



A wholly owned subsidiary of NIB Bank Limited

PICIC INVESTMENT FUND

ANNUAL REPORT

FOR THE YEAR ENDED JUNE 30, 2015



AMC rating: AM2- by JCR-VIS

Focusing on Opportunities



CONTENTS

Scheme's Information	01
Vision Statement	02
Mission Statement	03
Directors' Report	04
Fund Manager's Report	16
Performance Table	19
Core Values	20
Statement of Compliance with the Best Practices of Code of Corporate Governance	21
Auditors' Review Report to the Certificate Holders on Statement of Compliance with best Practices of the Code of Corporate Governance	23
Trustee Report to the Certificate Holders	24
Auditors' Report to the Certificate Holders	25
Financial Statements	26
Income Statement of PICIC Asset Management Company Ltd. In Relation to PICIC INVESTMENT FUND (Scheme)	55

SCHEME'S INFORMATION

Management Company

PICIC Asset Management Company Limited
3rd Floor, PNSC Building, M.T. Khan Road, Karachi-74000
UAN: +92 21 1111 PICIC (74242) Fax: +92 21 35642770-71
Toll Free: 0800-PICIC (74242)
Email: customerservice@picicamc.com
Web: www.picicamc.com

Board of Directors of the Management Company (As of June 30, 2015)

Mr. Atif R. Bokhari	Chairman
Mr. Imran Ahmad Mirza	Member
Mr. Jaudat Hussain	Member
Mr. Shahid Zaki	Member
Mr. Shah Miftah Ul Azim Azmi	Member
Mr. Tufail Jawed Ahmad	Member
Mr. Suleman Chhagla	Chief Executive

Chief Financial Officer & Company Secretary of the Management Company Mr. Imad Zahid Nagi

Audit Committee of the Board of the Management Company

Mr. Imran Ahmad Mirza	Chairman
Mr. Shah Miftah Ul Azim Azmi	Member
Mr. Tufail Jawed Ahmad	Member

Investment Committee of the Board of the Management Company

Mr. Tufail Jawed Ahmad	Chairman
Mr. Imran Ahmad Mirza	Member
Mr. Shah Miftah Ul Azim Azmi	Member
Mr. Suleman Chhagla	Member

Human Resource Committee of the Board of the Management Company

Mr. Shahid Zaki	Chairman
Mr. Jaudat Hussain	Member
Mr. Suleman Chhagla	Member

Trustee

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block "B" SMCHS
Main Shahra-e-Faisal, Karachi-74400

Bankers

NIB Bank Limited

Auditors

BDO Ebrahim & Co.
Chartered Accountants

Legal Adviser

Bawaney & Partners

Registrar and Share Transfer Office

THK Associates (Pvt) Limited
2nd Floor, State Life Building No. 3, Dr. Ziauddin Ahmed Road, Karachi-75530
UAN: +92 21 111-000-322 Fax: +92 21 3565 5595



Vision Statement

TO BE THE TOP PERFORMER OF THE MUTUAL FUND INDUSTRY THROUGH WEALTH MAXIMIZATION OF THE CERTIFICATE HOLDERS BY INVESTING IN THE BEST AVAILABLE OPPORTUNITIES WITH EMPHASIS ON GROWTH, WHILE CONSIDERING RISK PARAMETERS AND APPLICABLE RULES.



Mission Statement

TO PROVIDE INVESTORS LUCRATIVE INVESTMENT OPPORTUNITIES THROUGH AN INVESTMENT MIX OF BLUE CHIP SHARES HAVING THE POTENTIAL OF OFFERING HEALTHY DIVIDENDS AND GROWTH OPPORTUNITY.

DIRECTORS' REPORT

FOR THE YEAR ENDED JUNE 30, 2015

The Board of Directors of PICIC Asset Management Company Limited, the Management Company of PICIC Investment Fund (PIF) or Fund is pleased to present the 12th Annual Report of the PICIC Investment Fund.

PICIC ASSET MANAGEMENT COMPANY LIMITED

PICIC Asset Management Company Limited (PICIC AMC) is a wholly owned subsidiary of NIB Bank Limited (NIB). NIB is a subsidiary of Bugis Investments (Mauritius) Pte. Limited which is a wholly owned subsidiary of Fullerton Financial Holdings Pte. Limited which in turn is a wholly owned by Temasek Holdings, an investment arm of the Government of Singapore. NIB is pursuing a transaction for divestment of its equity stock in the Management Company. Such divestment transaction would be subject to necessary regulatory approval of SECP.

FINANCIAL RESULTS

The financial results of PICIC Investment Fund for the year under review are summarized as under:

	(Rupees in '000')
Un-appropriated Profit brought forward	89,631
Loss after taxation for the year	(80,851)
Income available for appropriation	8,780
Appropriation:	
Final Dividend for the year ended June 30, 2014	(625,074)
@ 22% (Distributed on August 27, 2014)	
Accumulated loss carried forward	(616,294)
Loss per certificate (Rupees)	(0.28)

MARKET REVIEW

The KSE-100 performance can be analyzed in two halves; 1HFY15 was volatile due to long march and sit-in by PTI/PAT which began in Aug'14 and ended in Mid Dec'14 (post terrorist attack on army public school). During this period of political uncertainty the market witnessed FIPI outflow of USD ~50mn. In the 2HFY15, after reaching highs of 35055 points, it posted ~6,128 points correction on the back of continued foreign selling followed by massive selling by local institutions in commercial banks on the back of a cut in benchmark discount rate along with introduction of target rate. However, the market gained momentum in 4qFY15 following the inking of ~USD46bn MoUs signed under the frame work of CPEC. In this regard, the benchmark KSE-100 Index closed FY15 at 34,398 points, a gain of 4,746 points or up 16.01% Y/Y. The upward movement was further supported by 1) Improved Law & Order, 2) Political stability as a result of the formation of a Judicial Commission to probe the 2013 election results, 3) Softening of CPI monthly stats 4) Valuations improved as benchmark discount rate was lowered to 7% (300bps cut during FY15), 5) BoP support through IMF program (3-year USD 6.64bn under the EFF) which also paved the way for other bilateral/multilateral support and much needed structural reforms, 6) Sharp uptick in FX reserves which closed the year at USD ~18.5bn up from USD ~14bn as at Jun'14, with contribution from issuance of Sukuk (USD 1bn), privatization proceeds (USD 783mn - ABL & HBL) and disbursement of IMF tranches (USD 1.5bn in FY15). Average daily volumes (ADV) for the KSE All share index in FY15 improved to 219 million shares, a 2% increase from the 214 million shares (ADV) traded in FY14.

Foreign portfolio investment in Pakistan clocked in net inflows of USD 38.54 million in FY15 compared to net inflows of USD 256.17 million in FY14. Cumulative gross trades (buy) by foreigners amounted to USD 2,758 million in FY15, up 30.68% Y/Y compared with gross trades (buy) in FY14. In the last quarter alone (4qFY15),

USD 56.57 million (net basis) was deployed into the equity markets of Pakistan, where as a net FIPI outflow of USD 131 million (net basis) was witnessed due to a foreign selling in 3qFY15. Besides the increase in Pakistan's weight within the MSCI FM space, optimistic outlook on the external account was aided by a successful initiation of GoP's privatization drive and the launch of a critical military operation in tribal regions of the country boosting investor confidence further.

The Pakistani equity bourse continued to outperform the main global composites by a wide margin in FY15. In this regard, MSCI world, MSCI Emerging Markets, and MSCI Frontier Markets have underperformed by 16%, 24%, and 32.21% respectively against the benchmark KSE-100 index's return of 16.01% in FY15.

KSE 100 index's strong performance was led by 1) Automobile and Parts (relative outperformance of 83.69% - largely led by Yen depreciation and increase in volumetric sales), 2) Construction & Materials (relative outperformance of 35% - mainly led by firm sales and robust margins), 3) Chemicals/Fertilizers (relative outperformance of 31% - largely led by stable gas prices, improved gas flows and increase in capacity utilization which kept fertilizer imports on lower side), 4) Electricity (relative outperformance of 27.62% - largely led by lower oil prices, slow down in circular debt pileup and attractive dividend yields in declining interest rate regime), 5) General Industries (relative outperformance of 12% - largely led by a stronger PKR, increase in demand and strengthening margins). On the flip side, the Oil & Gas sector (including OMCs), marred by declining international oil prices and cut in local fuel prices, underperformed the benchmark index by 39% during FY15. Similarly, the Banking sector underperformed the benchmark by ~24% due to expansionary monetary policy (300bps cut in discount rate cut to 7% in FY15) and introduction of Target Rate put the downward pressure on the net interest margins.

On the economic front, while the last few years have been characterized by continued sluggish GDP growth (real), +3.32% Y/Y in the industrial sector led by large scale manufacturing (improved energy supply and increase in automobiles demand) provided impetus to GDP growth in FY15, which clocked in at 4.20% against a GDP growth of 4.03% witnessed in FY14.

Among the key positives in FY15, headline inflation slowed down significantly, averaging 4.53% Y/Y versus 8.62% Y/Y average growth in CPI recorded in FY14. CPI's significant downward trend is due to lower domestic fuel prices, relatively steady rise in electricity rates (due to lower oil prices and stable gas prices) and decline in perishable food prices.

The government's privatization program continued in FY15 with successful secondary market offerings for both ABL and HBL. This should bode positively for the upcoming second market offerings under privatization program of public sector entities, slated to be completed during the PML-N govt. tenure. However, amidst low international oil prices we believe the offering of OGDC may get delayed. Looking at the external profile, current account (CA) has posted a deficit of USD 2.28bn (down 22% Y/Y) and well within target of 0.80% of GDP, balance of payment (BoP) posted deficit of USD 2.3bn during FY15 versus a surplus of USD 3.8bn during the same time last year. The major reason behind trade deficit was decline in textile exports due to declining international & local cotton prices, stable PKR vs USD and deepening of recessionary cycle in Euro Zone. Additionally, Pakistan's FX reserves have also improved by 32% during FY15 to reach ~USD 18.5bn (up from USD 14bn in FY14). In this backdrop, the PKR remained relatively stable during the year (+3.2% vs USD). The CAD target was achieved due to Sukuk issuance (USD 1bn), privatization proceeds (USD 783mn - ABL & HBL) and IMF tranches of (USD 1.5bn in FY15) which also paved the way for other bilateral/multilateral support and decline in Oil Import Bill. The government needs to streamline energy supply and focus on reviving FDI to unlock growth in the economy, in our view.

The fiscal deficit in FY15 reportedly clocked in at 0.8% of GDP compared to a steep deficit of 5.8% of GDP in FY15 due to relatively lower growth recorded in expenditures (9% Y/Y during FY15) compared with revenues which increased by 26% Y/Y FY14. Drilling down, we find that tax revenues and non-tax revenues increased by 16% Y/Y and -4% Y/Y respectively during FY15, current expenditures recorded a contained growth of 8% Y/Y while PSDP recorded a noticeable growth of 26% Y/Y during FY15. Govt. during FY15 raised PKR 950bn versus the target of PKR 970bn, in declining interest rate scenario mostly re-profiling of short and long term debt was witnessed. Moreover, in declining oil prices regime GoP is in ideal position to further raise utility tariffs, it is expected that the quantum of subsidies should further reduce as agreed with IMF, which should bring the overall fiscal deficit to manageable levels particularly if the impetus in the privatization program along with USD inflows is sustained.

The Fund management team has geared its investment strategy towards top tier blue chip liquid stocks. We reiterate our commitment to allocating the bulk of our funds in liquid equity scripts which ensures flexibility in both accumulating and offloading positions. The focus is to direct investments towards those entities which retain resilient non-cyclical fundamentals, professional management with a proven track record, consistent earnings

growth and strong payout potential. We are also mindful of possible political headwinds and consequent volatility in the capital markets of Pakistan. The Fund management team will continue to monitor macro-economic indicators, with particular focus on the currency, general price levels in the country, external account and the BoP profile. The portfolio will also be continuously monitored to ensure that any new potential opportunities will be availed for the benefit of the fund's investors and to that end we aim to retain sufficient cash to take advantage of such opportunities.

FUTURE OUTLOOK

At the close of Fy15, the KSE-100 Index traded around its all time high. Further re-rating of the KSE-100 Index should depend on 1) Weight increase of Pakistan in MSCI FM Index, 2) Improving macros, led by optimism on foreign inflows and successful privatizations, 3) Lower CPI print, 4) Discount rate at 7%-8% levels would increase corporate and personal loan lending and 4) Stability on the law & order front. Factors which can induce volatility include political developments, foreign outflows due to regional markets downfall, currency depreciation and disruption of law & order conditions. Therefore, as comfort builds on Pakistan's macros, local as well as foreign investor attention should continue to focus on corporate fundamentals and market valuations.

In the above backdrop, we would also like to highlight that an investment strategy takes time to manifest before gains become visible, and the mutual fund industry is subject to the volatility inherent in capital markets. We aim to maximize our returns at the minimal possible risk; however, we remain exposed to fundamental unpredictable events.

OPERATING RESULTS

During the period under review total income stood at Rs. 95 million including unrealized loss of Rs. 239 million (2014: unrealized gain of Rs 291 million) as compared to a total income of Rs 1,150 million reported for the corresponding period.

Realized capital gain during the period stood at Rs 138 million as compared to Rs 637 million in the corresponding period. The dividend income during the period stood at Rs 178 million as compared to Rs 202 million in the corresponding period.

