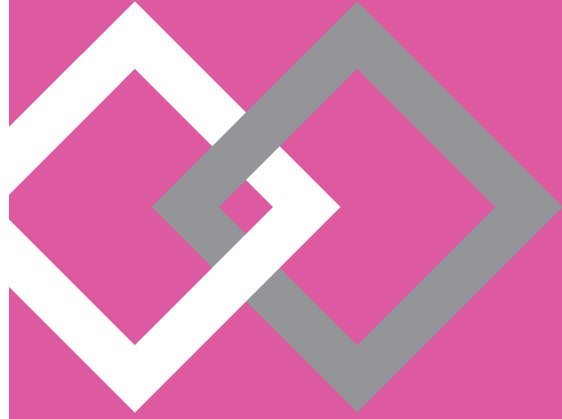


ANNUAL REPORT 2014

 **askari** Asset Allocation Fund



Vision

The leading quality investment advisor providing excellent returns in a dynamic market place, based on the superior expertise of a committed team of professionals who value

“Service to the Customer”

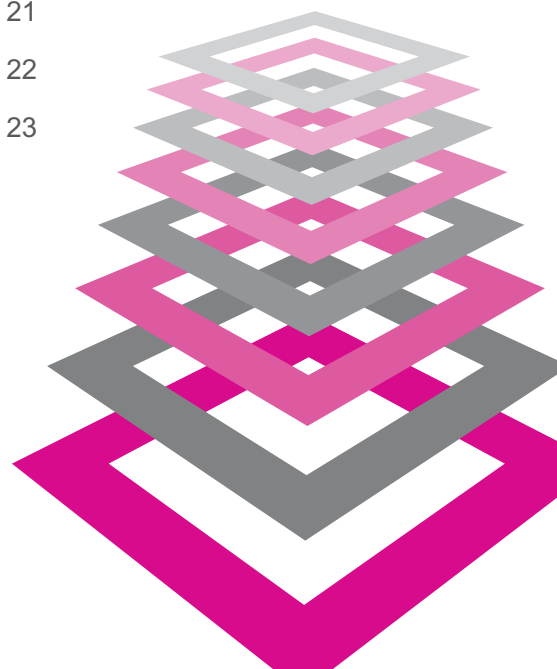
Askari Investment Management Limited

Good people ■ Sound advice ■ Great returns

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Information about the Management Company

Registered Office

Askari Investment Management Ltd.
20-C, Khayaban-e-Nishat,
Ittehad Commercial Area,
Phase VI, DHA, Karachi.
UAN : 111-246-111
Email : info@aiml.com.pk

Board of Directors

- Lt Gen Muhammad Mustafa Khan, HI (M) (Retd) - Chairman
- Syed Majeedullah Husaini
- Mr. Khurshid Zafar
- Mr. Shahid Hafeez Azmi
- Mr. Farrukh Iqbal Khan
- Mr. Amer Maqbool - CEO

Audit Committee

- Syed Majeedullah Husaini - Chairman
- Mr. Shahid Hafeez Azmi
- Mr. Farrukh Iqbal Khan

HR Committee

- Mr. Shahid Hafeez Azmi - Chairman
- Syed Majeedullah Husaini
- Mr. Farrukh Iqbal Khan

Chief Financial Officer - Acting

- Syed Adeel Shahid

Company Secretary

- Muhammad Farrukh

Fund's Information

Bankers

- Askari Bank Limited
- Burj Bank Limited
- Habib Metro Bank
- Habib Bank Limited (Islamic Banking)

Trustee

- **Central Depository Company of Pakistan Limited**
CDC House, 99-B, Block B, S.M.C.H.S,
Main Shahrah-e-Faisal, Karachi
Tel: (92-21) 111- 111- 500

Auditors

- **A.F. Ferguson & Co.**
Chartered Accountants
State Life Building No. 1-C, I.I Chundrigar Road,
P.O. Box 4716, Karachi-74000, Pakistan.
Tel: (021) 324 26682-6

Legal Advisors

- **Akhund Forbes**
Corporate and Commercial Law Firm
D-21, Block-4, Scheme 5,
Clifton, Karachi.

Transfer Agent

- **Askari Investment Management Ltd.**
20-C, Khayaban-e-Nishat,
Ittehad Commercial Area,
DHA Phase VI, Karachi.
UAN: (021)111-246-111
Fax: (021) 35250155-6

Directors' Report



DIRECTORS' REPORT TO THE UNIT HOLDERS

On behalf of the Board of Directors of Askari Investment Management Limited ("Management Company" or "the Company"), we are pleased to present the annual report of Askari Asset Allocation Fund ("AAAF" or "the Fund") along with the Audited Financial Statements and Auditors' report thereon for the year ended June 30, 2014.

Economic Review

Real GDP growth picked at 4.14% versus the government target of 4.4% for the year. This is mainly attributable to better performance of the industrial sector, which registered a growth of 5.84% versus 4.5% in FY13, exceeding the target rate of 4.8%. On the other hand, the services and agricultural sector recorded growth of 4.3% and 2.1% respectively. However, worsening law and order situation and persistence of energy crisis has hurt investment to GDP ratio as it declined from 14.6% in FY13 to 14.0% in FY14.

Tax revenues in FY14 amounted to PKR 1,786.2bn against PKR 1,527.8bn in the previous year, thus posted a growth of 16.9%. Significant growth in tax revenues was mainly on account of considerable rise in sales tax collection by 16.3%. Tax to GDP ratio has picked up from 9.3% in FY13 to 9.9% in FY14. The government fell short of achieving its original FBR revenue collection target by 8%.

Major positives for the year included successful entry into the IMF program, Pakistan being given the GSP Plus status, successful Eurobond/3G auctions and restart of the privatization process. These measures enabled the government to achieve a below target fiscal deficit to GDP ratio of 5.8% (provisional) versus 8.8% in FY13. In the previous year, higher fiscal deficit was on account of clearance of unpaid electricity sector payments (circular debt) of Rs 480 billion, while during FY14, an approximately Rs 300 billion circular debt of power sector has not yet been cleared, which if cleared in a similar manner will push up the fiscal deficit.

On the price front, unwinding of fiscal subsidies and acceleration in food prices coupled with low base effect led to Consumer Price Index (CPI) rising by an average rate of 8.62% YoY during FY14 over an increase of 7.36% YoY in FY13. Food inflation during FY14 went up by 9.03% YoY on average versus 7.1% YoY during FY13. Meanwhile, Non-food prices saw a growth of 8.35% YoY as opposed to 7.5% YoY during FY13. As a result of this, core inflation, as measured by NFNE, recorded an 8.3% YoY rise compared to 9.6% YoY in FY13. Overall the annual average inflation figure missed the government's target of 8% for FY14.

Given the rise in inflation during the year and risks eminent on the external side, the State Bank of Pakistan opted for a relatively tighter monetary stance and increased the interest rate by 100bps (50bps each in Sep'13 and Nov'13) to 10%.

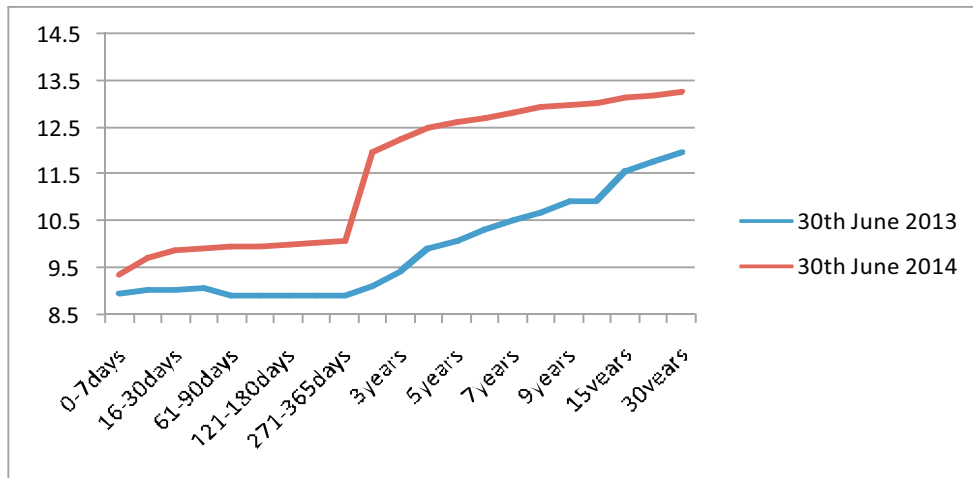
The current account balance for FY14 recorded a deficit of USD 2.9bn (or -1.2% of GDP) compared to USD 2.5bn (-1.1% of GDP) last year. The relatively higher deficit figure came mainly from 70% rise in services deficit which stood at USD 2.6bn for the year. Services deficit increased primarily on account of less CSF (Coalition Support Fund) receipts during FY14 which stood at USD 0.68bn as compared to USD 1.8bn during same period last year. Also, imports rose at a higher rate than exports, as the former grew by 3.9% to USD 41.8bn versus a mere growth in exports of 1.5% to USD 25.2bn during FY14. Resultantly, trade deficit rose to USD 16.6bn during the period (+7.7% YoY). Meanwhile, workers remittances made for some part of the deficit while showing a substantial growth of 13.7% to stand at USD 15.8bn during the year.

Capital account balance during the year saw an overwhelming increment to stand at USD 1,833mn versus USD 264mn in FY13, mainly on the account of grant received from Saudi Arabia worth USD 1.5bn along with various project grants. Besides, financial account witnessed an impressive inflow of USD 5,233mn versus USD 549mn in FY13. This was driven by inflows from the issue of Eurobond and project loan flows from various multilateral organizations including the World Bank and the Asian Development Bank. Subsequently, the balance of payments figure summed to USD 3.8bn for the FY14 as compared to a deficit of USD 1.9bn during FY13. As a result of the above mentioned inflows, the country's foreign exchange reserves swelled to USD 14bn by June 2014 end versus USD 11bn in June 2013. The building up of reserves compensated for the rising current account deficit pressures, and thereby helped to maintain the PKR at 98.55 against USD by June 2014 end.

Fixed Income Review

Followed by rise in topline inflation which stood at 8.62% against 7.36% in FY13, the central bank decided to raise policy rate by 100 bps in FY14. The interest rate hike by 50bps was witnessed in Sep'13 followed by another 50bps hike in Nov'13. Resultantly the yields across all tenors rose sharply. Yields on short-term paper witnessed a rise of 101bps, 109bps and 114bps to stand at 9.95%, 10.01% and 10.08% for 3m, 6m and 12m paper respectively. Similarly Yields on longer-tenor paper rose by 109bps, 255bps and 210bps ending the year at 12.24%, 12.62% and 13.03% for 3yr, 5yr and 10yr paper respectively.

During the financial year'14, SBP raised a total of PKR 6.46 trillion through T-Bill auction against the maturing amount of PKR 8.02 trillion. The last cut-off yield settling at 9.95%, 9.97% and 9.99% for 3m, 6m and 12m paper respectively. In addition to this SBP also raised a total of PKR 1.91 trillion through PIB auction with last cut-off yield settling at 12.09%, 12.55% and 12.90% for 3yr, 5yr and 10yr paper respectively. Greater activity was witnessed in longer tenor instruments during second half of financial year. This was due to market expecting a rate cut, supported by sharp recovery in PKR, rise in forex reserves that reached to \$ 14 billion by year end. However these expectations were reversed based on SBP's decision to maintain policy rate at 10% in March MPS.



