	1757	246,991.5815
1001	5000	110	221,420.3703
5001	10000	29	191,603.2635
10001	50000	32	725,898.7527
50001	100000	2	122,063.2400
100001	500000	5	912,665.1292
500001	1000000	0	-
1000001	5000000	2	3,108,595.8825
5000000	10000000	0	-
10000001	100000000	1	10,946,697.2048
TOTAL		1946	16,475,940.7540

**PATTERN OF UNIT HOLDING
AS PER LISTING REGULATIONS AS AT 30 JUNE 2016**

Categories of Unitholders	No. of Unit holders	Number of Units Held
Associated Companies, undertakings and related parties		
FIRST CAPITAL EQUITIES LIMITED	1	1,793.1405
FIRST CAPITAL SECURITIES CORPORATION LIMITED	1	335,315.6206
FIRST CAPITAL INVESTMENTS LTD.	1	10,946,697.2048
Mutual Funds		
Directors and their spouse(s) and minor children		
SHAHZAD JAWAHAR	1	602.1825
AAMNA TASEER	1	602.1825
NADEEM HUSSAIN	1	602.1825
Executives		
Public Sector Companies and Corporations	15	121,296.3565
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	13	107,935.2705
Foreign Investor	1	1,013,568.1575
Others	0	-
General Public Local	1911	3,947,528.4561
TOTAL	1946	16,475,940.7540

Unit holders holding 5% or more	No. Unit holders	No. of Units
FIRST CAPITAL INVESTMENTS LTD.	1	10,946,697.2048
SALMAN TASEER (LHR)	1	2,095,027.7250
SISLEY GROUP COMPANY LIMITED	1	1,013,568.1575