Total expenditure during the period stood at Rs 176 million as compared to Rs 204 million during the corresponding period.

Tax provision for the current year amounted to NIL due to tax exemption under Clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 and Regulation 63 of NBFC & NE Regulations, 2008.

The net loss for the period stood at Rs 81 million as compared to a net profit of Rs 945 million reported for the corresponding period. This translates into earning per certificate of Rs. (0.28) for the period as compared to Rs 3.33 in the corresponding period.

The net assets decreased from Rs 5,757 million as on June 30, 2014 to Rs 5,043 million as on June 30, 2015 and accordingly the net asset value per certificate decreased from Rs 20.26 per certificate as on June 30, 2014 to Rs 17.75 per certificate as on June 30, 2015.

INCOME DISTRIBUTION

The Board of Directors of PICIC Asset Management Company Limited (the Management Company) has declared a final cash dividend of Nil% for PICIC Investment Fund for the year ended June 30, 2015.

COMPLIANCE WITH THE REGULATION 65 OF THE NON-BANKING FINANCE COMPANIES AND NOTIFIED ENTITIES REGULATIONS, 2008

As per Regulation 65 of the NBFC & NE Regulations every close-end fund needs to hold a General Meeting of its certificate holders on or before January 31, 2013 to seek their approval to convert the Fund into an open-end scheme or to revoke the close-end fund except for close-end funds having frozen portfolio as a result of an agreement with the Privatization Commission of Pakistan, Government of Pakistan. PICIC Investment Fund being a close-end fund with frozen portfolio requires to comply with the requirements of the Regulation 65 of the NBFC & NE Regulation within three months from the date of removal of freezing of the portfolio. For details please refer to note no: 1.5 to the financial statements of the Fund.

MANAGEMENT COMPANY QUALITY RATING AND FUND PERFORMANCE RANKING

JCR-VIS Credit Rating Company Limited has assessed the fund performance ranking at 'MFR-1 Star', 'MFR-1 Star' and 'MFR-2 Star' for the one, three and five year periods respectively for the period ended June 30, 2015.

PICIC Asset Management Company Limited, the Management Company has been assigned Management Quality rating of AM2- by JCR-VIS which denotes 'High Management Quality'

CORPORATE GOVERNANCE

The Fund is listed on all three Stock Exchanges and the Management Company is committed to observing Code of Corporate Governance prescribed for listed companies. Further the Board of Directors' States that:

- a. The financial statements prepared by the Management Company of the Fund, present a fair state of affairs of the Fund, the result of its operations, cash flows and statement of changes is equity.
- b. Proper books of accounts of the Fund have been maintained.
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. Relevant International Financial reporting Standards, as applicable in Pakistan, the Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003, the Non-Banking Finance Companies & Notified Entities Regulations, 2008, requirements of the Trust Deed and directives of Securities and Exchange Commission of Pakistan have been consistently followed in preparation of financial statements.
- e. The system of internal control is sound in design and has been effectively implemented and monitored.
- f. There are no significant doubts upon the Fund's ability to continue as a going concern.
- g. Key operating and financial data of last six years is summarized (Annexure-A).
- h. Outstanding statutory payment on account of taxes, duties, levies and charges have been fully disclosed in the Financial Statements.
- i. The statement as to the value of investments of provident is not applicable in case of Fund as such expenses are borne by the Management Company.
- j. A statement showing the number of Board and Committees' meetings held during the year and attendance by each director has been annexed. (Annexure-B).
- k. During the year under review one Director has completed the directors training program offered by Institute of Cost Management Accountant of Pakistan (ICMAP).
- l. The detail as required by the Code of Corporate Governance regarding the pattern of certificate-holding has been annexed. (Annexure-C).
- m. All trades during the year in the units of the Fund carried out by the Directors, CEO, COO, Chief Financial Officer & Company Secretary, Head of Internal Audit and their spouses and minor children has been annexed. (Annexure-D).

AUDITORS

The Fund's external auditors BDO Ebrahim & Co., Chartered Accountants have expressed their willingness to continue as the Fund's auditor for the ensuing year ending June 30, 2016. The Audit Committee of the Management Company has recommended the appointment of BDO Ebrahim & Co., Chartered Accountants, as the Fund's auditors for the year ending June 30, 2016.

ACKNOWLEDGEMENT

Finally, we once again avail this opportunity to thank all our valued certificate holders and correspondents for their continuing patronage and support. We would also like to thank the Ministry of Finance, Securities & Exchange Commission of Pakistan, State Bank of Pakistan, Central Depository Company of Pakistan Limited (Trustee), National Clearing Company of Pakistan Limited and other regulatory authorities, financial institutions and the auditors for their continued guidance and assistance. The Board also wishes to place on record its appreciation for the staff for their commitment and hard work and to the certificate-holders for the trust and confidence reposed in us.

Karachi
September 09, 2015

For and on behalf of the board

Suleman Chhagla
Chief Executive Officer

SUMMARIZED OPERATING AND FINANCIAL RESULTS

FOR THE LAST SIX YEARS IN COMPARISON TO CURRENT YEAR

Year Ended	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009
Rupee in '000'							
STATEMENT OF ASSETS & LIABILITIES							
Net Assets:							
Investment in HFT	2,481,244	3,361,494	3,112,061	2,347,660	2,344,225	2,215,837	1,985,236
Investment in AFS	2,350,987	2,359,181	1,774,763	919,945	1,032,103	1,032,681	867,604
Other Assets	406,197	403,147	137,731	274,324	316,186	229,942	234,239
Liabilities	(195,064)	(366,338)	(171,439)	(196,822)	(120,219)	(150,225)	(74,919)
Total	5,043,364	5,757,484	4,853,116	3,345,107	3,572,295	3,328,235	3,012,160
Financed By:							
Capital	2,841,250	2,841,250	2,841,250	2,841,250	2,841,250	2,841,250	2,841,250
Premium on issue of certificate	984,688	984,688	984,688	984,688	984,688	984,688	984,688
General Reserve	225	225	225	225	225	225	225
Reserver for issue of bonus certificate	-	-	-	-	-	-	-
Unappropriated (loss)/profit	(616,294)	89,631	(230,318)	(883,509)	(768,480)	(1,013,118)	(1,164,116)
Surplus on revaluation of AFS Investment	1,833,495	1,841,690	1,257,271	402,453	514,612	515,190	350,113
Total	5,043,364	5,757,484	4,853,116	3,345,107	3,572,295	3,328,235	3,012,160
Net Asset Value per Certificate (Rupees)	17.75	20.26	17.08	11.77	12.57	11.71	10.60
INCOME STATEMENT							
Income:							
Gain/(Loss) on Sale of Investments -net	137,695	637,059	568,497	156,355	456,945	486,850	(1,017,195)
Unrealised appreciation/(diminution) on remeasurement of investment - net	(239,188)	291,433	222,166	(28,080)	(388)	(269,243)	(401,392)
Dividend income	178,063	202,092	217,662	197,514	216,046	126,913	194,800
Other Income	18,566	19,066	18,160	21,276	36,871	58,066	36,611
	95,136	1,149,650	1,026,485	347,065	709,474	402,586	(1,187,176)
Expenditure:							
Management Fee	100,573	101,795	76,458	64,904	71,887	71,816	62,426
Auditors' Remuneration	642	594	562	622	554	543	490
Other Expenses	74,772	82,952	51,005	36,510	24,997	31,186	17,289
	175,987	185,341	128,025	102,036	97,438	103,545	80,205
Profit/(Loss) Before Taxation	(80,851)	964,309	898,460	245,029	612,036	299,041	(1,267,381)
Worker Welfare Fund (WWF)	-	(19,286)	(17,969)	(4,904)	(12,241)	(5,981)	-
Taxation	-	-	-	-	-	-	-
Profit/(Loss) After Taxation	(80,851)	945,023	880,491	240,125	599,795	293,060	(1,267,381)
Earnings/(Loss) per Certificate (Rupees)	(0.28)	3.33	3.10	0.85	2.11	1.03	(4.46)

**STATEMENT SHOWING ATTENDANCE OF THE BOARD OF DIRECTORS' MEETING OF
PICIC ASSET MANAGEMENT COMPANY LIMITED (THE MANAGEMENT COMPANY)
FOR PICIC INVESTMENT FUND**

FOR THE PERIOD FROM JULY 01, 2014 TO JUNE 30, 2015

S. No.	Name of Directors	Number of Meetings			Meetings not attended
		Held	Attended	Leave Granted	
1	Mr. Atif R. Bokhari (Chairman) ⁴	5	4	1	79th
2	Mr. Asadullah Khawaja ¹	1	1	-	-
3	Mr. Imran R. Ibrahim ¹	1	1	-	-
4	Mr. Badar Kazmi ¹⁻²⁻³	4	2	2	74th and 77th
5	Mr. Shah Miftah -ul - Azim ¹⁻²	8	7	1	76th
6	Mr. Imran Ahad ¹⁻²⁻⁶	6	5	1	79th
7	Mr. Salman Sarwar Butt ¹⁻²⁻³	4	1	3	74th, 75th and 77th
8	Mir Adil Rashid ¹⁻²⁻³	4	4	-	-
9	Mr. Shahid Zaki ²	7	7	-	-
10	Mr. Imran Ahmad Mirza ²	7	7	-	-
11	Mr. Suleman Chhagla ⁵	4	4	-	-
12	Mr. Tufail Jawed Ahmad ⁵	3	3	-	-
13	Mr. Jaudat Hussain ⁷	2	1	1	80th

During the year 8 BOD meetings were held.

¹ Directors resigned on completion of three year term on September 22, 2014.

² Directors elected for a term of three year term effective from September 22, 2014.

³ Mr. Badar Kazmi, Mr. Salman Sarwar Butt and Mir Adil Rashid resigned effective from February 12, 2015.

⁴ Mr. Atif R. Bokhari appointed on February 12, 2015 to fill casual vacancy.

⁵ Mr. Suleman Chhagla and Mr. Tufail Jawed Ahmad appointed on February 18, 2015 to fill casual vacancies.

⁶ Mr. Imran Ahad resigned effective from April 24, 2015.

⁷ Mr. Jaudat Hussain appointed on April 24, 2015 to fill casual vacancy.

**STATEMENT SHOWING ATTENDANCE OF THE BOARD AUDIT COMMITTEE MEETING OF
PICIC ASSET MANAGEMENT COMPANY LIMITED (THE MANAGEMENT COMPANY)
FOR PICIC INVESTMENT FUND**

FOR THE PERIOD FROM JULY 01, 2014 TO JUNE 30, 2015

S. No.	Name of Directors	Number of Meetings			Meetings not attended
		Held	Attended	Leave Granted	
1	Mr. Imran Ahmad Mirza - Chairman ²	3	3	-	-
2	Mr. Shah Miftah -ul - Azim ¹⁻²	4	4	-	-
3	Mr. Imran Ahad ¹⁻²⁻¹	4	3	-	48th
4	Mr. Imran R. Ibrahim ¹	1	1	-	-
5	Mr. Tufail Jawed Ahmad ²	-	-	-	-

During the year 4 Board Audit Committee meetings were held.

¹ Directors resigned during the year.

² Members appointed during the year.

**STATEMENT SHOWING ATTENDANCE OF THE BOARD INVESTMENT COMMITTEE MEETING
OF PICIC ASSET MANAGEMENT COMPANY LIMITED (THE MANAGEMENT COMPANY)
FOR PICIC INVESTMENT FUND**

FOR THE PERIOD FROM JULY 01, 2014 TO JUNE 30, 2015

S. No.	Name of Directors	Number of Meetings			Meetings not attended
		Held	Attended	Leave Granted	
1	Mr. Tufail Jawed Ahmad- Chairman ²	1	1	-	-
2	Mr. Asadullah Khawaja ¹	1	1	-	-
3	Mr. Imran R. Ibrahim ¹	1	1	-	-
4	Mr. Imran Ahad ¹⁻²⁻¹	3	3	-	-
5	Mir Adil Rashid ¹⁻²⁻¹	3	3	-	-
6	Mr. Imran Ahmad Mirza ²	3	3	-	-
7	Mr. Shah Miftah -ul - Azim ²	3	3	-	-
8	Mr. Suleman Chhagla ²	1	1	-	-

During the year 4 Board Investment Committee meetings were held.

¹ Directors resigned during the year.

² Members appointed during the year.

**STATEMENT SHOWING ATTENDANCE OF THE BOARD HUMAN RESOURCE COMMITTEE
MEETING OF PICIC ASSET MANAGEMENT COMPANY LIMITED (THE MANAGEMENT
COMPANY) FOR PICIC INVESTMENT FUND**

FOR THE PERIOD FROM JULY 01, 2014 TO JUNE 30, 2015

S. No.	Name of Directors	Number of Meetings			Meetings not attended
		Held	Attended	Leave Granted	
1	Mr. Shahid Zaki- Chairman ²	2	2	-	-
2	Mr. Asadullah Khawaja ¹	1	1	-	-
3	Mr. Imran R. Ibrahim ¹	1	1	-	-
4	Mr. Salman Sarwar Butt ¹⁻²⁻¹	2	2	-	-
5	Mr. Imran Ahad ²⁻¹	2	1	1	33rd
6	Mir Adil Rashid ¹⁻²⁻¹	2	2	-	-
7	Mr. Jaudat Hussain ²	-	-	-	-
8	Mr. Suleman Chhagla ²	1	1	-	-

During the year 3 Board Human Resource Committee meetings were held.

¹ Directors resigned during the year.