Equity Market Review

The KSE-100 Index gave a strong performance of 41% return to close the year at 29,652 during FY14. Following the general elections and establishment of business friendly PMLN strong government in Islamabad in May 2013; economic recovery, improved corporate results (earnings growth of ~16%) and mostly significantly strong inflows from foreign investors had led to booming stock prices during the year. Average volumes for the year picked up to 145mn shares as compared 125mn shares during FY13. Foreign investors were net buyers amounting to USD 253mn during the year despite outflow of USD 144mn from KAPCO transaction in Jul-13. This is attributable to Pakistan's equity market discount to regional peers coupled with increase in Pakistan's weight in MSCI Frontier Market Index 7.39% from 4.16% earlier.

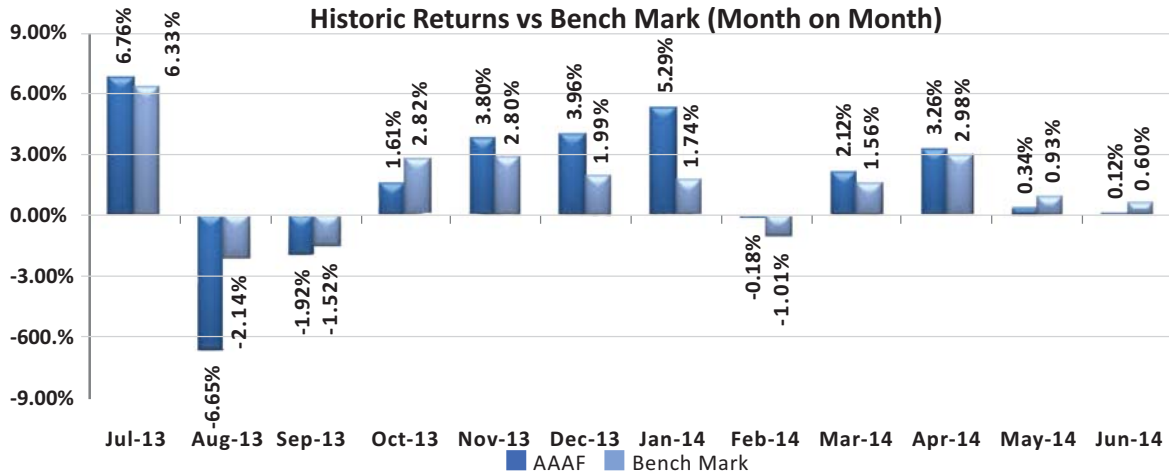
Amongst the major sectors Auto Assemblers, Construction & Materials and Banks, remained the top performing sectors during FY14, whereas Oil & Gas were the major underperformers on the news of SPO of both OGDC and PPL. Auto sector, remained upbeat, on the back of improving fundamentals, Punjab Government unveiled a new taxi scheme coupled with the optimism of INDU unveiling its new Corolla model. On individual basis, MCB and LUCK contributed 758 (9%) and LUCK 522(6%) points to the overall index performance followed by OGDC and UBL contributing 502 (5%) and 471 (5%) points. Amongst the laggards Nishat Chunia and EFoods topped the list.

Internationally during FY14, global equity delivered positive results, with MSCI Frontier Market Index giving a return of 31%, MSCI Emerging Market Index gaining 12% and S&P 500 index gaining 22%, respectively.

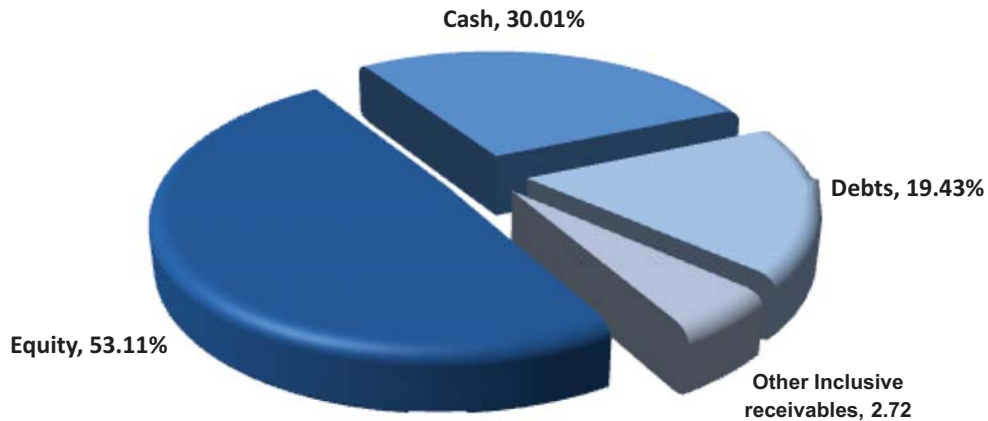
Performance of the Fund

During FY14 AAAF gave a return of 19.31% compared to benchmark return of 18.24%, outperforming the benchmark by 107bps. Major outperformance was exhibited in Dec'13 and Jan'14 of 1.97% and 3.55%, whereas, funds' performance was dragged in Aug'13 and Oct'13, where fund recorded an underperformance 4.51% and 1.21%, respectively. In 4QFY14, AAAF delivered a return of 2.90% against the benchmark return of 3.70%.

The net assets of the fund stood at PKR 291 million at June '14 against PKR 294 million witnessed in Jul'13. During the year average allocation in equities remained at approximately 53% of the net assets of the fund. During the year, Oil and gas, construction and materials and personal goods remained the major sectors. At year end allocation in major sector namely oil & gas, cement and banks stood at 14.47%, 12.55% and 12.22%, respectively. During the year 19.5% of the funds were invested in debt instruments including government bonds and corporate TFCs to maximize fund's recurring returns. However, on average 30% of the funds remained invested as cash.



Average Asset Allocation (12month ending June 14)



Details required by the Code of Corporate Governance:

AAAF was listed on Islamabad Stock Exchange (Guarantee) Limited on September 18, 2007 and Askari Investment Management Limited, as its Management Company, is committed to observe the Code of Corporate Governance as applicable. The details as required by the Code of Corporate Governance regarding the pattern of unit holding of the Fund as on June 30, 2014 is as follows:

Category	Unit holding	Percentage of Unit holding
Associated companies, undertakings and related parties		
Askari Bank Limited	2,500,000	44.17%
Mutual Fund	-	0.00%
Directors and their spouse and minor children	-	0.00%
Executives	-	0.00%
Public sector companies and corporations	15,617	0.28%
Banks, DFIs, NBFCs, Insurance companies, Takafuls, Modrabas and Pension funds	1,020,832	18.03%
Shareholders holding five percent or more voting rights		
National Logistic Cell	499,074	8.82%
Sui Southern Gas Executive Staff Pension Fund	369,403	6.52%
Sui Southern Gas Executive Staff Provident Fund	492,537	8.70%
Others	763,124	13.48%
Total	5,660,587	100.00%

The Board of Directors of the Management Company state that:

1. The financial statements, prepared by the Management Company, present fairly the statement of affairs, the results of operations, cash flows and the changes in unit holders' fund.
2. Proper books of accounts have been maintained by the Fund.
3. Appropriate accounting policies have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
4. Relevant International Accounting Standards, as applicable in Pakistan, provision of the Non-Banking Finance Companies (Establishment and Regulation) Rules 2003, Non Banking Finance Companies and Notified Entities Regulations 2008 (NBFC Regulations, 2008), requirements of the trust deed and directives issued by the Securities and Exchange Commission of Pakistan have been followed in the preparation of the financial statement and any deviation there from has been disclosed.
5. The system of internal controls is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Fund's ability to continue as a going concern.
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

During the year, no trades in the units of the Fund were carried out by the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor children.

Meetings of the Board of Directors were held once in every quarter. During the year six board meetings were held. Detail of Attendance at these meetings is disclosed in the Financial Statements.

Key operating and financial data of the Fund for the current and prior years is as follows:

	Jun-14	Jun-13	Jun-12	Jun-11	Jun-10	June-09
	Rupees					
Net Assets as on June 30 th	291,633,651	263,763,256	193,245,335	177,149,656	219,501,929	289,142,644
Net Asset Value per unit as on June 30 th	51.5200	55.5866	46.0289	41.0517	58.7784	54.6213
Net income/ (loss) for the year/period	50,251,431	42,241,994	27,787,594	(16,042,681)	86,277,716	(172,701,632)
Dividend Distribution during the Year/period*	65,527,497	26,398,385	-	84,397,422	-	-

*This excludes dividend distribution approved after the period-end.

On July 04, 2014, the Board of Directors of the Management Company approved a final distribution at the rate of Re 0.3862 per unit (Par value of Rs. 100 per Unit) out of the accounting income for the year ended June 30, 2014. This distribution has been made in compliance with Regulation 63 of the NBFC Regulations, 2008, and to avail the income tax exemption for the Fund as available under Clause 99 of the Second Schedule to the Income Tax Ordinance, 2001.

Auditors

The Board of Directors on the recommendation of the Audit Committee has approved re-appointment of M/s A.F. Ferguson & Co. - Chartered Accountants as the auditors of the Fund for the financial year ending June 30, 2015.

Acknowledgement

We would like to join our colleagues on the Board, management team and employees of the Company, in thanking first and foremost the investors for their vote of confidence in Askari Asset Allocation Fund. Additionally we would like to thank Askari Bank Limited, the Securities and Exchange Commission of Pakistan, the Trustee of the Fund and the Stock Exchange for their continued guidance and support.

For and on Behalf of the Board of Directors of the Management Company



Chief Executive Officer
August 22, 2014
Karach

Fund Manager's Report



FUND MANAGER'S REPORT

Askari Asset Allocation Fund (AAAF) is an open-end asset-allocation Fund. The objective of the Fund is to provide investors an investment solution through disciplined and structured investment techniques. The Fund shall target capitalizing on opportunities available in both fixed income and equity markets using in-house research and proprietary investment matrix.

Economic Review

Real GDP growth picked at 4.14% versus the government target of 4.4% for the year. This is mainly attributable to better performance of the industrial sector, which registered a growth of 5.84% versus 4.5% in FY13, exceeding the target rate of 4.8%. On the other hand, the services and agricultural sector recorded growth of 4.3% and 2.1% respectively. However, worsening law and order situation and persistence of energy crisis has hurt investment to GDP ratio as it declined from 14.6% in FY13 to 14.0% in FY14.