² Members appointed during the year.

**STATEMENT SHOWING PATTERN OF CERTIFICATES HELD BY
THE CERTIFICATE-HOLDERS OF PICIC INVESTMENT FUND**

AS AT JUNE 30, 2015

Certificates		Number of Certificate- holders	Holdings
From	To		
1	100	3,181	200,061
101	500	6,970	1,784,226
501	1,000	2,397	1,790,785
1,001	5,000	2,389	5,723,762
5,001	10,000	526	4,086,105
10,001	15,000	197	2,467,153
15,001	20,000	156	2,788,554
20,001	25,000	97	2,233,787
25,001	30,000	77	2,164,962
30,001	35,000	47	1,574,677
35,001	40,000	38	1,463,488
40,001	45,000	18	771,267
45,001	50,000	50	2,435,805
50,001	55,000	22	1,150,453
55,001	60,000	17	978,025
60,001	65,000	11	685,590
65,001	70,000	15	1,027,754
70,001	75,000	21	1,538,321
75,001	80,000	10	786,900
80,001	85,000	10	833,256
85,001	90,000	7	614,065
90,001	95,000	8	740,113
95,001	100,000	33	3,293,050
100,001	500,000	120	26,479,974
500,001	1,000,000	23	15,960,229
1,000,001	5,000,000	16	40,662,590
5,000,001	10,000,000	3	19,838,393
10,000,001	50,000,000	4	140,051,655
Total		<u>16,463</u>	<u>284,125,000</u>

**STATEMENT SHOWING CATEGORY OF CERTIFICATE-HOLDERS
OF PICIC INVESTMENT FUND
AS AT JUNE 30, 2015**

Category Description	Number of Certificate- holders	Holdings	%
Individuals	16,267	102,707,168	36.15%
Associated companies / directors	1	96,703,821	34.04%
Insurance companies	17	5,031,626	1.77%
Banks / DFIs	28	29,872,670	10.51%
NBFCs	27	10,225,580	3.60%
Foreign companies	7	20,927,706	7.37%
Others	116	18,656,429	6.57%
TOTAL	<u>16,463</u>	<u>284,125,000</u>	<u>100.00</u>

**PATTERN OF CERTIFICATE HOLDING OF PICIC INVESTMENT FUND
AS PER REQUIREMENT OF THE CODE OF CORPORATE GOVERNANCE**

AS AT JUNE 30, 2015

Category Description	Certificate Held
Individuals	101,563,127
Local	1,144,041
Foreign	
Associated Company	
NIB Bank Limited	96,703,821
Management Company	
PICIC Asset Management Company Limited	-
National Investment Unit Trust (NIUT)	10,108,128
Investment Corporation of Pakistan (ICP)	101,620
Banks, DFI & NBFIs	29,872,670
Insurance Companies	5,031,626
Modarabas	15,832
Foreign Companies	20,927,706
Others	18,656,429
Total	<u>284,125,000</u>

**DETAILS OF CERTIFICATE HOLDERS HOLDING FIVE PERCENT OR MORE
CERTIFICATES OF PICIC INVESTMENT FUND**

AS AT JUNE 30, 2015

Category Description	Holding	%
NIB Bank Limited	96,703,821	34.04
MCB BANK LIMITED - TREASURY	18,498,500	6.51
ADVANCE FRONTIER MARKETS FUND LTD	14,741,206	5.19

**STATEMENT SHOWING UNITS TRADED/HELD BY DIRECTORS, CEO, CFO, HEAD OF INTERNAL
AUDIT AND COMPANY SECRETARY OF PICIC ASSET MANAGEMENT COMPANY LIMITED
(THE MANAGEMENT COMPANY) AND THEIR SPOUSES AND MINOR CHILDREN
FOR THE PERIOD FROM JULY 01, 2014 TO JUNE 30, 2015**

S. No.	Names	Designation	Beginning Certificates	Certificate Purchased	Certificate Sold	Bonus Certificate	Closing Certificate
1	Mr. Atif R. Bokhari	Chairman	-	-	-	-	-
2	Mr. Shahid Zaki	Director	-	-	-	-	-
3	Mr. Imran Ahmad Mirza	Director	-	-	-	-	-
4	Mr. Shah Miftah -ul - Azim	Director	-	-	-	-	-
5	Mr. Tufail Jawed Ahmad	Director	-	-	-	-	-
6	Mr. Jaudat Hussain	Director	-	-	-	-	-
7	Mr. Suleman Chhagla	CEO	-	-	-	-	-
8	Mr. Imad Zahid Nagi	CFO & Company Secretary	-	-	-	-	-
9	Mr. Asher Matloob Siddiqui	Head of Compliance & Internal Audit	-	-	-	-	-

FUND MANAGER'S REPORT

FOR THE YEAR ENDED JUNE 30, 2015

i) Description of the Collective Investment Scheme category and type

Equity / Closed-end

ii) Statement of Collective Investment Scheme's investment objective

PICIC Investment Fund (PIF) is a closed-end equity fund. The objective of the Fund is capital growth of the Certificate Holders for which investments would be made in the best available opportunities, while considering acceptable risk parameters and applicable rules and regulations.

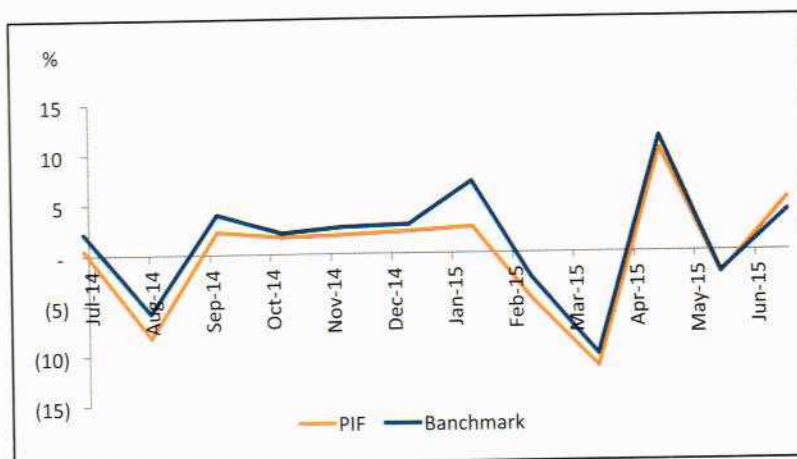
iii) Explanation as to whether the Collective Investment Scheme achieved its stated objective

The Collective Investment Scheme achieved its stated objective.

iv) Statement of benchmark(s) relevant to the Collective Investment Scheme

The Collective Scheme's total NAV decreased by -0.35%, underperforming the benchmark KSE 100 Index by 16.35% during Fy15. The Fund's ex. Frozen NAV decreased by -1.96% during the stated period and it underperformed the benchmark KSE 100 Index by 17.97%.

v) Comparison of the Collective Investment Scheme's performance during the period compared with the said benchmarks



Monthly Yield	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15
PIF	0.54	(8.20)	2.30	1.77	1.91	2.28	2.67	(4.50)	(11.34)	10.30	(2.20)	5.28
Frozen	3.47	(8.07)	(2.51)	(2.89)	0.87	2.24	4.73	1.60	(10.05)	10.30	(3.63)	5.46
Ex - Frozen	(1.49)	(8.29)	5.94	5.64	2.71	2.30	1.12	(9.24)	(12.47)	10.30	(0.93)	5.12
Benchmark	2.23	(5.76)	4.06	2.19	2.70	2.99	7.20	(2.36)	(10.10)	11.56	(2.00)	4.06

vi) Description of the strategies and policies employed during the period under review in relation to the Collective Investment Scheme's performance

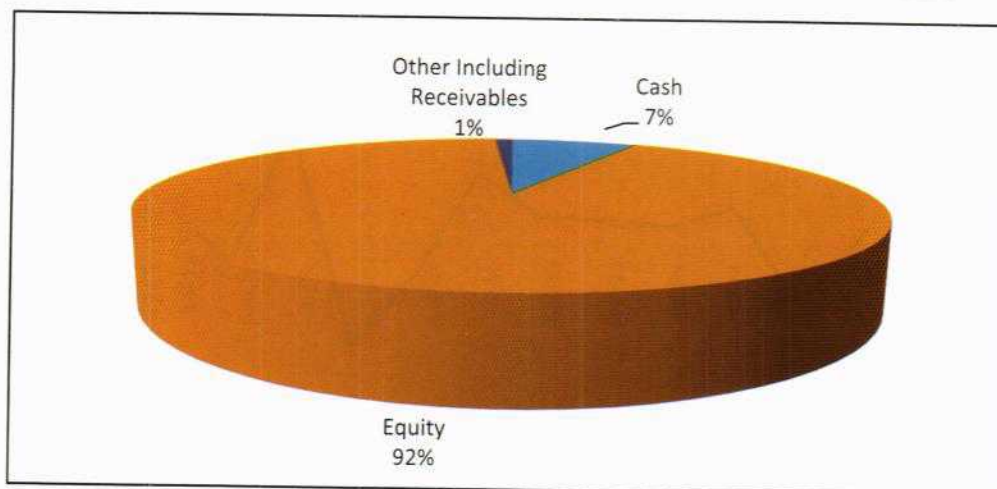
Exposure in equities remained high amidst favorable dynamics of the equity markets of Pakistan which was driven by 1) upward revision of Pakistan's foreign currency government bond rating to stable from negative, 2) Moody's upgraded Pakistan's rating outlook to "Positive" from "Neutral", 3) Strong Corporate earnings growth 10% (ex-EnP) in 9mFy15, 4) GoP raised USD 1bn from Pakistan Sukuk Bond (2.3x oversubscribed), 5) Foreign inflows continued from IMF and other avenues, 6) Declining oil prices resulted in lower CPI readings, lower oil import bill and reduced CAD (0.80% of GDP), 7) monetary easing with aggregate cut of 300bps in Fy15, based on lower inflation readings 8) Political noise subdued post termination of sit in by political parties and improving law and order boosting investor confidence (Local/Foreign), 9) PKR appreciated by 1.46% Y/Y (avg. PKR/USD 101.39 Fy15 vs avg. PKR/USD 102.89 Fy14) on back of foreign inflows and SBP's stringent measures to curb the illegal outflow of foreign currency, 10) Divestment of govt. stake in HBL (41.5%), 11) weight of Pakistan market in MSCI Frontier Markets increased and MSCI Pakistan Index is under review for potential reclassification to MSCI Emerging Markets in 2016; and finally Investment projects worth ~USD 46bn were inked under the frame work of CPEC.

For our equity funds, we would like to place emphasis on our investment philosophy and stock selection which is primarily composed of blue chips and dividend yielding stocks. Our investment strategy would largely remain in line with this philosophy going forward. In this regard, while the KSE100 Index is our approved benchmark, our investment strategy and stock selection is more reflective of the KSE30 Index which is primarily composed of blue chip stocks. The investment strategy of our medium to long term investment horizon funds mainly considers investing in blue chip growth and value dividend paying stocks which in turn also reduces our overall investment risk. The consistency of our investment strategy is vindicated by a predominant exposure of our funds in blue chip companies.

Looking at our major holdings we have remained largely positive on 1) Construction and Building Materials sector - robust demand growth amid increased focus on infrastructure development 2) Chemicals sector - improved fundamentals and 3) Commercial Banks sector - proxy for economic growth; however we gradually reduced our exposure in the sector on back of declining interest rate regime. Over the course of FY15, we also diversified our exposure across Automobile and parts, and consumer leveraged sectors like Tobacco and Pharmaceuticals. This has also led us to take investment exposures in some very attractive out of the index positions focused in the consumer leveraged sectors. Going forward, we plan to continue diversifying our exposure across sectors with attractive fundamentals. In the absence of exogenous shocks, healthy upcoming corporate results coupled with payouts should drive price performance of our main sectors, i.e., Building Materials (Cements), Commercial Banks and Chemicals (Fertilizer), in the near term.

vii) Disclosure of the Collective Investment Scheme's asset allocation as at the date of the report and particulars of significant changes in asset allocation since the last report (if applicable)

Asset Allocation(%)	Jun'15	Jun'14
Cash	7	1
Equity	92	93
Other Including Receivables	1	6



viii) Analysis of the Collective Investment Scheme's performance

The Fund has achieved a return of -0.35%, underperforming the KSE100 index by -16.35%. Further details of performance analysis are provided in para (vi) of this report.

ix) Changes in total NAV and NAV per certificate since the last review period or since commencement

Net Asset Value (NAV)		
30 June 2015	30 June 2014	Change
Rupees (000)		%
5,043,364	5,757,484	-12.40

NAV per certificate		
30 June 2015	30 June 2014	Change
Rupees		%
17.75	20.26	12.39

x) Disclosure on the markets that the Collective investment Scheme has invested in including - review of the market(s) invested in and performance during the period

The KSE-100 performance can be analyzed in two halves; 1HFY15 was volatile due to long march and sit-in by PTI/PAT which began in Aug'14 and ended in Mid Dec'14 (post terrorist attack on army public school). During this period of political uncertainty the market witnessed FIPI outflow of USD ~50mn. In the 2HFY15, after reaching highs of 35055 points, it posted ~6,128 points correction on the back of continued foreign selling followed by

massive selling by local institutions in commercial banks on the back of a cut in benchmark discount rate along with introduction of target rate. However, the market gained momentum in 4qFY15 following the inking of ~USD46bn MoUs signed under the frame work of CPEC. In this regard, the benchmark KSE-100 Index closed FY15 at 34,398 points, a gain of 4,746 points or up 16.01% Y/Y. The upward movement was further supported by 1) Improved Law & Order, 2) Political stability as a result of the formation of a Judicial Commission to probe the 2013 election results, 3) Softening of CPI monthly stats 4) Valuations improved as benchmark discount rate was lowered to 7% (300bps cut during FY15), 5) BoP support through IMF program (3-year USD 6.64bn under the EFF) which also paved the way for other bilateral/multilateral support and much needed structural reforms, 6) Sharp uptick in FX reserves which closed the year at USD ~18.5bn up from USD ~14bn as at Jun'14, with contribution from issuance of Sukuk (USD 1bn), privatization proceeds (USD 783mn - ABL & HBL) and disbursement of IMF tranches (USD 1.5bn in FY15). Average daily volumes (ADV) for the KSE All share index in FY15 improved to 219 million shares, a 2% increase from the 214 million shares (ADV) traded in FY14.

Foreign portfolio investment in Pakistan clocked in net inflows of USD 38.54 million in FY15 compared to net inflows of USD 256.17 million in FY14. Cumulative gross trades (buy) by foreigners amounted to USD 2,758 million in FY15, up 30.68% Y/Y compared with gross trades (buy) in FY14. In the last quarter alone (4qFY15), USD 56.57 million (net basis) was deployed into the equity markets of Pakistan, where as a net FPI outflow of USD 131 million (net basis) was witnessed due to a foreign selling in 3qFY15. Besides the increase in Pakistan's weight within the MSCI FM space, optimistic outlook on the external account was aided by a successful initiation of GoP's privatization drive and the launch of a critical military operation in tribal regions of the country boosting investor confidence further.

The Pakistani equity bourse continued to outperform the main global composites by a wide margin in FY15. In this regard, MSCI world, MSCI Emerging Markets, and MSCI Frontier Markets have underperformed by 16%, 24%, and 32.21% respectively against the benchmark KSE-100 index's return of 16.01% in FY15.

xi) Disclosure on distribution (if any), comprising:-

- particulars of income distribution or other forms of distribution made and proposed during the period; and
- statement of effects on the NAV before and after distribution is made

Declared on	Distribution			Per Certificate	
	Bonus	Cash	Per Certificate	Cum NAV	Ex NAV
	Rupees (000)			Rupees	
17-Sep-14	-	625,075	2.20	17.08	14.88

xii) Description and explanation of any significant changes in the state of affairs of the Collective Investment Scheme during the period and up till the date of the manager's report, not otherwise disclosed in the financial statements.

There were no significant changes in the state of affairs of Collective Investment Scheme during the period that has not been disclosed in the financial statements.

xiii) Breakdown of certificate holdings by size

Refer Annexure "C" of Director's Report

xiv) Disclosure on certificate split (if any), comprising:-

There were no certificates splits during the period.

xv) Disclosures of circumstances that materially affect any interests of certificate holders

Investments are subject to market risk.

xvi) Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker(s) or dealer(s) by virtue of transactions conducted by the Collective Investment Scheme.

No soft commissions are received by the AMC from its brokers or dealers by virtue of transactions conducted by the Collective Investment Scheme.

PERFORMANCE TABLE

Year Ended	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009
	Rupee in '000'						
Net Assets at June 30 - Rupees in '000'	5,043,364	5,757,484	4,853,116	3,345,107	3,572,294	3,328,235	3,012,161
Net Assets Value per certificate -Rupees	17.75	20.26	17.08	11.77	12.57	11.71	10.60
Distribution per Certificate: -Rupees							
Cash Dividend							
Interim	-	-	-	-	0.75	0.50	-
Final	-	2.20	2.20	0.80	1.25	0.50	-
Stock Dividend							
Final	-	-	-	-	-	-	-
Distribution dates:							
Cash Dividend							
Interim					11-Feb-11	16-Oct-09	-
Final	-	27-Aug-14	4-Sep-13	30-Aug-12	9-Sep-11	19-Oct-10	-
Stock Dividend							
Final	-	-	-	-	-	-	-
KSE 100 Index Growth percentage	16.01%	41.16%	52.20%	10.44%	28.54%	35.74%	-41.72%
Return of Fund as a percentage of average NAV:							
Total return	-1.12%	35.39%	54.85%	4.27%	18.32%	14.94%	-40.55%
Capital growth	-1.12%	13.39%	32.85%	-3.73%	-1.68%	4.94%	-40.55%
Income distribution	0.00%	22.00%	22.00%	8.00%	20.00%	10.00%	0.00%
Average Annual Return:							
Current year	-1.11%	35.39%	54.85%	4.27%	18.32%	14.94%	-40.55%
Last two years	15.70%	44.79%	27.06%	11.07%	16.61%	17.34%	-24.18%
Last three years	27.52%	29.78%	24.08%	12.34%	-6.84%	-12.90%	-9.94%

Note

- The Fund was reorganized in June 2004

DISCLAIMER

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



Core Values

PICIC Asset Management Company Limited, Management Company of PICIC INVESTMENT FUND believes in:

- Highest standards of personal and professional ethics and integrity.
- Providing impeccable services to its certificate holders.
- Maximizing certificate holders' value through meeting their expectations.
- Innovation and technology as rewarding investments.
- Training, development and recognition as employees' key motivators.
- Democratic leadership and candor as key ingredients for effective team work.
- These core values are the manifestation of its claim of being "The Trusted Name".

STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2015

This statement is being presented by the Board of Directors of PICIC Asset Management Company Limited (Company), the Management Company of PICIC Investment Fund - PIF (Fund) to comply with the Code of Corporate Governance (Code) contained in Regulation No. 35, (Chapter XI) of the Listing Regulations of the Islamabad 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.

PICIC Asset Management Company Limited, an un-listed Public Limited Company, which manages the affairs of the Fund, has applied the principles contained in the Code in the following manner:

1. The Management Company encourages representation of independent non-executive directors on its Board of Directors. The Management Company, being an un-listed company, does not have any minority interest. At present the Board includes:

Category	Names
Independent Directors	Mr. Shahid Zaki Mr. Imran Ahmad Mirza
Executive Directors	Mr. Suleman Chhagla (Chief Executive Officer)
Non- Executive Directors	Mr. Atif R. Bokhari (Chairman) Mr. Shah Miftah-ul-Azim Mr. Tufail Jawed Ahmed Mr. Jaudat Hussain

The independent directors meet the criteria of independence under clause i (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 (excluding the listed subsidiaries of listed holding companies).
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 member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Apart from election of directors on completion of three year term, four casual vacancies occurring on the Board of the Management Company during the year were filled up by the Board within time.
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 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 Chief Executive Officer and non-executive directors, have been taken by the Board. There is no other executive-director of the Management Company besides the Chief Executive Officer.
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 and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before all the meetings except for two emergency meetings. The minutes of the meetings were appropriately recorded and circulated.
9. In order to apprise the Directors of their duties and responsibilities and for their orientation purpose they were informed about the recent developments / changes in applicable laws and regulations affecting the mutual fund industry. The directors are conversant of the relevant laws applicable to the Management Company, its policies, provisions of memorandum and articles of association and are aware of their duties and responsibilities. During the year under review, one Director has completed the directors' training program arranged by the Institute of

Cost & Management Accountants of Pakistan (ICMAP).

10. The existing Chief Financial Officer and Company Secretary and Head of Internal Audit continue to serve as per their terms of employment duly approved by the Board.
11. The Directors' report for this year 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 the Chief Executive Officer and the Chief Financial Officer before approval of the Board.
13. The Directors, the Chief Executive Officer and executives do not hold any interest in the Certificates of the Fund other than that disclosed in the financial statements.
14. The Management Company has complied with all the corporate and financial reporting requirements of the Code with respect to the Fund.
15. The Board has formed an Audit Committee. It comprises of three members, all of whom are non-executive directors and the chairman of the committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Fund as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed an HR 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 outsourced the internal audit function of the Fund to Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants, Karachi, for the year ended June 30, 2015, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Management Company with regards to the Fund.
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 Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold certificates 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 the Institute of Chartered Accountants of Pakistan (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 affect the market/published price of Fund's certificate, was determined and intimated to directors, employees and the stock exchange.
22. Material / price sensitive information has been disseminated amongst all market participants at once through the stock exchange.
23. We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the board

Karachi
September 09, 2015

Suleman Chhagla
Chief Executive Officer

AUDITORS' REVIEW REPORT TO THE CERTIFICATE HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF 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 PICIC Asset Management Company Limited, the Management Company of **PICIC INVESTMENT FUND ("the Fund")** for the year ended June 30, 2015 to comply with the requirements of Listing Regulation No. 35 (Chapter XI) of the listing regulations of Karachi, Lahore and Islamabad Stock Exchanges, where the Fund is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Management Company. 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 Fund for the year ended June 30, 2015.

Karachi
September 09, 2015

BDO Ebrahim & Co.
Chartered Accountants
Zulfiqar Ali Causer
Engagement Partner

TRUSTEE REPORT TO THE CERTIFICATE HOLDERS

PICIC INVESTMENT 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 PICIC Investment Fund (the Fund) are of the opinion that PICIC Asset Management Company Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2015 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 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.

We would like to draw certificate holders' attention towards the fact that the Management Company of the Fund has not achieved the Benchmark return i.e. 16.01% and attained -1.96% on ex-frozen portfolio.

Karachi
October 02, 2015

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

INDEPENDENT AUDITOR'S REPORT TO THE CERTIFICATE HOLDERS

We have audited the accompanying financial statements of **PICIC Investment Fund** ("the Fund"), which comprise of the statement of assets and liabilities as at June 30, 2015 and the statement of comprehensive income, distribution statement, cash flow statement, statement of movement in certificate holders' fund and statement of changes in equity for the year ended June 30, 2015 and summary of significant accounting policies and other explanatory notes.

Management Company's responsibility for the financial statements

The Management Company ("PICIC Asset Management Company Limited") of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and approved accounting standards as applicable in Pakistan. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's 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 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, either due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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 the Fund's affairs as at June 30, 2015 and of its financial performance, cash flows and transactions for the year ended June 30, 2015 in accordance with the approved accounting standards as applicable in Pakistan.

Emphasis of matter

We draw attention to the contents as detailed in note 1.4 to the financial statements which provide details regarding the status of conversion of the Fund to an Open End Scheme. Our opinion is not qualified in respect of this matter.

Other matters

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Trust Deed, NBFC Rules and NBFC Regulations.

Karachi
September 09, 2015

BDO Ebrahim & Co.
Chartered Accountants
Zulfiqar Ali Causer
Engagement Partner

STATEMENT OF ASSETS AND LIABILITIES

AS AT JUNE 30, 2015

	Note	2015	2014
Rupees in '000'			
ASSETS			
Bank balances	5	366,044	87,167
Investments	6	4,832,231	5,720,675
Receivable against sale of investments		-	312,296
Dividend and profit receivable	7	37,453	984
Security deposits		2,700	2,700
Total assets		5,238,428	6,123,822
LIABILITIES			
Payable to the Management Company	8	9,667	11,131
Payable to the Trustee	9	361	397
Payable to the Securities and Exchange Commission of Pakistan	10	4,777	4,835
Payable against purchase of investments		-	190,870
Accrued expenses and other liabilities	11	100,915	85,422
Unclaimed dividend		79,344	73,683
Total liabilities		195,064	366,338
NET ASSETS		5,043,364	5,757,484
CAPITAL AND RESERVES			
Issued, subscribed and paid-up capital	12	2,841,250	2,841,250
Premium on issue of certificates		984,688	984,688
General reserve		225	225
Accumulated loss		(616,294)	89,631
Net unrealised appreciation on re-measurement of investments classified as 'available for sale'	6.2	1,833,495	1,841,690
TOTAL CERTIFICATE HOLDERS' FUNDS		5,043,364	5,757,484
CONTINGENCIES AND COMMITMENTS	13		
NET ASSETS VALUE PER CERTIFICATE	14	17.75	20.26

The annexed notes 1 to 29 form an integral part of these financial statements.

For PICIC Asset Management Company Limited (Management Company)

Chairman

Chief Executive

Director

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015	2014
Rupees in '000'			
INCOME			
Capital gain on sale of investments - net		137,695	637,059
Dividend income		178,063	202,092
Net unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	6.1	(239,188)	291,433
Profit on bank deposits		18,566	19,066
		95,136	1,149,650
EXPENSES			
Remuneration of the Management Company	8.1	100,573	101,795
Sales tax on remuneration of the Management Company		15,086	16,287
Provision for Federal Excise Duty and additional sales tax on remuneration of the Management Company	11.2	18,442	18,771
Remuneration of the Trustee	9.1	3,886	3,929
Annual fee - Securities and Exchange Commission of Pakistan	10.1	4,777	4,835
Security transaction charges	15	27,647	34,521
Auditors' remuneration	16	642	594
Other expenses	17	4,934	4,609
		175,987	185,341
Net (loss) / income from operating activities		(80,851)	964,309
Provision for Workers' Welfare Fund	11.1	-	(19,286)
Net (loss) / income for the year before taxation		(80,851)	945,023
Taxation	18	-	-
Net (loss) / income for the year after taxation		(80,851)	945,023
Other comprehensive (loss) / income for the year			
Items that will be reclassified to profit and loss account			
Net unrealised (diminution) / appreciation on re-measurement of investment classified as 'available for sale'		(8,195)	584,419
Total comprehensive (loss) / income for the year		(89,046)	1,529,442
Earnings per certificate			
Rupee			
With net unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	19	(0.28)	3.33
Without net unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	19	0.56	2.30

The annexed notes 1 to 29 form an integral part of these financial statements.