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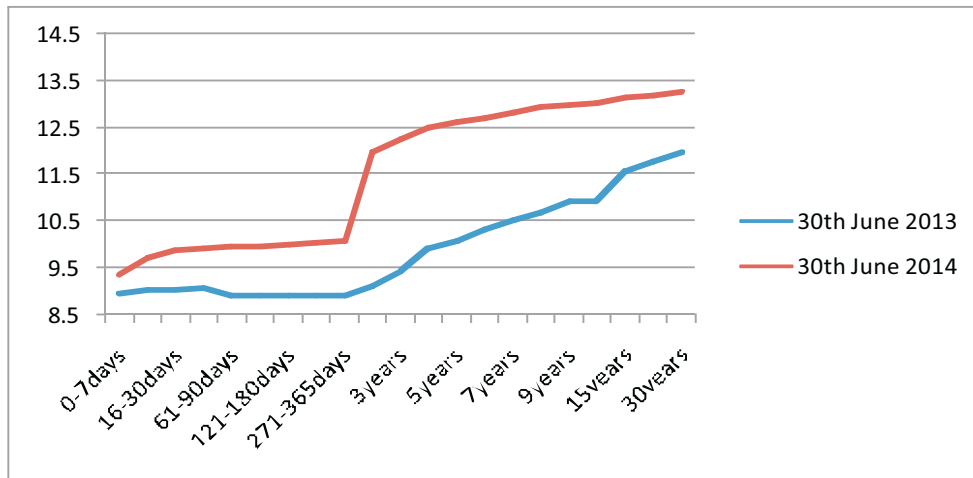
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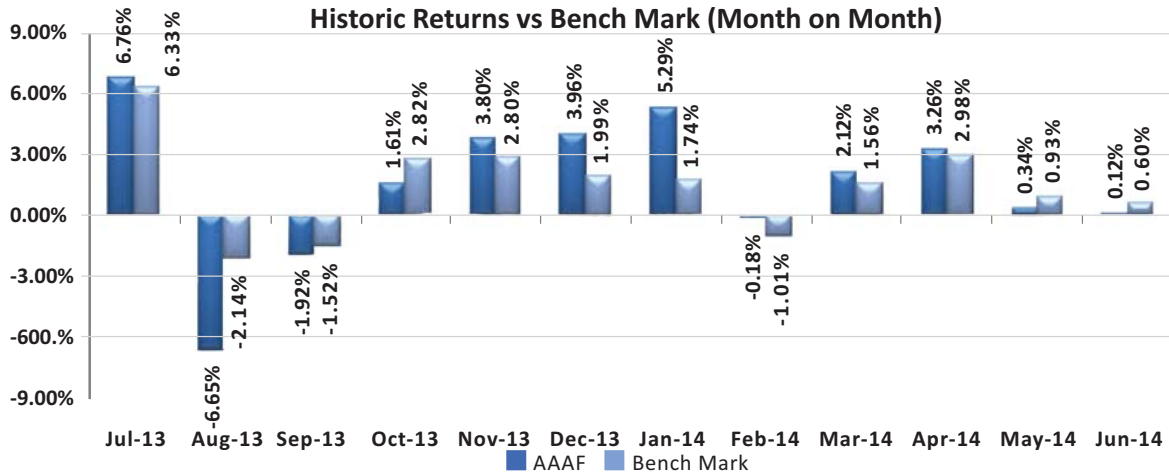
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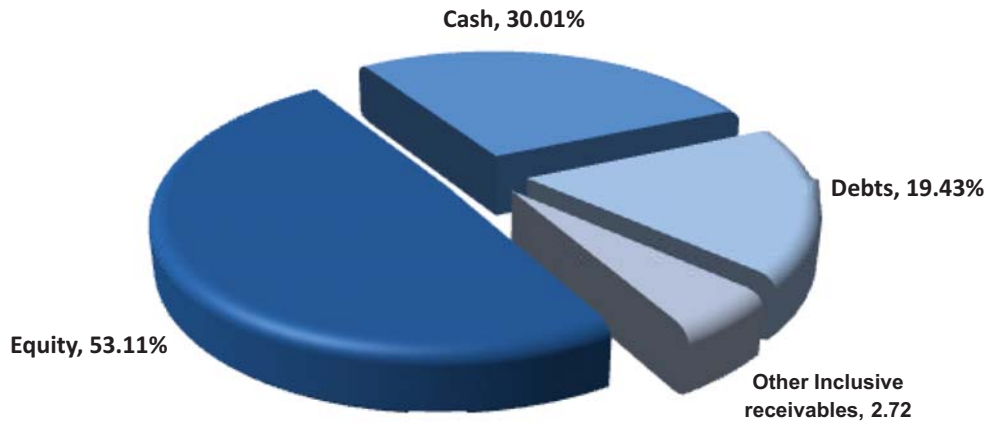
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Average Asset Allocation (12month ending June 14)



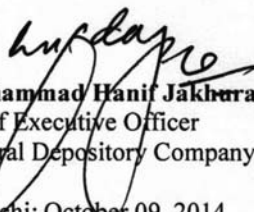
**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED****Head Office**

CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shakra-e-Faisal
Karachi - 74400. Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326020 - 23
URL: www.cdcPakistan.com
Email: info@cdcpak.com

**TRUSTEE REPORT TO THE UNIT HOLDERS****ASKARI ASSET ALLOCATION 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 Askari Asset Allocation Fund (the Fund) are of the opinion that Askari Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2014 in accordance with the provisions of the following:

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


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

Karachi: October 09, 2014





A. F. FERGUSON & CO.

REVIEW REPORT TO THE UNIT 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 Askari Investment Management Limited, the Management Company of **Askari Asset Allocation Fund** (the Fund), for the year ended June 30, 2014 to comply with the requirements of Listing Regulation no. 35 (Chapter XI) of the Islamabad Stock Exchange Limited where the Fund is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Management Company of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund'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 the Fund's 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 for and on behalf of the Fund, in all material respects, with the best practices contained in the Code as applicable to the Fund for the year ended June 30, 2014.

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

Paragraph reference	Description
4	As required by the Code, the casual vacancy occurring on the Board of Directors is required to be filled up within 90 days. However, in case of two instances, casual vacancies occurring on the Board were not filled within the time frame as stipulated in the Code.
9	At least two directors on the Board of Directors should have obtained the certification as required under the Code by the year ended June 30, 2014. However, only one director has obtained the required certification. Further, no orientation course has been conducted by the Management Company for its directors during the year ended June 30, 2014 to acquaint them with the applicable laws and statutes.
17	The Terms of Reference of the Human Resource and Remuneration Committee have not been approved by the Board of Directors.
24	The Board of Directors has not placed a mechanism for annual evaluation of the Board's own performance.


Chartered Accountants
Karachi
Dated: October 1, 2014

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STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2014

This statement is being presented by the Board of Directors of Askari Investment Management Limited, the Management Company of Askari Asset Allocation Fund ("the Fund") to comply with the Code of Corporate Governance contained in Regulation no. 35 of Listing Regulations of Islamabad Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

Askari Asset Allocation Fund is an open end mutual fund and is listed on the Islamabad Stock Exchange. The Fund, being a unit trust scheme, does not have its own Board of Directors. The Management Company, Askari Investment Management Limited, on behalf of the Fund, has applied the principles contained in the Code in the following manner:

- The Management Company encourages representation of independent non-executive directors on its Board of Directors. At present the Board includes.

Category	Names
Independent Director	1. Mr. Shahid Hafeez Azmi
Executive Director	1. Mr. Amer Maqbool (CEO)
Non – Executive Directors	1. Mr. Majeedullah Husaini
	2. Mr. Farrukh Iqbal Khan
	3. Mr. Khurshid Zafar
	4. Lt Gen Muhammad Mustafa Khan (Retd)

The independent director meet the criteria of independence under clause i (b) of the Code.

- The directors have confirmed that none of them is serving as a director in more than seven listed companies, including the Management Company.
- 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.
- During the year, four casual vacancies arose on the board. Three of these vacancies were filled up by the directors within 90 days whereas one casual vacancy was not filled within 90 days. The casual vacancy (exceeding 90 days) existing at the beginning of the year due to appointment not approved by SECP has also not been filled to date.
- 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.
- The Board has developed vision / mission statement, overall corporate strategy and significant policies for the Fund. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained. The whistle blowing policy has been prepared by the management and is in the approval process of the Board of Directors.
- All the powers of the Board have been duly exercised and decisions on material transactions, including appointment, determination of remuneration and terms and conditions of the CEO and non-executive directors, have been taken by the Board.
- 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 the meetings except for an emergency meeting. The minutes of the meetings were appropriately recorded and circulated.
- As required by the code, all the directors of the Management Company are required to have certification under the director's training program by the year 2016 and at least one director shall have certification under the training program each year during the period from June 30, 2012 to June 30, 2016. As per this requirement at least two directors on the board should have obtained the certification as required under the code by the year ended June 30, 2014. However, only one of the non-executive directors has obtained the required certification. Further, the management intends to conduct orientation course for its directors during the year ending June 30, 2015 to acquaint them with the applicable laws and statutes.
- The board has approved the appointment of Head of Internal Audit & Company Secretary. Currently, the position of Chief Financial Officer (CFO) is vacant.
- The Directors' Report relating to the Fund for the year ended June 30, 2014 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 Financial Controller (as currently the post of Chief Financial Officer is vacant) of the Management Company before approval of the Board.
13. The Directors, Chief Executive Officer and executives do not hold any interest in the units of the Fund other than that disclosed in the pattern of unit holding.
14. The Management Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises of three members, all of whom are non-executive directors of the Management Company and the Chairman of the committee is a non-executive director. The Company Secretary acted as the secretary to the Audit Committee for all the Board Audit Committee meetings held after his appointment.
16. The meetings of the Audit Committee were held at least once in every quarter prior to approval of the interim and final results of the Fund and as required by the Code. The terms of reference of the committee have been approved by the board and advised to the committee for compliance.
17. The Board has reconstituted its HR and Remuneration Committee on August 30, 2013. HR and Remuneration committee comprises of 3 members, of whom all are non-executive directors and the chairman of the committee is an independent director. The Terms of Reference (TORs) of the HR and Remuneration Committee have not been approved by the Board. However, they are expected to be approved shortly.
18. 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 units of the Fund. The firm and all its partners are also in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
19. The Board has set up an internal audit function within the entity after December 31, 2013. Uptil December 31, 2013 the internal audit function was outsourced to M. Yousuf Adil Saleem & Co. Chartered Accountants.
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 International Federation of Accountants guidelines in this regard.
21. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the Net Assets Value (NAV) of the Fund's units, was determined and intimated to directors, employees and the stock exchange.
22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange.
23. The related party transactions have been placed before the Audit Committee and approved by the Board of Directors with necessary justification for non-arm's length transactions and pricing methods for transaction that were made on terms equivalent to those that prevail in the arm's length transactions only if such term can be substantiated.
24. We confirm that all other material principles enshrined in the Code have been complied with except the following, towards which progress is being made by the Management Company to seek compliance by the end of next accounting year:

The Board of Directors have not placed mechanism for annual evaluation of Board's own performance.

On behalf of the Board



Chief Executive Officer

Dated: August 22, 2014

Karachi



A. F. FERGUSON & CO.

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **Askari Asset Allocation Fund** (hereinafter referred to as the 'Fund'), which comprise the statement of assets and liabilities as at June 30, 2014, and the related income statement, statement of comprehensive income, distribution statement, statement of movement in unit holders' fund and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management Company's responsibility for the financial statements

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, 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 financial position of the Fund as at June 30, 2014 and of its financial performance, cash flows and its transactions for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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


Chartered accountants

Engagement Partner: **Salman Hussain**

Dated: October 1, 2014

Karachi

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Financial Statements



ASKARI ASSET ALLOCATION FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2014

	Note	2014	2013
		----- Rupees -----	
ASSETS			
Balances with banks	4	10,362,646	80,738,753
Investments	5	281,713,481	179,157,167
Receivable against sale of investments		7,418,100	4,689,210
Advances, prepayments and other receivables	6	8,930,740	645,598
Security deposits	7	3,850,000	3,600,000
Total assets		312,274,967	268,830,728
LIABILITIES			
Payable to Askari Investment Management Limited - Management Company	8	1,185,433	681,301
Payable to the Central Depository Company of Pakistan Limited - Trustee	9	57,534	57,534
Payable to the Securities and Exchange Commission of Pakistan	10	261,003	214,159
Accrued expenses and other liabilities	11	19,137,346	4,114,478
Total liabilities		20,641,316	5,067,472
NET ASSETS		291,633,651	263,763,256
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		291,633,651	263,763,256
CONTINGENCIES AND COMMITMENTS			
	12		
		----- Number of units -----	
NUMBER OF UNITS IN ISSUE		5,660,587	4,745,090
		----- Rupees -----	
NET ASSET VALUE PER UNIT	3.6	51.5200	55.5866

The annexed notes 1 to 28 form an integral part of these financial statements.