For PICIC Asset Management Company Limited (Management Company)

Chairman

Chief Executive

Director

DISTRIBUTION STATEMENT

FOR THE YEAR ENDED JUNE 30, 2015

	2015	2014
	Rupees in '000'	
Accumulated loss brought forward:		
Realised loss	(201,802)	(488,203)
Unrealised gain	291,433	257,885
	89,631	(230,318)
Net (loss) / income for the year after taxation	(80,851)	945,023
Final cash dividend for the year ended June 30, 2014 at 22% (Rs. 2.20 per certificate), (June 30, 2013 at 22% Re. 2.20 per certificate)	(625,074)	(625,074)
Accumulated loss carried forward	(616,294)	89,631
Accumulated loss comprising of:		
Realised loss	(377,106)	(201,802)
Unrealised (loss) /gain	(239,188)	291,433
	(616,294)	89,631

The annexed notes 1 to 29 form an integral part of these financial statements.

For PICIC Asset Management Company Limited (Management Company)

Chairman

Chief Executive

Director

STATEMENT OF MOVEMENT IN CERTIFICATE HOLDERS' FUND - PER CERTIFICATE

FOR THE YEAR ENDED JUNE 30, 2015

	2015	2014
	Rupees in '000'	
Net assets value at the beginning of the year	20.26	17.08
Movement in net assets value from operating activities		
Capital gain on sale of investments - net	0.48	2.24
Dividend income	0.63	0.71
Net unrealised (diminution) / appreciation on re-measurement of investment classified as financial assets 'at fair value through profit or loss'	(0.84)	1.03
Profit on bank deposits	0.07	0.07
	0.34	4.05
Operating expenses	(0.62)	(0.66)
Net (decrease) / increase in net assets value from operating activities	(0.28)	3.39
Provision for Workers' Welfare Fund	-	(0.07)
Movement in net assets value from financing activities		
Final cash dividend	(2.20)	(2.20)
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'available for sale'	(0.03)	2.06
Net decrease in net assets value from financing and investing activities	(2.23)	(0.14)
Net assets value at the end of the year	17.75	20.26

The annexed notes 1 to 29 form an integral part of these financial statements.

For PICIC Asset Management Company Limited (Management Company)

Chairman

Chief Executive

Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2015

Note	2015	2014
	Rupees in '000'	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) / income for the year before taxation	(80,851)	945,023
Adjustments:		
Capital gain on sale of investments - net	(137,695)	(637,059)
Dividend income	(178,063)	(202,092)
Net unrealised diminution / (appreciation) on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	239,188	(291,433)
Profit on bank deposits	(18,566)	(19,066)
Remuneration of the Management Company	100,573	101,795
	(75,414)	(102,832)
Decrease in assets		
Investments - net	778,755	679,059
Receivable against sale of investments	312,296	(302,905)
	1,091,051	376,154
(Decrease) / increase in liabilities		
Payable to the Trustee	(36)	45
Payable to the Securities and Exchange Commission of Pakistan	(58)	1,203
Payable against purchase of investments	(190,868)	148,509
Accrued expenses and other liabilities	15,492	36,980
	(175,470)	186,737
Dividend received	142,155	203,018
Profit received on bank deposits	18,005	19,546
Remuneration paid to the Management Company	(102,037)	(100,047)
Net cash generated from operating activities	898,290	582,576
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid and net cash used in financing activities	(619,413)	(618,659)
Net increase / (decrease) in cash and cash equivalents	278,877	(36,083)
Cash and cash equivalents at the beginning of the year	87,167	123,250
Cash and cash equivalents at the end of the year	366,044	87,167

5

The annexed notes 1 to 29 form an integral part of these financial statements.

For PICIC Asset Management Company Limited (Management Company)

Chairman

Chief Executive

Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2015

	Issued, subscribed & paid-up capital	Premium on issue of certificates	General reserve	Accumulated loss	Net unrealised appreciation on re- measurement of investments classified as 'available for sale'	Total
	Rupees in '000'					
Balance as at July 01, 2013	2,841,250	984,688	225	(230,318)	1,257,271	4,853,116
Transactions with certificate holders						
Final cash dividend at 22% for the year ended June 30, 2013 (Rs. 2.20 per certificate)	-	-	-	(625,074)	-	(625,074)
Total comprehensive income for the year						
Profit for the year	-	-	-	945,023	-	945,023
Net unrealised appreciation on re-measurement of investments classified as 'available for sale'	-	-	-	-	584,419	584,419
	-	-	-	945,023	584,419	1,529,442
Balance as at June 30, 2014	2,841,250	984,688	225	89,631	1,841,690	5,757,484
Transactions with certificate holders						
Final cash dividend at 22% for the year ended June 30, 2014 (Rs. 2.20 per certificate)	-	-	-	(625,074)	-	(625,074)
Total comprehensive loss for the year						
Loss for the year	-	-	-	(80,851)	-	(80,851)
Net unrealised diminution on re-measurement of investments classified as 'available for sale'	-	-	-	-	(8,195)	(8,195)
	-	-	-	(80,851)	(8,195)	(89,046)
Balance as at June 30, 2015	2,841,250	984,688	225	(616,294)	1,833,495	5,043,364

The annexed notes 1 to 29 form an integral part of these financial statements.

For PICIC Asset Management Company Limited (Management Company)

Chairman

Chief Executive

Director

NOTES TO AND FORMING PART OF FINANCIAL STATEMENT

FOR THE YEAR ENDED JUNE 30, 2015

1 STATUS AND NATURE OF BUSINESS

- 1.1 PICIC Investment Fund (the Fund) is a closed-end scheme. The registered office of the Fund is situated at Karachi, Pakistan. The certificates of the Fund are listed on all the Stock Exchanges of Pakistan. The principal business of the Fund is to invest in listed equity securities with an objective to generate capital growth.
- 1.2 The Fund is being managed by PICIC Asset Management Company Limited which is the Management Company and Central Depository Company of Pakistan is the Trustee of the Fund. The registered office of the Management Company is situated at 3rd floor, PNSC Building, M.T. Khan Road, Karachi.
- 1.3 The Management Company is a wholly owned subsidiary of NIB Bank Limited (the Bank). The bank is pursuing a transaction for divestment of its equity stake in the company. Such divestment transaction would be subject to necessary regulatory approval of SECP.
- 1.4 JCR-VIS Credit Rating Company Limited has assessed the Fund's performance ranking at 'MFR1-Star', 'MFR1-Star' and 'MFR2-Star' for the one-year, three-year and five-year periods respectively for the period ended June 30, 2015. Management quality rating of 'AM2-' has been assigned by JCR-VIS Credit Rating Company Limited to PICIC Asset Management Company Limited.
- 1.5 As per regulation 65 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, a closed end fund shall, upon expiry of 5 years from November 21, 2007, hold within one month of such period, a meeting of certificate holders to seek the approval of the certificate holders to convert the Fund into an open end scheme or revoke the closed end fund. In case of closed end fund, where their portfolio is frozen as a result of an agreement with Privatization Commission of Pakistan, the meeting is required to be held within three months from the date of removal of freezing of the portfolio or five years from November 21, 2007, whichever is later. As the available for sale' portfolio of PICIC Investment Fund is frozen up to June 30, 2016, as a result of an agreement with the Privatization Commission of Pakistan and Government of Pakistan, the Fund is required to hold the aforementioned meeting within three months from the date of removal of freezing of the portfolio. Accordingly the Fund shall continue in its present form until at least June 30, 2016. As such, these financial statements have been prepared on a going concern basis.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, requirements of Trust Deed, requirements of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

In case, the requirements differ, the provisions and directive of Companies Ordinance, 1984, the requirements of Trust deed, Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, and Non-Banking Finance Companies and Notified Entities Regulations, 2008 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except that investments are stated at fair values.

These financial statements have been prepared by following accrual basis of accounting except for cashflow information.

2.3 Functional and presentation currency

These financial statements are prepared in Pakistani Rupees, which is presentation and functional currency of the Fund.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make judgments, estimates and assumptions that affect the application of policies and the 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 an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

Classification and valuation of investments

For details please refer note 4.2 and note 6 to these financial statements.

Provision for taxation

For details please refer note 4.7 and note 18 to these financial statements.

Workers' Welfare Fund

For details please refer note 11.1 to these financial statements.

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

3.1 Standards or interpretations that are effective in current year but not relevant to the Fund

The Fund has adopted the following accounting standards and interpretations which became effective during the year:

	Effective date (annual periods beginning on or after)
IFRIC 21 Levies	January 01, 2014

3.2 Amendments that are effective in current year but not relevant to the Fund

The Fund has adopted the amendments to the following accounting standards which became effective during the year:

IFRS 2	Share-based Payment - Amendments resulting from Annual Improvements 2010-2012 Cycle (definition of 'vesting condition')	July 01, 2014
IFRS 3	Business Combinations - Amendments resulting from Annual Improvements 2010-2012 Cycle (accounting for contingent consideration) and 2011-2013 Cycle (scope exception for joint ventures)	July 01, 2014
IFRS 8	Operating Segments - Amendments resulting from Annual Improvements 2010-2012 Cycle (aggregation of segments, reconciliation of segment assets)	July 01, 2014
IFRS 10	Consolidated Financial Statements - Amendments for investment entities	January 01, 2014
IFRS 12	Disclosure of Interests in Other Entities - Amendments for investment entities	January 01, 2014

		Effective date (annual periods beginning on or after)
IFRS 13	Fair Value Measurement - Amendments resulting from Annual Improvements 2011-2013 Cycle (scope of the portfolio exception in paragraph 52)	July 01, 2014
IAS 16	Property, Plant and Equipment - Amendments resulting from Annual Improvements 2010-2012 Cycle (proportionate restatement of accumulated depreciation on revaluation)	July 01, 2014
IAS 19	Employee Benefits - Amended to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service	July 01, 2014
IAS 24	Related Party Disclosures - Amendments resulting from Annual Improvements 2010-2012 Cycle (management entities)	July 01, 2014
IAS 27	Separate Financial Statements - Amendments for investment entities	January 01, 2014
IAS 32	Financial Instruments - Presentation - Amendments relating to the offsetting of assets and liabilities	January 01, 2014
IAS 36	Impairment of Assets - Amendments arising from recoverable amount disclosures for non financial assets	January 01, 2014
IAS 38	Intangible Assets - Amendments resulting from Annual Improvements 2010-2012 Cycle (proportionate restatement of accumulated depreciation on revaluation)	July 01, 2014
IAS 39	Financial Instruments: Recognition and Measurement - Amendments for novations of derivatives	January 01, 2014
IAS 40	Investment Property - Amendments resulting from Annual Improvements 2011-2013 Cycle (interrelationship between IFRS 3 and IAS 40)	July 01, 2014

3.3 Amendments not yet effective

The following amendments and interpretations with respect to the approved accounting standards would be effective from the dates mentioned below against the respective standard or interpretation:

		Effective date (annual periods beginning on or after)
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations: Amendments resulting from September 2014 Annual Improvements to IFRSs	January 01, 2016
IFRS 7	Financial Instruments: Disclosures - Amendments resulting from September 2014 Annual Improvements to IFRSs (Servicing Contracts and Applicability of the offsetting amendments in condensed interim financial statements)	January 01, 2016
IFRS 9	Financial Instruments - Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition	January 01, 2018
IFRS 10	Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	January 01, 2016
IFRS 10	Consolidated Financial Statements - Amendments regarding the application of the consolidation exception	January 01, 2016
IFRS 11	Joint Arrangements - Amendments regarding the accounting for acquisitions of an interest in a joint operation	January 01, 2016

		Effective date (annual periods beginning on or after)
IFRS 12	Disclosure of Interests in Other Entities - Amendments regarding the application of the consolidation exception	January 01, 2016
IAS 1	Presentation of Financial Statements - Amendments resulting from the disclosure initiative	January 01, 2016
IAS 16	Property, Plant and Equipment - Amendments regarding the clarification of acceptable methods of depreciation and amortisation and amendments bringing bearer plants into the scope of IAS 16	January 01, 2016
IAS 19	Employee Benefits - Amendments resulting from September 2014 Annual Improvements to IFRSs	January 01, 2016
IAS 27	Separate Financial Statements (as amended in 2011) - Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements	January 01, 2016
IAS 28	Investments in Associates and Joint Ventures - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	January 01, 2016
IAS 28	Investments in Associates and Joint Ventures - Amendments regarding the application of the consolidation exception	January 01, 2016
IAS 34	Interim Financial Reporting - Amendments resulting from September 2014 Annual Improvements to IFRSs	January 01, 2016
IAS 38	Intangible Assets - Amendments regarding the clarification of acceptable methods of depreciation and amortisation	January 01, 2016
IAS 39	Financial Instruments: Recognition and Measurement: Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception	January 01, 2018
IAS 41	Agriculture - Amendments bringing bearer plants into the scope of IAS 16	January 01, 2016

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

4.1 Cash and cash equivalents

Cash and cash equivalents are carried in the Statement of Assets and Liabilities at cost. These comprise of bank balances in savings accounts and other deposits with banks having original maturities of three months or less.

4.2 Financial assets

4.2.1 Classification

The management determines the appropriate classification of its financial assets in accordance with the requirements of International Accounting Standard 39 (IAS 39), "Financial Instruments: Recognition and Measurement" at the time of purchase of financial assets and re-evaluates this classification on a regular basis. The classification depends upon the purpose for which the financial assets are acquired. The financial assets of the Fund are currently categorised as follows:

(a) Loans and receivables

These 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 that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as held for trading in the 'financial assets at fair value through profit or loss' category.

(c) Available for sale

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

4.2.2 Regular way contracts

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

4.2.3 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income.

4.2.4 Subsequent measurement

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

Basis of valuation of equity securities

Investments in equity securities are valued on the basis of closing quoted market prices available at the stock exchange.

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

Net gains and losses arising on changes in fair value of available for sale financial assets are taken to statement of comprehensive income under the head 'other comprehensive income' until these are derecognised. At this time, the cumulative gain or loss, previously shown under 'other comprehensive income', is transferred to the profit and loss account as capital gain / (loss).

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

Gain or loss is also recognised in the statement of comprehensive income when financial assets carried at amortised cost are derecognised or impaired, and through the amortisation process.

4.2.5 Impairment

The Fund assesses at each reporting date whether there is an objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered, among other indicators, as an indicator that the securities are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in statement of comprehensive income is reclassified from equity to statement of comprehensive income. Impairment losses recognised on equity instruments are not reversed through the statement of comprehensive income.

For financial assets classified as 'loans and receivables', a provision for impairment is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The amount of the provision is determined based on the provisioning criteria specified by SECP.

4.2.6 Derecognition

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

4.2.7 Offsetting of financial assets and liabilities

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

4.3 Derivatives

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

4.4 Financial liabilities

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

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

4.5 Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

4.6 Proposed distributions

Distributions declared subsequent to the reporting date are considered as non-adjusting events and are recognised in the financial statements in the year in which distributions are declared.

4.7 Taxation

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 realised or unrealised, is distributed among the certificate holders.

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.

The Fund has not recognised any amount in respect of deferred tax in these financial statements as the Fund intends to avail the tax exemption in future years by distributing at least ninety percent of its accounting income for the year / period as reduced by capital gains, whether realised or unrealised, to its unit holders every year.

4.8 Net assets value per certificate

The net assets value (NAV) per certificate, as disclosed on the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of certificates in issue at the year end.

4.9 Revenue recognition

- Realised capital gains / (losses) arising on sale of investments are included in the statement of comprehensive income on the date at which the transaction takes place.
- Dividend income is recognised in the statement of comprehensive income when the right to receive dividend is established.
- Unrealised gains / (losses) arising on remeasurement of securities classified as 'financial assets at fair value through profit or loss' are included in the statement of comprehensive income in the period in which they arise.
- Profit on bank deposits is recognised on an accrual basis.

5 BANK BALANCES

Note	June 30, 2015	June 30, 2014
	Rupees in '000'	
In saving accounts	5.1 366,044	87,167

5.1 These carry rates of return ranging from 4.50% to 6.34% (2014: 7.00% to 8.88%) per annum.

6 INVESTMENTS

Note	June 30, 2015	June 30, 2014
	Rupees in '000'	
Investments in marketable securities:		
Financial assets 'at fair value through profit or loss'	6.1 2,481,244	3,333,994
Advance against book building of shares	-	27,500
	2,481,244	3,361,494
Available for sale	6.2 2,350,987	2,359,181
	4,832,231	5,720,675

6.1 Investment in marketable securities - financial assets 'at fair value through profit or loss'

Shares of listed companies - Fully paid up ordinary shares of Rs. 10 each unless otherwise stated

Name of the Investee Company	Number of Shares					Balance as at June 30, 2015				Percentage in relation to		
	As at July 1, 2014	Purchases during the period	Bonus/ Rights issue	Sales during the period	As at June 30, 2015	Carrying value	Market value	Appreciation/ (diminution)	Net assets of the Fund	Investee paid up capital	Total Investment	
Rupees in '000'												
Oil and Gas												
Pakistan Oilfields Limited	661,200	655,000	-	1,316,200	-	-	-	-	-	-	-	-
Pakistan Petroleum Limited	-	1,472,500	-	1,472,500	-	-	-	-	-	-	-	-
Pakistan State Oil Company Limited	400	-	-	400	-	-	-	-	-	-	-	-
Shell Pakistan Limited	9,200	-	-	9,200	-	-	-	-	-	-	-	-
	670,800	2,127,500	-	2,798,300	-	-	-	-	-	-	-	-
Chemicals												
Engro Corporation Limited	437,200	1,925,700	-	2,175,400	187,500	53,538	55,650	2,112	1.10%	0.04%	1.15%	
Engro Fertilizers Limited	-	10,665,000	-	5,435,000	5,230,000	464,577	463,849	(728)	9.20%	0.39%	9.60%	
Fatima Fertilizer Company Limited	1,200,000	500,000	-	1,700,000	-	-	-	-	-	-	-	-
Fauji Fertilizers Bin Qasim Limited	-	2,340,000	-	2,340,000	-	-	-	-	-	-	-	-
Lotte Chemical Pakistan Limited	13,397,000	4,788,500	-	5,568,500	12,617,000	90,643	87,309	(3,334)	1.73%	0.83%	1.81%	
	15,034,200	20,219,200	-	17,218,900	18,034,500	608,758	606,808	(1,950)	12.03%	-	12.56%	
Industrial Metals & Mining												
Aisha Steel Mills Limited	2,000,000	-	-	-	2,000,000	17,200	16,840	(360)	0.33%	0.74%	0.35%	
Aisha Steel Mills Limited - Preference Shares	130,000	-	-	-	130,000	915	1,053	138	0.02%	0.08%	0.02%	
Aisha Steel Mills Limited - Conv. Cum Pref Shares	-	1,065,000	-	-	1,065,000	10,650	11,182	533	0.22%	0.62%	0.23%	
International Industries Limited	-	100,000	-	100,000	-	-	-	-	-	-	0.00%	
	2,130,000	1,065,000	-	-	3,195,000	28,765	29,075	311	0.58%	-	0.60%	
Construction and Materials												
Attock Cement Pakistan Limited	-	332,200	-	332,200	-	-	-	-	-	-	-	-
Cherat Cement Company Limited	-	8,890,500	2,721,000	7,021,000	4,590,500	396,445	399,511	3,066	7.92%	2.60%	8.27%	
D.G Khan Cement Company Limited	1,000	825,000	-	826,000	-	-	-	-	-	-	-	-
Fauji Cement Company Limited	5,595,500	2,157,500	-	7,753,000	-	-	-	-	-	-	-	-
Lafarge Pakistan Limited	25,000	-	-	25,000	-	-	-	-	-	-	-	-
Lucky Cement Limited	1,253,700	531,400	-	1,539,600	245,500	115,707	127,567	11,860	2.53%	0.08%	2.64%	
Pioneer Cement Limited	-	8,183,000	-	4,665,000	3,518,000	288,772	300,051	11,279	5.95%	1.55%	6.21%	
	6,875,200	20,919,600	2,721,000	22,161,800	8,354,000	800,924	827,129	26,205	16.40%	-	17.12%	
Food Producers												
Engro Foods Limited	6,000	100,000	-	106,000	-	-	-	-	-	-	-	-
National Foods Ltd. (Par Value Rs. 5/-)	73,899	57,699	-	131,598	-	-	-	-	-	-	-	-
	79,899	157,699	-	237,598	-	-	-	-	-	-	-	-

Name of the Investee Company	Number of Shares					Balance as at June 30, 2015				Percentage in relation to		
	As at July 1, 2014	Purchases during the period	Bonus/ Rights issue	Sales during the period	As at June 30, 2015	Carrying value	Market value	Appreciation/ (diminution)	Net assets of the Fund	Investee paid up capital	Total Investment	
Rupees in '000'												
Electricity												
Engro Powergen Qadirpur Limited	-	38,294	-	38,294	-	-	-	-	-	-	-	-
The Hub Power Company Limited	-	50,000	-	-	50,000	4,776	4,679	(97)	0.09%	0.00%	0.10%	-
Kot Addu Power Company Limited	-	696,000	-	-	696,000	57,813	59,884	2,071	1.19%	0.08%	1.24%	-
Lalpur Power Limited	-	2,500,000	-	2,500,000	-	-	-	-	-	-	-	-
Nishat Chunar Power Limited	-	1,598,500	-	1,598,500	-	-	-	-	-	-	-	-
	-	4,882,794	-	4,136,794	746,000	62,589	64,563	1,974	1.28%	-	1.34%	-
Banks												
Allied Bank Limited	2,278,500	2,290,000	-	4,568,500	-	-	-	-	-	-	-	-
Bank Al-Falah Limited	25,000	16,394,000	-	2,815,000	13,604,000	438,546	344,181	(94,365)	6.82%	0.86%	7.12%	-
Habib Bank Limited	2,988,160	181,700	-	3,169,860	-	-	-	-	-	-	-	-
National Bank of Pakistan Limited	9,091,000	9,773,500	-	18,864,500	-	-	-	-	-	-	-	-
United Bank Limited	8,933	2,569,300	-	2,128,233	450,000	75,548	76,914	1,366	1.53%	0.04%	1.59%	-
	14,391,593	31,208,500	-	31,546,093	14,054,000	514,094	421,095	(92,999)	8.35%	-	8.71%	-
Non Life Insurance												
Adamjee Insurance Company Limited	-	5,688,500	-	5,688,500	-	-	-	-	-	-	-	-
IGI Insurance Limited	231,800	-	-	231,800	-	-	-	-	-	-	-	-
TPL Direct Insurance Limited	550,000	-	-	396,292	153,708	1,967	3,438	1,471	0.07%	0.20%	0.07%	-
	781,800	5,688,500	-	6,316,592	153,708	1,967	3,438	1,471	0.07%	-	0.07%	-
Pharma and Bio Tech												
Abbott Laboratories (Pakistan) Limited	140,437	515,300	-	507,087	148,650	110,079	99,196	(10,882)	1.97%	0.15%	2.05%	-
Ferozsons Laboratories Limited	5,000	-	-	5,000	-	-	-	-	-	-	-	-
GlaxoSmithkline Pakistan Limited	246,100	3,892,200	-	3,100,000	1,038,300	239,531	203,029	(36,502)	4.03%	0.33%	4.20%	-
Wyeth Pakistan Ltd. (Par Value Rs. 100/-)	33,760	1,360	-	-	35,120	156,153	80,776	(75,376)	1.60%	2.47%	1.67%	-
	425,297	4,408,860	-	3,612,087	1,222,070	505,763	383,001	(122,760)	7.59%	-	7.93%	-
Automobile & Parts												
Exide Pakistan Limited	-	60,180	-	-	60,180	120,793	65,785	(55,008)	1.30%	0.77%	1.36%	-
Pak Suzuki Motor Company Limited	579,600	1,211,700	-	1,791,300	-	-	-	-	-	-	-	-
	579,600	1,271,880	-	1,791,300	60,180	120,793	65,785	(55,008)	1.30%	-	1.36%	-
Technology Hardware & Equipment												
TPL Trakker Limited	1,700,000	1,525,500	-	634,000	2,591,500	22,506	41,101	18,595	0.81%	1.19%	0.85%	-
	1,700,000	1,525,500	-	634,000	2,591,500	22,506	41,101	18,595	0.81%	-	0.85%	-

Name of the Investee Company	Number of Shares				Balance as at June 30, 2015			Percentage in relation to		
	As at July 1, 2014	Purchases during the period	Bonus/ Rights issue	Sales during the period	As at June 30, 2015	Carrying value	Market value	Appreciation/ (diminution)	Net assets of the Fund	Investee paid up capital

Rupees in '000'

Tobacco

Pakistan Tobacco Company Limited	60,500	8,920	-	26,000	43,420	54,276	39,249	(15,027)	0.78%	0.02%	0.81%
	60,500	8,920	-	26,000	43,420	54,276	39,249	(15,027)	0.78%		0.81%

Personal Goods

Mohib Textile Mills Limited**	40,820	-	-	-	40,820	-	-	-	-	-	-
Nishat (Chunian) Limited	-	2,155,000	-	2,155,000	-	-	-	-	-	-	-
Nishat Mills Limited	-	590,600	-	590,600	-	-	-	-	-	-	-
Sunshine Cloth Limited**	50,000	-	-	-	50,000	-	-	-	-	-	-
	90,820	2,745,600	-	2,745,600	90,820	-	-	-	-	-	-
TOTAL 2015	42,819,709	96,229,553	2,721,000	93,225,064	48,545,198	2,720,435	2,481,244	(239,188)	49.20%		51.35%
TOTAL 2014	81,611,808	100,986,843	549,918	140,328,860	42,819,709	3,042,561	3,333,994	291,433			

* Suspended/Delisted Companies

6.1.1 11 million shares of Bank Al Falah Limited having market value amounting to Rs. 278,300 million (2014: 2.90 million shares of Habib Bank Limited having market value amounting to Rs.561.991 million) have been pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral against trading facility in the Stock Exchange.

6.2 Investment in marketable securities - 'available for sale'

Shares of listed companies - Fully paid up ordinary shares of Rs 10 each unless otherwise stated.