For Askari Investment Management Limited
(Management Company)



Chief Executive Officer



Director

ASKARI ASSET ALLOCATION FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014	2013
----- Rupees -----			
Income			
Capital gain on sale of investments - net		14,313,973	45,281,061
Dividend income		7,501,402	8,369,750
Profit on bank deposits		7,611,370	2,827,606
Mark-up on term finance and sukuk certificates		816,225	300,697
Income from government securities		3,254,066	6,345,082
Other income		(144,156)	416
		<u>33,352,880</u>	<u>63,124,612</u>
Unrealised appreciation on remeasurment of investments classified as 'financial assets at fair value through profit or loss' - net		<u>22,505,517</u>	<u>20,876,245</u>
		<u>55,858,397</u>	<u>84,000,857</u>
Expenses			
Remuneration of Askari Investment Management Limited - Management Company	8.1	5,494,808	4,877,394
Federal Excise Duty Management Company's remuneration	8.2	879,169	41,442
Sindh Sales Tax on Management Company's remuneration	8.3	1,019,836	787,026
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	9.1	700,000	700,000
Annual fee to the Securities and Exchange Commission of Pakistan	10.1	261,003	214,159
Auditors' remuneration	13	596,702	564,265
Legal and professional charges		777,217	50,001
Securities transaction costs		1,224,489	887,476
Settlement and bank charges		317,858	294,378
Fees and subscription		182,836	128,002
Printing and stationery expenses		120,000	120,001
		<u>11,573,918</u>	<u>8,664,144</u>
		<u>44,284,479</u>	<u>75,336,713</u>
Net income from operating activities			
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		6,992,491	(32,232,638)
Provision for Workers' Welfare Fund	11.1	(1,025,539)	(862,081)
		<u>50,251,431</u>	<u>42,241,994</u>
Net income for the year before taxation			
Taxation	14	-	-
		<u>50,251,431</u>	<u>42,241,994</u>
Net income for the year after taxation			
Earnings per unit	15		

The annexed notes 1 to 28 form an integral part of these financial statements.

For Askari Investment Management Limited
(Management Company)



Chief Executive Officer



Director

**ASKARI ASSET ALLOCATION FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2014**

Net income for the year after taxation

Other comprehensive income

Total comprehensive income for the year

2014	2013
Rupees	
50,251,431	42,241,994
-	-
<u>50,251,431</u>	<u>42,241,994</u>

The annexed notes 1 to 28 form an integral part of these financial statements.

For Askari Investment Management Limited
(Management Company)



Chief Executive Officer



Director

ASKARI ASSET ALLOCATION FUND
DISTRIBUTION STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014

	2014	2013
	----- Rupees -----	
Accumulated loss brought forward comprising:		
Realised loss	(231,623,162)	(226,024,921)
Unrealised income / (loss)	<u>20,876,245</u>	<u>(565,605)</u>
	<u>(210,746,917)</u>	<u>(226,590,526)</u>
Net income for the year after taxation	50,251,431	42,241,994
Final distribution of 8.4571 per unit on July 5, 2013 for the year ended June 30, 2013 (2013: Rs 6.2878 per unit)		
- Cash distribution	<u>(25,363,466)</u>	<u>(18,863,849)</u>
- Issue of bonus units	<u>(14,766,237)</u>	<u>(7,534,536)</u>
	<u>(40,129,703)</u>	<u>(26,398,385)</u>
Interim distribution of Rs 4.6695 per unit on June 27, 2014 for the year ended June 30, 2014		
- Cash distribution	<u>(14,004,175)</u>	-
- Issue of bonus units	<u>(11,393,619)</u>	-
	<u>(25,397,794)</u>	-
Accumulated loss carried forward	<u>(226,022,983)</u>	<u>(210,746,917)</u>
Accumulated loss carried forward comprising:		
Realised loss	(248,528,500)	(231,623,162)
Unrealised income	<u>22,505,517</u>	<u>20,876,245</u>
	<u>(226,022,983)</u>	<u>(210,746,917)</u>

The annexed notes 1 to 28 form an integral part of these financial statements.

For Askari Investment Management Limited
(Management Company)



Chief Executive Officer



Director

ASKARI ASSET ALLOCATION FUND
STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2014

	2014	2013
	----- Rupees -----	
Net assets at the beginning of the year	263,763,256	193,245,335
Issue of 2,040,735 units (2013: 3,274,270 units)	103,748,867	145,693,246
Redemption of 1,661,209 units (2013: 2,917,120 units)	(79,769,771)	(130,786,108)
Issue of 535,971 bonus units (2013: 189,590 bonus units)	26,159,856	7,534,536
	50,138,952	22,441,674
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net - transferred to the Income Statement	(6,992,491)	32,232,638
Capital gain on sale of investments - net	14,313,973	45,281,061
Unrealised appreciation on remeasurment of investments classified as 'financial assets at fair value through profit or loss' - net	22,505,517	20,876,245
Other income net of expenses / (loss) for the year	13,431,941	(23,915,312)
	50,251,431	42,241,994
Final distribution of 8.4571 per unit on July 5, 2013 for the year ended June 30, 2013 (2013: Rs 6.2878 per unit)		
- Cash distribution	(25,363,466)	(18,863,849)
- Issue of bonus units	(14,766,237)	(7,534,536)
	(40,129,703)	(26,398,385)
Interim distribution of Rs 4.6695 per unit on June 27, 2014 for the year ended June 30, 2014		
- Cash distribution	(14,004,175)	-
- Issue of bonus units	(11,393,619)	-
	(25,397,794)	-
Net assets at the end of the year	<u>291,633,651</u>	<u>263,763,256</u>
Net asset value per unit at the beginning of the year	<u>55.5866</u>	<u>46.0289</u>
Net asset value per unit at the end of the year	<u>51.5200</u>	<u>55.5866</u>

The annexed notes 1 to 28 form an integral part of these financial statements.

For Askari Investment Management Limited
(Management Company)



Chief Executive Officer



Director

ASKARI ASSET ALLOCATION FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES

Net income for the year before taxation

Adjustments for:

Unrealised appreciation on remeasurement of investments
classified as 'financial assets at fair value through profit or loss' - net
Provision for Workers' Welfare Fund
Element of (income) / loss and capital (gains) / losses included in prices
of units issued less those in units redeemed - net

(Increase) / decrease in assets

Investments - net
Receivable against sale of investments
Advances, prepayments and other receivables
Security deposits

Increase / (decrease) in liabilities

Payable to Askari Investment Management Limited - Management Company
Payable to the Central Depository Company of Pakistan Limited - Trustee
Payable to the Securities and Exchange Commission of Pakistan
Payable against purchase of investments
Accrued expenses and other liabilities

Net cash (used in) / generated from operating activities

CASH FLOWS FROM FINANCING ACTIVITIES

Receipts from issue of units
Payments against redemption of units
Cash distribution

Net cash used in financing activities

Net (decrease) / increase in cash and cash equivalents

Cash and cash equivalents at the beginning of the year

Cash and cash equivalents at the end of the year

Note	2014	2013
	Rupees	
	50,251,431	42,241,994
	(22,505,517)	(20,876,245)
	1,025,539	862,081
	(6,992,491)	32,232,638
	(28,472,469)	12,218,474
	21,778,962	54,460,468
	(129,754,697)	44,853,894
	(2,728,890)	(4,689,210)
	(8,285,142)	1,180,268
	(250,000)	-
	(141,018,729)	41,344,952
	504,132	(17,605)
	-	158
	46,844	39,513
	-	(38,625)
	(6,846)	41,347
	544,130	24,788
	(118,695,637)	95,830,208
	103,748,867	145,693,246
	(79,769,771)	(130,786,108)
	(25,363,466)	(18,863,849)
	(1,384,370)	(3,956,711)
	(120,080,007)	91,873,497
	130,442,653	38,569,156
4.2	10,362,646	130,442,653

The annexed notes 1 to 28 form an integral part of these financial statements.

For Askari Investment Management Limited
(Management Company)



Chief Executive Officer



Director

**ASKARI ASSET ALLOCATION FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

1 LEGAL STATUS AND NATURE OF BUSINESS

Askari Asset Allocation Fund (the Fund) was established under a Trust deed executed between Askari Investment Management Limited (a wholly owned subsidiary of Askari Bank Limited) as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee on January 17, 2007. The Fund was registered as a Notified Entity under the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) in February 2009.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the Securities and Exchange Commission of Pakistan (SECP). The registered and Head office of the Management Company is situated at 20-C, Khayaban-e-Nishat, Phase VI, DHA, Karachi.

The Fund is an open-end collective investment scheme categorised as an 'asset allocation scheme' by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 and is listed on the Islamabad Stock Exchange Limited. The units of the Fund were initially offered for public subscription at a par value of Rs 100 per unit. Thereafter, the units are being offered to the public for subscription on a continuous basis and are transferable and redeemable by surrendering them to the Fund.

The objective of the Fund is to invest in equity securities as well as debt securities including government securities, commercial papers and various other money market instruments.

The Pakistan Credit Rating Agency Limited (PACRA) has maintained an asset manager rating of 'AM3+' to the Management Company. The rating, announced on April 17, 2014, reflects the Management Company's strong capacity to manage the risk inherent in asset management and that the asset manager meets high industry standards and benchmarks. Furthermore, PACRA has assigned a stability rating of '4 star' to the Fund on November 28, 2013. The rating denotes a very strong capacity to manage relative stability in returns and very low exposure to risks.

Title to the assets of the Fund is held in the name of CDC as the Trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Amendments and improvements applicable to the financial statements for the year ended 30 June 2014

The following amendments and improvements to approved accounting standards have been published and are mandatory for the Fund current accounting period:

IFRS 7 – Financial Instruments : Disclosures – (Amendments)

--Amendments enhancing disclosures about offsetting of financial assets and financial liabilities

IAS 1 – Presentation of Financial Statements - Clarification of the requirements for comparative information

IAS 32 – Financial Instruments: Presentation – Tax Effects of Distribution to Holders of Equity Instruments

The adoption of the above amendments and improvements to accounting standards and interpretations did not have any effect on the financial statements.

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

The following revised standards, interpretations and amendments with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards, interpretation and amendments:

Standard, interpretation or amendment**Effective date**
(accounting periods
beginning on or after)

IAS 32 - Offsetting Financial Assets and Financial liabilities – (Amendment)	January 01, 2014
IAS 39 - Novation of Derivatives and Continuation of Hedge Accounting – (Amendment)	January 01, 2014

The Fund expects that the adoption of the above amendments and interpretation of the standards will not affect the Fund's financial statements in the period of initial application.

There are certain new and amended standards and interpretation that are mandatory for the Fund's accounting periods beginning on or after July 01, 2014 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are therefore not detailed in these financial statements.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard**Effective date**
as per IASB
(accounting periods
beginning on or after)

IFRS 9 - Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 10 – Consolidated Financial Statements	January 01, 2013
IFRS 11 – Joint Arrangements	January 01, 2013
IFRS 12 – Disclosure of Interests in Other Entities	January 01, 2013
IFRS 13 – Fair Value Measurement	January 01, 2013
IFRS 14 – Regulatory Deferral Accounts	January 01, 2016
IFRS 15 – Revenue from Contracts with Customers	January 01, 2017

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in the application of Fund's accounting policies. The estimates, judgments and associated assumptions are based on historical experience (including expectation of future events) and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The areas involving a degree of judgment or complexity, or areas where estimates and assumptions are significant to the financial statements are as follows:

- i) classification and valuation of financial assets (notes 3.2 and 5); and
- ii) impairment of financial assets (note 3.2.5).

2.5 Accounting convention

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

2.6 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency.

3 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 applied consistently to all the years presented unless otherwise stated.

3.1 Cash and cash equivalents

These comprise balances with banks and short-term highly liquid investments with original maturities of three months or less.

3.2 Financial assets

3.2.1 Classification

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

a) Financial assets at fair value through profit or loss

These are acquired principally for the purpose of generating profit from short-term fluctuations in prices.

b) Loans and receivables

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

c) Available-for-sale financial assets

These are those non-derivative financial assets that are designated as available for sale or are not classified as (a) financial assets at fair value through profit or loss, or (b) loans and receivables. 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.

3.2.2 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 assets.

3.2.3 Initial recognition and measurement

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

3.2.4 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

a) Financial assets at fair value through profit or loss' and 'available-for-sale financial assets'

- Basis of valuation of equity securities

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

- Basis of valuation of government securities

The investments of the Fund in ijara sukuks issued by the Government of Pakistan (GoP ijara sukuks) are valued on the basis of latest weighted average Reuter's rate. The investments of the Fund in government securities (other than GoP ijara sukuks) are valued on the basis of rates announced by the Financial Market Association of Pakistan in accordance with the requirements of the NBFC Regulations, 2008.

- Basis of valuation of debt securities

The investments of the Fund in debt securities are valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the SECP for valuation of debt securities vide its various circulars issued from time to time. In the determination of the rates, the MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The circulars also specify the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

Net gains and losses arising on changes in the fair values of financial assets carried 'at fair value through profit or loss' are taken to the Income Statement.

Net gains and losses arising from changes in fair value of 'available-for-sale financial assets' are taken to the Statement of Comprehensive Income' as 'other comprehensive income' until these are derecognised or impaired. At this time, the cumulative gain or loss previously recognised as 'other comprehensive income' is transferred to the Income Statement as capital gain / (loss).

b) Loans and receivables

These are carried at amortised cost using the effective interest method.

Gains or losses are recognised in the Income Statement through the amortisation process or when the financial assets carried at amortised cost are derecognised or impaired.

3.2.5 Impairment

The Fund assesses at each reporting date whether there is an objective evidence that the financial asset or a group of financial assets is impaired. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

a) Loans and receivables

For financial assets classified as 'loans and receivable', a provision for impairment is established when there is an 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 measured as the difference between the asset's carrying value and present value of estimated future cash outflows, discounted at the original effective interest rate.

b) Equity securities classified as 'available for sale'

In the case of available for sale equity securities, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If evidence of impairment exists, 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 the Income Statement is reclassified from the unit holder's fund to the Income Statement.

Impairment losses recognised in the Income Statement on equity instruments are not reversed through the Income Statement.

c) Debt securities

Provision against non-performing debt securities is made in accordance with the provisioning criteria for non-performing debt securities specified by the SECP. As allowed by the SECP, the management may also make provision against debt securities over and above the minimum provision requirement prescribed in the aforesaid circulars, in accordance with the provisioning policy duly approved by the Board of Directors of the Management Company.

3.2.6 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.

3.2.7 Derivatives

Derivative instruments are initially recognised at fair values and subsequent to initial measurement each derivative instrument is premeasured to its fair value and the resultant gain or loss is recognised in the Income Statement.

3.3 Financial liabilities

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

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

3.4 Offsetting of financial assets and liabilities

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

3.5 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.

3.6 Net asset value per unit

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

3.7 Taxation

Current

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 the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit 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.

Deferred

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and the amounts used for taxation purposes. In addition, the Fund also records deferred tax asset on unutilised tax losses to the extent that it is probable that the related tax benefit will be realised. However, the Fund has not recognised any amount in respect of deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders every year.

3.8 Proposed distributions

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

3.9 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received during business hours of that date. The offer price represents the Net Asset Value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable. The sales load is payable to the Management Company as processing fee. Issue of units is recorded upon realisation of related funds.

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

3.10 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

An equalisation account called the 'element of income/ (loss) and capital gains/ (losses) included in prices of units issued less those in units redeemed' is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.

During the year, the Fund has revised the method of computation and recording of element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed. Previously, the element was recognised based on cumulative values of undistributed income and unrealised surplus / (deficit) on available-for-sale financial assets present in the net asset value of units and the entire amount was recognised in the Income Statement. As per the revised treatment, element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed to the extent that it is represented by income earned during the year is recognised in the Income Statement and to the extent that it is represented by unrealised appreciation / (diminution) arising during the year on available-for-sale financial assets is recognised in the Distribution Statement. The remaining portion of element forms part of the unit holders' fund and is not available for distribution.

Had the aforementioned change in estimate not been made during the current year:

- net asset value of the Fund would have been higher by Rs 968,046 (Re 0.1710 per unit);

- provision maintained with respect to Workers' Welfare Fund as at June 30, 2014 would have been lower by Rs 968,046; and
- profit for the year after taxation would have been lower by Rs 47,434,250. However, as noted above, the Unit Holders' Fund would have been higher by only Rs 968,046.

In the opinion of the management the revised method of computation will result in a more accurate presentation of element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed in the financial statements.

3.11 Revenue recognition

- Capital gains / (losses) arising on sale of investments are included in the Income Statement on the date on which the transactions take place.
- Dividend income is recognised when the Fund's right to receive dividend is established.
- Profit on bank deposits is recognised on an accrual basis.
- Income on term finance and sukuk certificates is recognised on an accrual basis.
- Income on government securities is recognised on an accrual basis.
- Unrealised appreciation / (diminution) on remeasurement of investments classified as 'financial assets at fair value through profit or loss' is included in the Income Statement in the period in which it arises.

3.12 Expenses

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

3.13 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

	Note	2014	2013
----- Rupees -----			
4 BALANCES WITH BANKS			
In savings accounts	4.1	<u>10,362,646</u>	<u>80,738,753</u>
4.1 These carry profit at rates ranging between 6.50% and 9.00% (2013: 6.00% to 9.25%) per annum and include Rs 9,755,834 (2013: Rs 52,638,767) maintained with Askari Bank Limited, a connected person.			
	Note	2014	2013
----- Rupees -----			
4.2 Cash and cash equivalents			
Balances with banks		10,362,646	80,738,753
Treasury bills having maturity of three months or less	5.2	-	49,703,900
		<u>10,362,646</u>	<u>130,442,653</u>
5 INVESTMENTS			
At fair value through profit or loss - held for trading			
- Listed equity securities	5.1	179,066,834	129,453,267
- Government securities	5.2	67,431,490	49,703,900
- Listed debt securities	5.3	35,215,157	-
		<u>281,713,481</u>	<u>179,157,167</u>

5.1 Investments in listed equity securities - 'at fair value through profit or loss'

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

Name of the Investee Company	As at	Purchases	Bonus	Sales during	As at	Carrying value	Market value	Appreciation	Market value	Market value	Paid-up value of shares held as a percentage of total paid-up capital of the Investee Company
	July 01, 2013	during the year	/ right issues during the year	the year	June 30, 2014	as at June 30, 2014	as at June 30, 2014	(diminution)	as a percentage of net assets	as a percentage of total investments	
	----- Number of shares -----					----- Rupees -----					
OIL AND GAS											
Attock Refinery Limited	-	17,500	-	17,500	-	-	-	-	-	-	-
Mari Petroleum Company Limited	-	15,000	-	15,000	-	-	-	-	-	-	-
National Refinery Limited	-	63,500	-	63,500	-	-	-	-	-	-	-
Oil and Gas Development Company Limited	-	10,000	-	-	10,000	2,566,000	2,612,800	46,800	0.90%	0.93%	0.00%
Pakistan Oilfields Limited	26,300	55,900	-	51,250	30,950	15,469,160	17,774,585	2,305,425	6.09%	6.31%	0.01%
Pakistan Petroleum Limited	73,300	86,500	10,900	138,300	32,400	6,681,634	7,268,616	586,982	2.49%	2.58%	0.00%
Pakistan State Oil Company Limited	39,100	169,200	2,760	166,000	45,060	17,823,973	17,521,581	(302,392)	6.01%	6.22%	0.02%
Shell Pakistan Limited	-	15,000	-	15,000	-	-	-	-	-	-	-
						42,540,767	45,177,582	2,636,815	15.49%	16.04%	
CHEMICALS											
Dawood Hercules Corporation Limited	-	10,000	-	10,000	-	-	-	-	-	-	-
Engro Corporation Limited	51,186	494,800	-	530,986	15,000	2,815,000	2,677,650	(137,350)	0.92%	0.95%	0.00%
Engro Fertilizers Company Limited	-	400,000	-	290,000	110,000	3,107,500	6,286,500	3,179,000	2.16%	2.23%	0.01%
Fatima Fertilizers Company Limited	312,000	80,000	-	342,000	50,000	1,493,500	1,450,000	(43,500)	0.50%	0.51%	0.00%
Fauji Fertilizer Company Limited	-	40,000	-	-	40,000	4,518,913	4,490,000	(28,913)	1.54%	1.59%	0.00%
Lotte Chemical Pakistan Limited	-	200,000	-	200,000	-	-	-	-	-	-	-
						11,934,913	14,904,150	2,969,237	5.12%	5.28%	
CONSTRUCTION AND MATERIALS (CEMENT)											
Cherat Cement Company Limited	273,188	70,500	-	343,688	-	-	-	-	-	-	-
D.G. Khan Cement Company Limited	151,440	427,000	-	355,000	223,440	18,333,933	19,653,782	1,319,849	6.74%	6.98%	0.05%
Fauji Cement Company Limited	780,000	560,000	-	1,240,000	100,000	1,968,500	1,924,000	(44,500)	0.66%	0.68%	0.01%
Lafarge Pakistan Cement Limited	-	1,722,000	-	1,722,000	-	-	-	-	-	-	-
Lucky Cement Limited	48,700	36,000	-	44,000	40,700	9,007,622	16,699,210	7,691,588	5.73%	5.93%	0.01%
Maple Leaf Cement Factory Limited	-	450,000	-	420,000	30,000	962,775	901,500	(61,275)	0.31%	0.32%	0.01%
						30,272,830	39,178,492	8,905,662	13.44%	13.91%	
PERSONAL GOODS (TEXTILE)											
Nishat (Chunian) Limited	85,000	417,500	8,000	410,500	100,000	4,605,230	4,239,000	(366,230)	1.45%	1.50%	0.05%
Nishat Mills Limited	107,500	361,300	-	337,800	131,000	15,296,004	14,661,520	(634,484)	5.03%	5.20%	0.04%
						19,901,234	18,900,520	(1,000,714)	6.48%	6.70%	
ELECTRICITY											
Hub Power Company Limited	-	25,000	-	25,000	-	-	-	-	-	-	-
K-Electric Limited	-	300,000	-	200,000	100,000	890,000	849,000	(41,000)	0.29%	0.30%	0.00%
						890,000	849,000	(41,000)	0.29%	0.30%	
COMMERCIAL BANKS											
Allied Bank Limited	30,100	134,000	4,000	141,600	26,500	1,842,874	3,641,365	1,798,491	1.25%	1.29%	0.00%
Bank AL Habib Limited	-	270,500	-	170,500	100,000	4,250,895	4,498,000	247,105	1.54%	1.60%	0.01%
Bank Alfalah Limited	-	755,000	-	412,500	342,500	7,893,173	9,418,750	1,525,577	3.23%	3.34%	0.03%
Faysal Bank Limited	-	700,000	-	-	700,000	10,515,054	11,305,000	789,946	3.88%	4.01%	0.07%
Habib Bank Limited	-	7,000	-	7,000	-	-	-	-	-	-	-
National Bank of Pakistan	-	125,000	-	125,000	-	-	-	-	-	-	-
United Bank Limited	-	55,218	-	-	55,218	8,724,444	9,307,546	583,102	3.19%	3.30%	0.00%
						33,226,440	38,170,661	4,944,221	13.09%	13.55%	
FOOD PRODUCERS											
Engro Foods Limited	-	118,000	-	118,000	-	-	-	-	-	-	-
						-	-	-	-	-	-
GENERAL INDUSTRIALS											
Packages Limited	-	1,100	-	1,100	-	-	-	-	-	-	-
Tri-Pack Films Limited	25,000	14,900	-	30,000	9,900	2,057,059	1,678,446	(378,613)	0.58%	0.60%	0.03%
						2,057,059	1,678,446	(378,613)	0.58%	0.60%	
HOUSEHOLD GOODS											
Pak Elektron Limited	-	349,000	-	199,000	150,000	4,040,253	3,903,000	(137,253)	1.34%	1.39%	0.05%
Tariq Glass Industries Limited	131,000	160,000	-	291,000	-	-	-	-	-	-	-
						4,040,253	3,903,000	(137,253)	1.34%	1.39%	
NON LIFE INSURANCE											
Adamjee Insurance Company Limited	-	75,000	-	50,000	25,000	1,194,732	1,144,250	(50,482)	0.39%	0.41%	0.01%
						1,194,732	1,144,250	(50,482)	0.39%	0.41%	
AUTOMOBILE AND PARTS											
Pak Suzuki Motor Company	-	27,000	-	-	27,000	5,988,025	7,395,030	1,407,005	2.54%	2.63%	0.03%
						5,988,025	7,395,030	1,407,005	2.54%	2.63%	
FIXED LINE TELECOMMUNICATION											
Pakistan Telecommunication Company Limited	-	75,000	-	75,000	-	-	-	-	-	-	-