Name of the Investee Company	Number of Shares					Balance as at June 30, 2015			Percentage in relation to	
	As at July 1, 2014	Purchases during the period	Bonus/ Rights issue	Sales during the period	As at June 30, 2015	Carrying value	Market value	Appreciation/ (diminution)	Net assets of the Fund	Investee paid up capital

Rupee in '000'

Oil and Gas

Pakistan State Oil Company Limited	5,922,149	-	-	-	5,922,149	484,439	2,284,706	1,800,267	45.30%	2.18%	47.28%
	5,922,149	-	-	-	5,922,149	484,439	2,284,706	1,800,267	45.30%		47.28%

Gas, Water and Multiutilities

Sui Northern Gas Pipelines Limited	2,488,024	-	-	-	2,488,024	33,053	66,281	33,228	1.31%	0.39%	1.37%
	2,488,024	-	-	-	2,488,024	33,053	66,281	33,228	1.31%		1.37%
TOTAL 2015	8,410,173	-	-	-	8,410,173	517,491	2,350,987	1,833,495	46.62%		48.65%
TOTAL 2014	7,871,796	-	538,377	-	8,410,173	517,491	2,359,181	1,841,690			

6.2.1 The above mentioned shares of Pakistan State Oil Company Limited and Sui Northern Gas Pipelines Limited are blocked / frozen by an order of the Government of Pakistan (GOP) as the same form part of a strategic shareholding under the control of the GOP. As a result, the Fund is restricted from selling, transferring, encumbering or otherwise disposing of or dealing with any interest in the said shares, including any future bonus / right shares in respect thereof. Consequently, the exposure limit mentioned in regulation 55 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 does not apply to frozen shares.

	Note	June 30, 2015	June 30, 2014
		Rupees in '000'	
7	DIVIDEND AND PROFIT RECEIVABLE		
	Dividend receivable	35,908	-
	Profit receivable on bank deposits	1,545	984
		<u>37,453</u>	<u>984</u>
8	PAYABLE TO THE MANAGEMENT COMPANY		
	Management fee	8,406	9,596
	Sales tax on management fee	1,261	1,535
		<u>9,667</u>	<u>11,131</u>
8.1	Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Management Company of the Fund is entitled to a remuneration during first five years of the Fund, of an amount not exceeding three percent of the average annual net assets of the Fund and, thereafter, of an amount equal to two percent of such assets of the Fund. Management fee is currently being charged at the rate of two percent of the average annual net assets of the Fund. The remuneration is paid to the Management Company monthly in arrears. The remuneration is also subject to Sindh Sales Tax on services at applicable rate.		
9	PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE		
	Trustee fee	325	361
	CDS charges payable	36	36
		<u>361</u>	<u>397</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 average net assets of the Fund. The remuneration is paid to the Trustee monthly in arrears.

Based on the Trust Deed, the tariff structure applicable to the Fund as at June 30, 2015 is as follows:

Amount of Funds Under Management (Average NAV)	Tariff per annum
Up to Rs. 250 million	0.20% p.a.
On amount exceeding Rs. 250 million up to Rs. 500 million	Rs. 500,000 plus 0.15% p.a. on amount exceeding Rs. 250 million
On amount exceeding Rs. 500 million up to Rs. 2,000 million	Rs. 875,000 plus 0.08% p.a. on amount exceeding Rs. 500 million
On amount exceeding Rs. 2,000 million up to Rs. 5,000 million	Rs. 2,075,000 plus 0.06% p.a. on amount exceeding Rs. 2,000 million
On amount exceeding Rs. 5,000 million	Rs. 3,875,000 plus 0.05% p.a. on amount exceeding Rs. 5,000 million

	Note	June 30, 2015	June 30, 2014
Rupees in '000'			
10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN			
Annual fee	10.1	4,777	4,835

- 10.1** Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, a collective investment scheme categorised as equity scheme is required to pay as annual fee to the SECP, an amount equal to 0.095 percent of the average annual net assets of the scheme. The Fund has been classified as an 'equity scheme' by the Management Company.

11 ACCRUED EXPENSES AND OTHER LIABILITIES

Provision for Workers' Welfare Fund	11.1	60,378	60,378
Provision for Federal Excise Duty and additional Sales tax on Management Fee	11.2	38,239	19,797
Securities transaction costs		80	3,177
Auditors' remuneration		378	335
Withholding tax		4	26
Other payables		1,836	1,709
		<u>100,915</u>	<u>85,422</u>

11.1 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) 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 Honourable High Court of Sindh, challenging the applicability of WWF to the CISs, which is pending adjudication.

During the year 2011, a single bench of the Lahore High Court (LHC) in a constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. However, in the month of March 2013, a larger bench of the Sindh High Court (SHC) in various constitutional petitions declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, do not suffer from any constitutional or legal infirmity and overruled a single-member LHC bench judgment issued in August 2011. However, the Honorable Peshawar High Court on May 29, 2014 on a petition filed by certain aggrieved parties (other than the mutual funds) have adjudicated that the amendments introduced in the Workers Welfare Fund Ordinance, 1971 through the Finance Acts of 1996 and 2009 lacks the essential mandate to be introduced and passed through the money bill under the Constitution of Pakistan and hence have been declared as ultra vires the Constitution.

As per the advice of legal counsel of MUFAP, the stay granted to CIS (as mentioned in the first paragraph) remains intact and the constitution petitions filed by the CIS to challenge the Workers' Welfare Fund contribution have not been affected by the SHC judgment.

As the matter relating to levy of WWF is currently pending in the Court, the Management Company, as a matter of prudence and abundant caution, has decided to make provision for WWF amounting to Rs. 60.378 million up to June 30, 2015 (June 30, 2014: Rs. 60.378 million).

Had the above recognition not been made, the net assets value per unit of the Fund would be higher by Re. 0.21 per certificate (June 30, 2014: Re. 0.21 per certificate).

11.2 Provision for federal excise duty and additional sales tax on Management Fee

The Finance Act, 2013 has enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from June 13, 2013.

On September 04, 2013, a Joint Petition has been filed in the Honorable Sindh High Court (SHC) by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED. In this respect, the Honorable Sind High Court (SHC) has issued a stay order against recovery proceedings. The hearing of the petition is pending.

As the matter relating to levy of FED is currently pending in the Court, the Management Company as a matter of prudence and abundant caution, has made full provision in respect of FED (including the resultant impact on its Sindh Sales Tax) effective June 13, 2013, aggregating to Rs. 38.239 million (including Rs. 19.797 million for the year ended June 30, 2014). Had the provision not been made the net asset value of the Fund as at June 30, 2015 would have been higher by Re. 0.13 per certificate (June 30, 2014: Re. 0.07 per certificate).

12 Issued, subscribed and paid-up capital

2015	2014		June 30, 2015	June 30, 2014
"Number of Certificates in '000'"			Rupees in '000'	
272,875	272,875	Fully paid ordinary certificates of Rs.10 each	2,728,750	2,728,750
11,250	11,250	Issued for cash	112,500	112,500
284,125	284,125	Issued as bonus certificates	2,841,250	2,841,250

12.1 NIB Bank Limited holds 96,703,821 certificates of Rs.10 each as at June 30, 2015 (June 30, 2014: 96,703,821 certificates).

12.2 Pattern of certificate holding as at June 30, 2015 is as follows:

Category	Number of certificate holders	Certificates held	Percentage
Individuals	16,267	102,707,168	36.15%
Associated companies / directors	1	96,703,821	34.04%
Insurance companies	17	5,031,626	1.77%
Banks / DFIs	28	29,872,670	10.51%
NBFCs	27	10,225,580	3.60%
Foreign companies	7	20,927,706	7.37%
Others	116	18,656,429	6.57%
Total	16,463	284,125,000	100.00%

Pattern of certificate holding as at June 30, 2014 is as follows:

Category	Number of certificate holders	Certificates held	Percentage
Individuals	16,622	117,471,523	41.35%
Associated companies / directors	2	96,734,853	34.05%
Insurance companies	17	5,056,626	1.78%
Banks / DFIs	26	12,010,445	4.23%
NBFCs	8	10,623,960	3.74%
Retirement funds	20	101,620	0.04%
Foreign companies	6	21,124,706	7.44%
Others	131	21,001,267	7.39%
Total	16,832	284,125,000	100.00%

13 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2015.

14 NET ASSETS VALUE PER CERTIFICATE

	June 30, 2015	June 30, 2014
Total net assets - Rupees in thousand	5,043,364	5,757,484
Total certificates in issue - in thousand	284,125	284,125
Net assets value per certificate - Rupees	17.75	20.26

15 SECURITY TRANSACTION CHARGES

	June 30, 2015	June 30, 2014
	Rupees in '000'	
Transaction costs associated with initial recognition of financial assets	11,609	13,089
Transaction costs associated with derecognition of financial assets	11,740	15,793
Capital Value Tax	796	1,018
Federal Excise Duty	3,502	4,621
	27,647	34,521

15.1 List of top ten brokers by percentage of commission paid / payable for the year ended June 30, 2015

	Percentage
(i) Global Securities Pakistan Ltd.	10.16%
(ii) Ismail Iqbal Securities (Pvt) Limited	8.10%
(iii) AKD Securities Limited	7.27%
(iv) BMA Capital Management Limited	6.41%
(v) WE Financial Services Ltd	6.28%
(vi) Intermarket Securities Ltd.	4.68%
(vii) Next Capital Limited	4.42%
(viii) First Capital Equities Ltd.	4.08%
(ix) DJM Securities (Pvt) Ltd	4.03%
(x) Escorts Capital Limited	3.83%

15.2 List of top ten brokers by percentage of commission paid / payable for the year ended June 30, 2014

	Percentage
(i) Escorts Capital Limited	7.36%
(ii) Ismail Iqbal Securities (Private) Limited	7.26%
(iii) Fortune Securities Limited	6.29%
(iv) Global Securities Pakistan Limited	6.01%
(v) AKD Securities Limited	5.39%
(vi) WE Financial Services Limited	4.94%
(vii) BMA Capital Management Limited	4.85%
(viii) Next Capital Limited	4.03%
(ix) Moonaco Securities (Private) Limited	4.02%
(x) DJM Securities (Private) Limited	3.79%

16 AUDITORS' REMUNERATION

Statutory audit fee
Half yearly review fee
Fee for review of the statement of compliance with
the best practices of the Code of Corporate Governance
Out of pocket expenses

June 30,
2015

June 30,
2014

Rupees in '000'

369	349
165	165
50	45
59	35
642	594

17 OTHER EXPENSES

Printing and stationery
Postage
CDC & NCCPL Charges
Listing fee
Professional charges
Bank charges

1,788	1,372
-	198
2,208	2,046
700	729
210	247
28	17
4,934	4,609

18 TAXATION

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 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the certificate holders. The Fund has not recorded provision for taxation as the Management Company intends to distribute at least 90 percent of the Fund's accounting income for the year as reduced by capital gains, whether realised or unrealised, to its certificate holders.

19 EARNINGS PER CERTIFICATE

June 30,
2015

June 30,
2014

Rupees in '000'

There is no dilutive effect on earnings per certificate as computed below:

Net (loss) /income for the year after taxation - with unrealised
(diminution) / appreciation

(80,851) 945,023

Net income for the year after taxation - without unrealised
(diminution) / appreciation

158,337 653,590

Weighted average number of certificates - in thousand

284,125 284,125

Rupees

Basic (loss) / earnings per certificate - with unrealised (diminution) / appreciation

(0.28) 3.33

Basic earnings per certificate - without unrealised appreciation

0.56 2.30

As at June 30, 2015

	Loans and receivables	'at fair value through profit or loss'	Available for sale	Total
Rupees in ' 000'				
Assets				
Bank balances	366,044	-	-	366,044
Investments	-	2,481,244	2,350,987	4,832,231
Dividend and profit receivable	37,453	-	-	37,453
Security Deposits	2,700	-	-	2,700
	<u>406,197</u>	<u>2,481,244</u>	<u>2,350,987</u>	<u>5,238,428</u>

As at June 30, 2015

	At fair value through profit or loss	Financial liabilities at amortized cost	Total
Rupees in ' 000'			
Liabilities			
Payable to the Management Company	-	9,667	9,667
Payable to the Trustee	-	361	361
Accrued expenses and other liabilities	-	2,294	2,294
Unclaimed dividend	-	79,344	79,344
	<u>-</u>	<u>91,666</u>	<u>91,666</u>

As at June 30, 2014

	Loans and receivables	'at fair value through profit or loss'	Available for sale	Total
Rupees in ' 000'				
Assets				
Bank balances	87,167	-	-	87,167
Investments	-	3,361,494	2,359,181	5,720,675
Receivable against sale of investments	312,296	-	-	312,296
Dividend and profit receivable	984	-	-	984
Security Deposits	2,700	-	-	2,700
	<u>403,147</u>	<u>3,361,494</u>	<u>2,359,181</u>	<u>6,123,822</u>

As at June 30, 2014

	At fair value through profit or loss	Financial liabilities at amortized cost	Total
Rupees in ' 000'			
Liabilities			
Payable to the Management Company	-	11,131	11,131
Payable to the Trustee	-	397	397
Payable against purchase of investments	-	190,870	190,870
Accrued expenses and other liabilities	-	5,221	5,221
Unclaimed dividend	-	73,683	73,683
	<u>-</u>	<u>281,302</u>	<u>281,302</u>

21 TRANSACTIONS WITH CONNECTED PERSONS

- 21.1 Connected persons include PICIC Asset Management Company Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, NIB Bank Limited being the holding company of the Management Company, other collective investment schemes managed by the Management Company being the associate of the holding company of NIB Bank Limited and directors and officers of the Management Company.
- 21.2 The transactions with connected persons are in the normal course of business, at contracted terms determined in accordance with market rates on arms length basis.
- 21.3 Remuneration of the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.
- 21.4 Remuneration of the Trustee is determined in accordance with the provisions of the Trust Deed.
- 21.5 Details of significant transactions carried out by the Fund with connected persons and balances with them, other than disclosed elsewhere in these financial statements, as at year end, are as follows:

	Note	For the year ended June 30, 2015	For the year ended June 30, 2014
Transactions during the year		Rupees in ' 000'	
PICIC Asset Management Company Limited - Management Company			
Remuneration of the Management Company		100,573	101,795
Sales tax on remuneration of the Management Company		15,086	16,287
Dividend paid		-	121,350
NIB Bank Limited			
Profit on saving accounts		18,566	19,066
Dividend paid		212,748	91,398
Bank charges		28	17
Central Depository Company of Pakistan Limited - Trustee			
Trustee fee		3,886	3,929
CDS Charges		1,096	1,178
	Note	2015	2014
Balances as at the year end		Rupees in ' 000'	
PICIC Asset Management Company Limited - Management Company			
Payable to the Management Company		9,667	11,131
NIB Bank Limited			
Deposit accounts		366,044	87,167
Certificates held 96,703,821 (2014: 96,703,821)		967,038	967,038
Central Depository Company of Pakistan Limited			
Trustee fee payable		325	361
Security deposit		200	200
CDS Charges Payable		36	30

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 Fund's risk management 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. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

22.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

22.1.1 Currency risk

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

22.1.2 Interest rate risk

Interest rate 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 interest rates. As the Fund has no significant interest-bearing assets, the Fund's income and operating cash flows are substantially independent of changes in market interest rates.