Name of the Investee Company	As at July 01, 2013	Purchases during the year	Bonus / right issues during the year	Sales during the year	As at June 30, 2014	Carrying value as at June 30, 2014	Market value as at June 30, 2014	Appreciation / (diminution)	Market value as a percentage of net assets	Market value as a percentage of total investments	Paid-up value of shares held as a percentage of total paid-up capital of the Investee Company
	----- Number of shares -----					----- Rupees -----					
ENGINEERING											
Ados Pakistan Limited	-	75,000	-	59,500	15,500	1,085,000	964,875	(120,125)	0.33%	0.34%	0.24%
						1,085,000	964,875	(120,125)	0.33%	0.34%	
TECHNOLOGY HARDWARE AND EQUIPMENT											
Avanceon Limited	-	322,000	16,100	58,000	280,100	3,734,666	6,800,828	3,066,162	2.33%	2.41%	0.26%
						3,734,666	6,800,828	3,066,162	2.33%	2.41%	
Total - June 30, 2014						156,865,919	179,066,834	22,200,915	61.42%	63.55%	
Total - June 30, 2013						108,583,779	129,453,267	20,869,488	49.09%	72.74%	

5.1.1 Investments include shares with market value aggregating to Rs 10,648,500 (2013: Rs 8,894,450) of the following Companies which have been pledged with the National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular no. 11 dated October 23, 2007 issued by the SECP:

- Pakistan Oilfields Limited (5,000 shares); and
- Pakistan State Oil Company Limited (20,000 shares).

5.2 Investments in government securities - 'at fair value through profit or loss'

Issue date	Tenor	Face value				Carrying value as at June 30, 2014	Market value as at June 30, 2014	Appreciation / (diminution)	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 01, 2013	Purchased during the year	Disposed / matured during the year	As at June 30, 2014					
----- Rupees -----										
Market Treasury Bills										
May 2, 2013	3 Months	50,000,000	-	50,000,000	-	-	-	-	-	-
Pakistan Investment Bonds										
July 19, 2012	10 years	-	75,000,000	25,000,000	50,000,000	47,851,987	47,700,850	(151,137)	16.36%	16.93%
July 18, 2013	3 years	-	25,000,000	5,000,000	20,000,000	19,741,538	19,730,640	(10,898)	6.77%	7.00%
Total - June 30, 2014		50,000,000	100,000,000	80,000,000	70,000,000	67,593,525	67,431,490	(162,035)	23.13%	23.93%
Total - June 30, 2013						49,697,143	49,703,900	6,757	18.84%	27.74%

These carry yield ranging between 11.25% and 12.00% per annum (2013: 9.76% per annum).

5.3 Investments in listed debt securities - 'at fair value through profit or loss'

Certificates having a face value of Rs 5,000 each

Name of the Investee Company	Number of certificates				Carrying value as at June 30, 2014	Market value as at June 30, 2014	Appreciation / (diminution)	Market value as a percentage of net assets	Market value as a percentage of total investments	Investment as a percentage of total issue size
	As at July 01, 2013	Purchased during the year	Sales during the year	As at July 01, 2014						
----- Rupees -----										
Term finance certificates										
Engro Fertilizers Limited	-	4,000	-	4,000	19,748,520	19,772,657	24,137	6.78%	7.02%	0.50%
Sukuk certificates										
K-Electric Limited	-	3,000	-	3,000	15,000,000	15,442,500	442,500	5.30%	5.48%	0.40%
Total - June 30, 2014					34,748,520	35,215,157	466,637	12.08%	12.50%	
Total - June 30, 2013					-	-	-	-	-	-

5.3.1 Significant terms and conditions of sukuk certificates held as at June 30, 2014 are as follows:

Description	Mark-up rate	Issue date	Maturity date	Secured / Unsecured	Instrument rating
Engro Fertilizers Limited	6 months KIBOR+1.55%	November 30, 2007	November 30, 2015	Secured	A+
K-Electric Limited sukuk 2	3 months KIBOR+2.25%	March 19, 2014	March 19, 2017	Secured	A+

6 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2014	2013
----- Rupees -----			
Withholding tax receivable		-	253,587
Dividend receivable		22,500	-
Advance against subscription of shares	6.1	4,568,750	-
Profit receivable on bank deposits		96,688	384,936
Prepaid expenses		206,164	-
Income accrued on term finance and sukuk certificates		266,216	-
Income accrued on Pakistan Investment Bonds		3,690,412	-
Others		80,010	7,075
		8,930,740	645,598

6.1 This represents 25% advance against book building of ordinary shares of Pakistan Petroleum Limited (85,000 shares at a limit price of Rs 215 per share).

7 SECURITY DEPOSITS

	Note	2014	2013
----- Rupees -----			
Security deposits with:			
Central Depository Company of Pakistan Limited		100,000	100,000
National Clearing Company of Pakistan Limited		3,750,000	3,500,000
		3,850,000	3,600,000

8 PAYABLE TO ASKARI INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY

Remuneration of the Management Company	8.1	80,830	427,518
Federal Excise Duty on Management Company's remuneration	8.2	920,611	41,442
Sindh Sales Tax on Management Company's remuneration	8.3	160,232	75,032
Sales load payable		23,760	21,050
Other payable		-	116,259
		<u>1,185,433</u>	<u>681,301</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 the first five years of the Fund, of an amount not exceeding 3 percent of the average annual net assets of the Fund and, thereafter, of an amount equal to 2 percent of such assets of the Fund. During the current year, the Management Company has charged remuneration at the rate of 2 percent of the average annual net assets of the Fund. The remuneration is paid to the Management Company monthly in arrears.

8.2 "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. As the asset management services rendered by the Management Company of the Fund are already subject to provincial sales tax on services levied by the Sindh Revenue Board (as explained in note 8.3 below), which is being charged to the Fund, the Management Company is of the view that further levy of FED is not justified. "

"On September 4, 2013, a Constitutional Petition has been filed in the Honourable Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED. In this respect, the Honourable SHC has issued a stay order against recovery proceedings. The hearing of the petition is pending."

Consequently, pending the decision of the SHC, the Fund has not made any payments in respect of FED since the date it became effective although full provision is being maintained in the books of account.

8.3 The Provincial Government of Sindh has levied Sindh sales tax at the rate of 16% on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.

9 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

Trustee fee	9.1	<u>57,534</u>	<u>57,534</u>
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Note

2014	2013
----- Rupees -----	

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 daily net assets of the Fund.

Based on the Trust Deed, the tariff structure applicable to the Fund for the year ended June 30, 2014 is as follows:

Amount of Funds under management (Average NAV)	Tariff per annum
Upto Rs 1,000 million	Rs 0.7 million or 0.2% p.a. of NAV, whichever is higher
On an amount exceeding Rs 1,000 million	Rs 2.0 million plus 0.1% p.a. of NAV exceeding Rs 1,000 million

The remuneration is paid to the Trustee monthly in arrears.

10 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Annual fee	10.1	<u>261,003</u>	<u>214,159</u>
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Note

2014	2013
----- Rupees -----	

- 10.1** Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, a collective investment scheme categorised as an asset allocation scheme is required to pay an annual fee to the SECP of an amount equal to 0.095% of the average annual net assets of the scheme. The fee is payable to the SECP within three months of the close of the financial year.

11 ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	2014 ----- Rupees -----	2013 ----- Rupees -----
Legal and professional charges payable		-	297,783
Withholding and capital gains tax payable		39,568	-
Other payables		58,060	62,467
Printing charges payable		103,378	87,659
Brokerage payable		320,506	130,249
Auditors' remuneration payable		360,000	310,200
Provision for the Workers' Welfare Fund	11.1	4,251,659	3,226,120
Distribution payable		14,004,175	-
		<u>19,137,346</u>	<u>4,114,478</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 (CISs) / pension schemes 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 (SHC), challenging the applicability of WWF to the CISs / pension schemes, which is pending adjudication.

During the year ended June 30, 2011, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However, on December 14, 2010 the Ministry filed its response against the Constitutional Petition requesting the Court to dismiss the same. Show cause notices were then issued by Federal Board of Revenue (FBR) to several CISs / pension schemes for the collection of WWF in respect to which certain CISs / pension schemes have been granted stay by Honourable SHC on the basis of the pending Constitutional Petition as referred above.

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

In a recent judgement of May 2014, the Peshawar High Court (PHC) has also held these amendments to be ultra vires as they lacked the essential mandate to be introduced and passed through the Money Bill under the constitution. For the CISs and Pension Funds, the issue of chargeability or otherwise of WWF levy to the CISs / pension schemes is, currently, pending before the Honourable SHC.

In view of the pending decision, the Management Company of the Fund, as a matter of abundant caution, has continued to maintain the provision for WWF amounting to Rs 4,251,659 (including 1,025,539 for the current year) in these financial statements. Had the same not been made the net asset value per unit of the Fund as at June 30, 2014 would have been higher by Re 0.7511 per unit.

12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2014 (June 30, 2013: Nil).

13 AUDITORS' REMUNERATION

	2014 ----- Rupees -----	2013 ----- Rupees -----
Annual audit fee	285,000	285,000
Half yearly review fee	120,000	120,000
Fee for the review of compliance with the Code of Corporate Governance	50,000	50,000
Fee for income certification	25,000	50,000
Out of pocket expenses	116,702	59,265
	<u>596,702</u>	<u>564,265</u>

14 TAXATION

- 14.1** 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 unit holders. The Fund has not recorded provision for taxation as the Management Company has distributed the required minimum percentage of the Fund's accounting income for the current year as reduced by capital gains (whether realised or unrealised) to its unit 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.

- 14.2** During the current year, the Additional Commissioner Inland Revenue has issued show cause notices to the Fund under section 122(9) of the Income Tax Ordinance, 2001 for assessment years 2010, 2012 and 2013 contending that bonus issues declared by the Fund should not have been considered as distribution of the accounting income while claiming exemption available under the clause (99) of part 1 of the Second Schedule to the Income Tax Ordinance, 2001 as the Fund had not deducted withholding tax from bonus distributions. Consequently, the tax assessing officer has expressed intention to raise aggregate demand amounting to Rs 56.525 million (including Workers' Welfare Fund) for those years. Returns of several other Funds in the industry were amended by the tax authorities on this matter.

This industry issue has been examined by legal experts and tax advisors and there is unanimity of view that under the present regulations, including the provisions of Clause 99, tax department's contentions are primarily erroneous and not tenable under the law. This view is further supported by the fact that subsequently, through the Finance Act, 2014, an amendment has been made in Clause 99, whereby issuance of bonus units shall not be considered towards distribution of 90% of income, and only cash dividend shall be taken into consideration for computation of 90% distribution to claim exemption. Introduction of this amendment, applicable on distribution to be made from July 1, 2014, essentially strengthens the stand of the mutual fund industry as it establishes the principle that previously, issuance of bonus units was valid for the purpose of claiming exemption in case of 90% distribution. Appropriate appellate and executive remedies are being adopted to resolve the matter.

The Fund submitted detailed responses to the tax authorities, whereafter there was no further pursuance of the matter by them. It may also be mentioned that subsequent to the year end, the Commissioner Inland Revenue (Appeals) has decided the matter in favour of few of the Funds against whom the demands were raised.

15 EARNINGS PER UNIT

Earnings per unit has not been disclosed as, in the opinion of the management, the determination of cumulative weighted average number of units outstanding during the year for calculating earnings per unit is not practicable.

16 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets

Balances with banks	-	10,362,646	10,362,646
Investments	281,713,481	-	281,713,481
Receivable against sale of investments	-	7,418,100	7,418,100
Advances and other receivables	-	8,724,576	8,724,576
Security deposits	-	3,850,000	3,850,000
	<u>281,713,481</u>	<u>30,355,322</u>	<u>312,068,803</u>

----- As at June 30, 2014 -----		
At fair value through profit or loss	Loans and receivables	Total
----- Rupees -----		
-	10,362,646	10,362,646
281,713,481	-	281,713,481
-	7,418,100	7,418,100
-	8,724,576	8,724,576
-	3,850,000	3,850,000
<u>281,713,481</u>	<u>30,355,322</u>	<u>312,068,803</u>

Financial liabilities

Payable to Askari Investment Management Limited - Management Company	-	1,185,433	1,185,433
Payable to the Central Depository Company of Pakistan Limited	-	57,534	57,534
Accrued expenses and other liabilities	-	14,846,119	14,846,119
	<u>-</u>	<u>16,089,086</u>	<u>16,089,086</u>

----- As at June 30, 2014 -----		
At fair value through profit or loss	At amortised cost	Total
----- Rupees -----		
-	1,185,433	1,185,433
-	57,534	57,534
-	14,846,119	14,846,119
<u>-</u>	<u>16,089,086</u>	<u>16,089,086</u>

Financial assets

Balances with banks
Investments
Receivable against sale of investments
Advances and other receivables
Security deposits

----- As at June 30, 2013 -----		
At fair value through profit or loss	Loans and receivables	Total
----- Rupees -----		
-	80,738,753	80,738,753
179,157,167	-	179,157,167
-	4,689,210	4,689,210
-	392,011	392,011
-	3,600,000	3,600,000
<u>179,157,167</u>	<u>89,419,974</u>	<u>268,577,141</u>

Financial liabilities

Payable to Askari Investment Management Limited - Management Company
Payable to the Central Depository Company of Pakistan Limited
Accrued expenses and other liabilities

----- As at June 30, 2013 -----		
At fair value through profit or loss	At amortised cost	Total
----- Rupees -----		
-	681,301	698,906
-	57,534	57,376
-	888,358	839,360
-	<u>1,627,193</u>	<u>1,595,642</u>

17 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include Askari Investment Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, Askari Bank Limited being the holding company of the Management Company, Askari General Insurance Company Limited being an associate company of the Management Company, Askari Investment Management Employees Provident Fund, Fauji Group Companies and Askari High Yield Scheme, Askari Sovereign Cash Fund, Askari Islamic Income Fund, Askari Equity Fund, Askari Sovereign Yield Enhancer and Askari Islamic Asset Allocation Fund being collective investment schemes under management of the Management Company, entities having 10% or more of the unit holding of the Fund and the key management personnel of the Management Company.

Transactions with connected persons / related parties are in the normal course of business, at contracted rates and terms determined in accordance with market norms.

Remuneration to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

Remuneration payable to the Trustee is determined in accordance with the provisions of the Trust Deed.

Details of transactions carried out by the Fund with connected persons during the year and balances with them as at year end are as follows:

	2014	2013
	----- Rupees -----	----- Rupees -----
17.1 Transactions during the year		
Askari Investment Management Limited - the Management Company		
Remuneration for the year	5,494,808	4,877,394
Federal Excise Duty on Management Company's remuneration	879,169	41,442
Sindh sales tax on Management Company's remuneration	1,019,838	787,026
Sales load charged during the year	198,640	47,900
Issue of nil units (2013: 60,344 units)	-	3,000,000
Issue of 603 bonus units (2013: 131 units)	28,404	5,204
Redemption of 3,961 units (2013: 57,944 units)	208,807	3,000,000
Other payable written back during the year	116,259	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration for the year	700,000	700,000
Custodian fee	42,420	23,819

Askari Bank Limited - Holding Company of the Management Company

Profit on bank deposits
Bank charges
Cash distribution made

2014	2013
----- Rupees -----	
7,240,349	2,256,951
39,460	30,964
32,816,500	15,719,500

AIM Employees Provident Fund

Issue of nil units (2013: nil units)
Issue of 8,449 bonus units (2013: 5,032 units)
Redemption of 11,929 units (2013: 3,612 units)

-	-
408,243	199,972
650,000	200,000

Key Management Personnel **

Issue of nil units (2013: 33,286 units)
Issue of 848 bonus units (2013: nil units)
Redemption of 5,573 units (2013: 19,000 units)

-	1,579,337
39,959	-
282,948	923,242

17.2 Amounts / balances outstanding as at year end**Askari Investment Management Limited - Management Company**

Remuneration payable
Federal Excise Duty payable on Management Company's remuneration
Sindh Sales Tax payable on Management Company's remuneration
Sales load payable
Other payable
Outstanding nil units (2013: 3,358 units)

80,830	427,518
920,611	41,442
160,232	75,032
23,760	21,050
-	116,259
-	186,660

Central Depository Company of Pakistan Limited - Trustee

Remuneration payable
Security deposit kept

57,534	57,534
100,000	100,000

Askari Bank Limited - Holding Company of the Management Company

Outstanding 2,500,000 units (2013: 2,500,000 units)
Balances with banks
Profit receivable on bank deposits
Dividend payable

128,800,000	138,966,500
9,755,834	52,638,767
96,688	172,599
11,673,750	-

AIM Employees Provident Fund

Outstanding 29,743 units (2013: 33,223 units)

1,532,358	1,846,754
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National Logistic Cell*

Outstanding 499,074 units (2013: 499,074 units)

N/A	27,741,827
-----	------------

Key Management Personnel **

Outstanding nil units (2013: 14,286 units)

-	794,110
---	---------

*National Logistic Cell has ceased to be a connected person of the Fund on account of holding less than 10% of the unit holding of the Fund as on June 30, 2014.

** The outstanding units represent balances pertaining to staff members who are considered as key management personnel as at the close of the financial year.

17.3 Market value of equity holding in Fauji Group Companies

Fauji Cement Company Limited: 100,000 shares
(June 30, 2013: 780,000 shares)

1,924,000	10,366,200
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Fauji Fertilizer Company Limited 40,000 shares
(June 30, 2013: nil shares)

4,490,000	-
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18 FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks:

18.1 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices.

The Management Company manages market risk through diversification of the investment portfolio and by following the internal risk management policies and investment guidelines approved by the Investment Committee and the regulations laid down by the Securities and Exchange Commission of Pakistan.

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

18.1.1 Currency risk

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

18.1.2 Yield / interest rate risk

Yield / interest rate risk is the risk that fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Fund is mainly exposed to interest rate risk on its investments in government and debt securities and bank balances. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within acceptable limits.

a) Sensitivity analysis for variable rate instruments

As at June 30, 2014, the Fund holds investments in term finance and sukuk certificates which are classified as 'financial assets at fair value through profit or loss', exposing the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in the coupon rates on June 30, 2014, with all other variables held constant, the net income for the year and net assets as at June 30, 2014 would have been higher / lower by Rs 19,688 (2013: Rs nil).

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2014, the Fund holds investments in government securities exposing the Fund to fair value interest rate risk. In case of 100 basis points increase in the rates announced by the Financial Market Association of Pakistan on June 30, 2014, with all other variables held constant, the net income for the year and net assets would have been lower by Rs 2,648,161 (2013: 32,142). In case of 100 basis points decrease in the rates announced by the Financial Market Association of Pakistan on June 30, 2014, with all other variables held constant, the net income for the year and net assets would have been higher by Rs 2,819,206 (2013: 32,836).

The composition of the Fund's investment portfolio, KIBOR and the rates announced by the Financial Market Association of Pakistan are expected to change over time. Therefore, the sensitivity analysis prepared as of June 30, 2014 is not necessarily indicative of the effect on the Fund's net assets due to future movements in interest rates.

Yield / interest rate sensitivity position for financial instruments recognised in the Statement of Assets and Liabilities is based on the earlier of contractual repricing or maturity date.

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

----- As at June 30, 2014 -----					
Effective yield / Interest rate	Exposed to yield / interest rate risk			Not expose to yield / Interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		
----- Rupees -----					
On-balance sheet financial instruments					
Financial assets					
Balances with banks	5% to 9%	10,362,646	-	-	10,362,646
Investments	11.25% to 12.42%	-	102,646,647	179,066,834	281,713,481
Receivable against sale of investments				7,418,100	7,418,100
Advances and other receivables		-	-	8,724,576	8,724,576
Security deposits		-	-	3,850,000	3,850,000
		10,362,646	-	102,646,647	199,059,510
Financial liabilities					
Payable to Askari Investment Management Limited - Management Company		-	-	1,185,433	1,185,433
Payable to the Central Depository Company of Pakistan Limited		-	-	57,534	57,534
Accrued expenses and other liabilities		-	-	14,846,119	14,846,119
		-	-	16,089,086	16,089,086
On-balance sheet gap		10,362,646	-	102,646,647	182,970,424
Off-balance sheet financial instruments					
		-	-	-	-
Off-balance sheet gap		-	-	-	-
Total interest rate sensitivity gap		10,362,646	-	102,646,647	
Cumulative interest rate sensitivity gap		10,362,646	10,362,646	113,009,293	

On-balance sheet financial instruments**Financial assets**

Effective yield / Interest rate	Exposed to yield / interest rate risk			Not expose to yield / Interest rate risk	Total
	Upto three months	More than three months and up-to one year	More than one year		
Balances with banks	6% to 9.25%	80,738,753	-	-	80,738,753
Investments	9.76%	49,703,900	-	129,453,267	179,157,167
Receivable against sale of investments				4,689,210	4,689,210
Advances and other receivables		-	-	392,011	392,011
Security deposits		-	-	3,600,000	3,600,000
		130,442,653	-	138,134,488	268,577,141

Financial liabilities

Payable to Askari Investment Management Limited - Management Company		-	-	681,301	681,301
Payable to the Central Depository Company of Pakistan Limited		-	-	57,534	57,534
Accrued expenses and other liabilities		-	-	888,358	888,358
		-	-	1,627,193	1,627,193

On-balance sheet gap

	130,442,653	-	-	136,507,295	266,949,948
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Off-balance sheet financial instruments**Off-balance sheet gap**

	-	-	-	-	-
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Total interest rate sensitivity gap

	130,442,653	-	-		
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Cumulative interest rate sensitivity gap

	130,442,653	130,442,653	130,442,653		
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18.1.3 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 instrument traded in the market.