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of the contractual repricing or maturity date and for off-balance sheet instruments is based on settlement date.

As at June 30, 2015					
Effective yield / interest rate	Exposed to yield/interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		
Rupees in ' 000'					
On-balance sheet financial instruments					
Financial assets					
Bank balances	4.50% - 6.34%	366,044	-	-	366,044
Investments		-	-	4,832,231	4,832,231
Dividend and profit receivable		-	-	37,453	37,453
Security deposits		-	-	2,700	2,700
		366,044	-	4,872,384	5,238,428
Financial liabilities					
Payable to Management Company		-	-	9,667	9,667
Payable to the Trustee		-	-	361	361
Accrued expenses and other liabilities		-	-	2,294	2,294
Unclaimed dividend		-	-	79,344	79,344
		-	-	91,666	91,666
On-balance sheet gap		366,044	-	4,780,718	5,146,762
Off-balance sheet financial instruments					
Off-balance sheet gap		-	-	-	-
Total interest rate sensitivity gap		366,044	366,044	366,044	-

As at June 30, 2014

Exposed to yield/interest rate risk

	Effective yield / interest rate	Upto three months	More than three months and upto one year	More than one year	Not exposed to yield / interest rate risk	Total
Rupees in ' 000'						
On-balance sheet financial instruments						
Financial assets						
Bank balances	7% - 8.88%	87,167	-	-	-	87,167
Investments		-	-	-	5,720,675	5,720,675
Receivable against sale of investments		-	-	-	312,296	312,296
Dividend and profit receivable		-	-	-	984	984
Security deposits		-	-	-	2,700	2,700
		87,167	-	-	6,036,655	6,123,822
Financial liabilities						
Payable to Management Company		-	-	-	11,131	11,131
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	397	397
Payable against purchase of investments		-	-	-	190,870	190,870
Accrued expenses and other liabilities		-	-	-	5221	5221
Unclaimed dividend		-	-	-	73,683	73,683
		-	-	-	281,302	281,302
On-balance sheet gap		87,167	-	-	5,755,353	5,842,520
Off-balance sheet financial instruments						
Off-balance sheet gap		-	-	-	-	-
Total interest rate sensitivity gap		87,167	87,167	87,167	-	-

22.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because 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 securities price risk because of investments held by the Fund and classified on the Statements of Assets and Liabilities as financial assets 'at fair value through profit or loss' and 'available for sale'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks prescribed in the Trust Deed. The Fund's constitutive document / regulations also limit individual equity securities to no more than 10% of net assets, or issued capital of the investee company, whichever is lower, and sector exposure limit to 30% of net assets. However, relaxation in this regard has been obtained from the regulators in respect of frozen investments classified as 'available for sale' as disclosed in note 6.2.

In case of 5% increase / decrease in all shares held by the fund on June 30, 2015, post-tax profit for the period would be affected by Rs 124.06 million (2014: Rs 166.70 million) as a result of gains / losses on equity securities classified as financial assets at 'fair value through profit or loss'. Other components of equity would increase / decrease by Rs. 117.55 million (2014: Rs. 117.96 million) as a result of gains / losses on equity securities classified as 'available for sale'.

22.2 Credit risk

Credit risk represents the risk of a loss if the counter parties fail to perform as contracted. Credit risk arises from deposits with banks and financial institutions, credit exposure arising as a result of dividends receivable on equity securities, receivable against sale of investments 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. All transactions in listed securities are settled / paid for upon delivery using the National Clearing Company of Pakistan Limited. The risk of default is considered minimal due to inherent systematic measures taken therein. 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.

The analysis below summarises the credit quality of the Fund's bank balances as at June 30, 2015:

Name of the bank	Rupees in '000'	As at June 30, 2015		Percentage of total bank balances
		Rating agency	Latest short term rating	
Savings accounts				
NIB Bank Limited	366,044	PACRA	A1+	100.00%

The analysis below summarises the credit quality of the Fund's bank balances as at June 30, 2014:

Name of the bank	Rupees in '000'	As at June 30, 2014		Percentage of total bank balances
		Rating agency	Latest short term rating	
Savings accounts				
NIB Bank Limited	87,167	PACRA	A1+	100.00%

The maximum exposure to credit risk before any credit enhancement as at June 30, 2015 is the carrying amount of the financial assets. Investments in equity securities, however, are not exposed to credit risk.

Concentration of credit risk

Concentration of credit risk exists when 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 transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

22.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through other facilities. The Fund manages the liquidity risk by maintaining sufficient balances with banks and marketable securities.

The Fund has a policy is to invest the majority of its assets in investments that are traded in an active market and can be readily disposed of. The Fund's listed securities are considered readily realisable, as they are listed on the Karachi Stock Exchange.

The Fund is not materially exposed to liquidity risk as all obligations / commitments of the Fund are short-term in nature and are restricted to the extent of available liquidity and significant assets of the Fund are readily disposable in the market.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows:

As at June 30, 2015				
	Upto three months	More than three months and upto one year	More than one year	Total
Rupees in ' 000'				
Financial liabilities				
Payable to Management Company	9,667	-	-	9,667
Payable to the Trustee	361	-	-	361
Accrued expenses and other liabilities	2,294	-	-	2,294
Unclaimed dividend	79,344	-	-	79,344
	<u>91,666</u>	<u>-</u>	<u>-</u>	<u>91,666</u>

As at June 30, 2014				
	Upto three months	More than three months and upto one year	More than one year	Total
Rupees in ' 000'				
Financial liabilities				
Payable to the Management Company	11,131	-	-	11,131
Payable to the Trustee	397	-	-	397
Payable against purchase of investments	190,870	-	-	190,870
Accrued expenses and other liabilities	5,221	-	-	5,221
Unclaimed dividend	73,683	-	-	73,683
	<u>281,302</u>	<u>-</u>	<u>-</u>	<u>281,302</u>

23 FAIR VALUE OF FINANCIAL INSTRUMENTS

Investments are carried at their fair value. The Management Company is of the view that the fair market value of most of the remaining financial assets and financial liabilities are not significantly different from their carrying values.

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are traded on stock exchange are revalued at the market prices prevailing at the closing of the trading of the reporting date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from carrying values as the items are either short-term in nature or periodically repriced.

International Financial Reporting Standard (IFRS) 7, "Financial Instruments: Disclosures" requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The 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); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

Investments of the Fund carried at fair value are categorised as follows:

	As at June 30, 2015			
Assets	Level 1	Level 2	Level 3	Total
	Rupee in ' 000'			
Investment in listed equity securities				
- at fair value through profit or loss	2,481,244	-	-	2,481,244
- available for sale	2,350,987	-	-	2,350,987

	As at June 30, 2014			
Assets	Level 1	Level 2	Level 3	Total
	Rupee in ' 000'			
Investment in listed equity securities				
- at fair value through profit or loss	3,361,494	-	-	3,361,494
- available for sale	2,359,181	-	-	2,359,181

24 CAPITAL MANAGEMENT

The Fund's objectives when managing capital are to safeguard its ability to continue as a going concern so that it can continue to provide returns for certificate holders and to maintain a strong capital base to meet unexpected losses or opportunities.

In order to maintain or adjust the capital structure, the Fund may adjust dividends paid to certificate holders or issue new certificates.

25 PARTICULARS OF THE INVESTMENT COMMITTEE AND THE FUND MANAGER

Details of members of the investment committee of the Fund are as follow:

S. No.	Name	Designation	Qualification	Experience in years
1	Mr. Suieman Chhagla	Chief Executive	FCA & FCMA	26+
2	Mr. Syed Ali Zafar Mehdi	Chief Investment Officer	B.Com	18+
3	Mr. Adeel Abdul Wahab*	Fund Manager	ACCA	8+

*Mr. Adeel Abdul Wahab is also Fund Manager of PICIC Growth fund and PICIC Energy Fund.

ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 74th, 75th, 76th, 77th, 78th, 79th, 80th and 81st meetings were held on August 27, 2014, September 29, 2014, October 23, 2014, February 12, 2015, February 18, 2015, April 24, 2015, June 11, 2015 and June 24, 2015 respectively. Information in respect of the attendance by the Directors in the meetings is given below:

Name of Director	Number of meetings			Meetings not attended
	Held	Attended	Leave granted	
Mr. Atif R. Bokhari (Chairman) ⁴	5	4	1	79th
Mr. Asadullah Khawaja ¹	1	1	-	-
Mr. Imran R. Ibrahim ¹	1	1	-	-
Mr. Badar Kazmi ¹⁻²⁻³	4	2	2	74th and 77th
Mr. Shah Miftah -ul - Azim ¹⁻²	8	7	1	76th
Mr. Imran Ahad ¹⁻²⁻⁶	6	5	1	79th
Mr. Salman Sarwar Butt ¹⁻²⁻³	4	1	3	74th, 75th and 77th
Mir Adil Rashid ¹⁻²⁻³	4	4	-	-
Mr. Shahid Zaki ²	7	7	-	-
Mr. Imran Ahmad Mirza ²	7	7	-	-
Mr. Suleman Chhagla ⁵	4	4	-	-
Mr. Tufail Jawed Ahmad ⁵	3	3	-	-
Mr. Jaudat Hussain ⁷	2	1	1	80th

¹ Directors resigned on completion of three year term on September 22, 2014.

² Directors elected for a term of three year term effective from September 22, 2014.

³ Mr. Badar Kazmi, Mr. Salman Sarwar Butt and Mir Adil Rashid resigned effective from February 12, 2015.

⁴ Mr. Atif R. Bokhari appointed on February 12, 2015 to fill casual vacancy.

⁵ Mr. Suleman Chhagla and Mr. Tufail Jawed Ahmad appointed on February 18, 2015 to fill casual vacancies.

⁶ Mr. Imran Ahad resigned effective from April 24, 2015.

⁷ Mr. Jaudat Hussain appointed on April 24, 2015 to fill casual vacancy.

27 NON-ADJUSTING EVENT AFTER THE REPORTING DATE

The Board of Directors of the Management Company in its meeting held on September 9, 2015 has proposed a final cash distribution of Rs. Nil per certificate (June 30, 2014: Rs. 2.20 per certificate).

28 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 9, 2015 by the Board of Directors of the Management Company.

29 GENERAL

Figures have been rounded off to the nearest thousand rupees.

For PICIC Asset Management Company Limited (Management Company)

Chairman

Chief Executive

Director

PICIC ASSET MANAGEMENT COMPANY LIMITED
INCOME STATEMENT
IN RELATION TO PICIC INVESTMENT FUND (SCHEME)
FOR THE YEAR ENDED JUNE 30, 2015

INCOME

Management fee

Rupee in '000'

100,573

EXPENSES

Salaries, allowances and other benefits

33,868

Contributions to defined contribution plan - Provident Fund

1,149

Directors' fee

260

Rent, rates and taxes

1,314

Fees and subscription

642

Printing and stationery

216

Vehicle running and maintenance cost

561

Travelling and conveyance

464

Securities transaction charges

2

Legal and professional charges

727

Computer consultancy charges

855

Auditors' remuneration

88

Telephone and utilities

1,095

Insurance

528

Marketing expenses

2,641

Depreciation

974

Amortisation of intangible assets

134

Donation

488

Others

682

WWF Provision

1,074

47,952

Profit before taxation

52,621

Taxation - current

17,883

Profit before taxation

34,738

Note: Other revenue and expenses not relating to the scheme have not been included in the above statement.

For PICIC Asset Management Company Limited (Management Company)

Chairman

Chief Executive

Director

www.jamapunji.pk



**Be aware, Be alert,
Be safe**

**Learn about investing at
www.jamapunji.pk**

Key features:

- Licensed Entities Verification
- Scam meter*
- Jamapunji games*
- Tax credit calculator*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered

- Stock trading simulator
(based on live feed from KSE)
- Knowledge center
- Risk profiler*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

jamapunji.pk

@jamapunji_pk

*Mobile apps are also available for download for android and ios devices