The Fund is exposed to equity price risk on investments held by the Fund and classified on the Statement of Assets and Liabilities as 'at fair value through profit or loss'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks prescribed in the Trust Deed. Also, the NBFC Regulations through regulation 55(6) limit investments in individual equity securities to no more than 15% of net assets and issued capital of the investee company and through regulation 55(9) limits sector exposure limit to 35% of the net assets or index weight of securities whichever is higher, subject to maximum of 40% of net assets.

In case of 5% increase / decrease in KSE 100 index on June 30, 2014, with all other variables held constant, net income of the Fund for the year and net assets would increase / decrease by Rs 1,921,309 (2013: Rs 1,605,503).

The analysis is based on the assumption that equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KSE 100 index, is expected to change overtime. Accordingly, the sensitivity analysis prepared as of June 30, 2014 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KSE 100 index.

18.2 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, credit exposure arising as a result of dividends receivable on equity securities, receivable against sale of investments and investments in debt securities. Investments in government securities (as appearing in note 5.2) is guaranteed by the Government of Pakistan while bank balances are maintained with banks with reasonably high credit ratings. Ratings of sukuk certificates are disclosed in note 5.3.1. Credit risk on dividend receivable is minimal due to statutory protection. All transactions in listed equity securities are settled / paid for upon delivery using the National Clearing Company of Pakistan Limited.

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. In addition, the risk is managed through assignment of credit limits and by following strict credit evaluation criteria laid down by the Management Company. The Fund does not expect to incur material credit losses on its financial assets.

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

Bank balances by rating category	Rating Agency	2014	2013
		Percentage	
A1+	PACRA	95.07%	65.31%
A-1+	JCR-VIS	0.08%	0.00%
A-1	JCR-VIS	4.85%	34.69%
		<u>100.00%</u>	<u>100.00%</u>

The management, after giving due consideration to their strong financial standings, does not expect non-performance by these counter parties on their obligations towards the Fund. The maximum exposure to credit risk before any credit enhancement as at June 30, 2014 and June 30, 2013 is the carrying amount of the financial assets. None of these assets is 'impaired' or 'past due but not impaired'.

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 Funds portfolio of financial instruments is diversified into investments made in equity, debt and government securities and deposits maintained with commercial banks having reasonable short-term credit ratings (as disclosed above) thereby minimising any chances of credit risk.

Collateral

The Fund does not hold any collateral against its financial assets.

18.2.1 Non-compliance with respect to the Offering Document

Clause 3 (ii)(a) of Circular 7 of 2009 requires every scheme to disclose in its Offering Document, the rating of the securities that it would invest in. As at June 30, 2014, the Fund was non-compliant with the stated provision. The Management Company is taking necessary steps in this regard.

18.3 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.

The Fund is exposed to the daily cash redemptions at the option of the unit holders and settlement of purchase transactions. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed of and are considered readily realisable.

The Fund has the ability to borrow in the short-term to ensure settlement. The maximum amount available to the Fund from borrowing would be limited to fifteen percent of the net assets of the scheme at the time of borrowing and would be payable within a period of ninety days. The facility would bear interest at commercial rates. However, no borrowing was obtained by the Fund during the current year.

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

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

Financial liabilities

Payable to Askari Investment Management Limited
 Payable to the Central Depository Company of Pakistan Limited
 Accrued expenses and other liabilities

----- As at June 30, 2014 -----			
Upto three months	More than three months and upto one year	More than one year	Total
----- Rupees -----			
1,185,433	-	-	1,185,433
57,534	-	-	57,534
14,846,119	-	-	14,846,119
16,089,086	-	-	16,089,086

Financial liabilities

Payable to Askari Investment Management Limited
 Payable to the Central Depository Company of Pakistan Limited
 Accrued expenses and other liabilities

----- As at June 30, 2013 -----			
Upto three months	More than three months and upto one year	More than one year	Total
----- Rupees -----			
681,301	-	-	681,301
57,534	-	-	57,534
888,358	-	-	888,358
1,627,193	-	-	1,627,193

Clause (ii) of Circular 9 of 2013 requires at least 10% of the net assets of an Asset Allocation Scheme to be invested at all times in cash and near cash instruments which include cash in bank accounts (excluding Term Deposit Receipts) and treasury bills not exceeding 90 days maturity. As at June 30, 2014, the Fund was non-compliant with the stated provision.

19 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by the net assets attributable to unit holders / redeemable units. The amount of net assets attributable to unit holders can change significantly on a daily basis as the Fund is subject to daily issuance and redemptions at the discretion of unit holders. The Fund's objective when managing the unit holders' fund is to safeguard the Fund's ability to continue as a going concern in order to provide returns for the benefits of the unit holders to maintain a strong base of assets to support the development of the investment activities of the Fund and to meet unexpected losses or opportunities. As required under the NBFC Regulations, every open-end scheme shall maintain minimum fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of scheme. In order to comply with the requirement and to maintain or adjust the Unit Holders' Fund, the Fund's policy is to perform the following:

- monitor the level of daily issuance and redemptions relative to the liquid assets and adjusts the amount of distributions the Fund pays to unit holders; and
- redeem and issue units in accordance with the constitutive documents of the Fund, which include the ability to restrict redemptions and require certain minimum holdings and issuance.

The Fund Manager / Investment Committee members and the Chief Executive Officer critically track the movement of 'Assets under Management'. The Board of Directors is updated regarding key performance indicators e.g. yield and movement of NAV and total Fund size at the end of each quarter.

The Fund has maintained and complied with the requirement of minimum fund size during the current year.

20 FAIR VALUE OF FINANCIAL INSTRUMENTS

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 tradable in an open market are revalued at the market prices prevailing at the close of trading on the reporting date. The estimated fair values of all other financial assets and liabilities are considered not to be significantly different from carrying values as the items are either short-term in nature or are 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 (i.e. unobservable inputs) (level 3).

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

Financial assets at fair value through profit or loss

- Listed equity securities
- Government securities
- Listed debt securities

----- As at June 30, 2014 -----			
Level 1	Level 2	Level 3	Total
----- Rupees-----			
179,066,834	-	-	179,066,834
-	67,431,490	-	67,431,490
-	35,215,157	-	35,215,157
179,066,834	102,646,647	-	281,713,481

Financial assets at fair value through profit or loss

- Listed equity securities
- Government securities

----- As at June 30, 2013 -----			
Level 1	Level 2	Level 3	Total
----- Rupees-----			
129,453,267	-	-	129,453,267
-	49,703,900	-	49,703,900
129,453,267	49,703,900	-	179,157,167

21 TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION EXPENSED

	2014
1 AL Habib Capital Markets (Private) Limited	17.30%
2 AKD Securities Limited	14.40%
3 Pearl Securities Limited	9.69%
4 Taurus Securities Limited	8.23%
5 Elixir Securities Pakistan (Private) Limited	6.26%
6 Topline Securities (Private) Limited	5.82%
7 Arif Habib Securities Limited	5.21%
8 Next Capital Limited	5.03%
9 Foundation Securities (Private) Limited	4.99%
10 Habib Metropolitan Financial Services	4.94%
	2013
1 Arif Habib Securities Limited	12.86%
2 Elixir Securities Pakistan (Private) Limited	9.81%
3 Invest and Finance Securities Limited	8.88%
4 Foundation Securities (Private) Limited	8.78%
5 KASB Securities Limited	8.69%
6 JS Global Capital Limited	8.23%
7 Taurus Securities Limited	7.39%
8 Topline Securities (Private) Limited	6.68%
9 Pearl Securities Limited	5.78%
10 Aba Ali Habib Securities (Private) Limited	5.72%

22 PARTICULARS OF THE INVESTMENT COMMITTEE AND THE FUND MANAGER

Details of members of the Investment Committee of the Fund as on June 30, 2014 are as follows:

S. No	Name	Designation	Qualification	Experience in years
1	Mr. Amer Maqbool	Chief Executive Officer	MBA	21
2	Mr. Basharat Ullah	Chief Operating / Investment Officer	MBA	21
3	S. Adeel Shahid	Chief Financial Officer - (Acting)	CA (Finalist)	12
4	Mr. Shahbaz Ashraf	Head of Research	CFA	6.5

22.1 Mr. Basharat Ullah is the manager of the Fund. He is also the fund manager of Askari Sovereign Yield Enhancer being managed by the Management Company.

23 PATTERN OF UNIT HOLDING

----- As at June 30, 2014 -----				
Category	Number of unit holders	Number of units held	Investment amount	Percentage of total investment
Rupees				
Individuals	80	684,779	35,280,064	12.10%
Associated companies / Directors	1	2,500,000	128,800,000	44.16%
Retirement funds	12	1,882,773	97,000,444	33.26%
Others	5	593,035	30,553,143	10.48%
	98	5,660,587	291,633,651	100.00%

----- As at June 30, 2013 -----				
Category	Number of unit holders	Number of units held	Investment amount	Percentage of total investment
Rupees				
Individuals	67	346,350	19,252,248	7.30%
Associated companies / Directors	6	2,546,143	141,531,439	53.66%
Retirement funds	7	1,183,140	65,766,730	24.93%
Others	5	669,457	37,212,839	14.11%
	85	4,745,090	263,763,256	100.00%

24 ATTENDANCE AT MEETINGS OF THE BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The 50th, 51st, 52nd, 53rd, 54th and 55th Board meetings were held on July 05, 2013, July 30, 2013, August 30, 2013, October 10, 2013, February 06, 2014 and April 17, 2014 respectively. Information in respect of attendance by Directors in the meetings is given below:

Name of Director	July 5, 2013	July 30, 2013	August 30, 2013	October 10, 2013	February 6, 2014	April 17, 2014
Lt Gen (R) Muhammad Mustafa	N/A	N/A	N/A	N/A	P	P
Mr. Farrukh Iqbal Khan	N/A	P	P	P	P	P
Mr. Khurshid Zafar	N/A	P	P	P	P	P
Mr. Shahid Hafeez Azmi	P	P	P	P	P	P
Syed Majeedullah Husaini	N/A	P	P	P	P	P
Mr. Amer Maqbool	N/A	N/A	N/A	N/A	P	P
Maj. Gen (R) Mukhtar Ahmed	P	N/A	N/A	N/A	N/A	N/A
Lt Gen (R) Tahir Mehmood	P	N/A	N/A	N/A	N/A	N/A
Mr. Sufian Mazhar	P	L	L*	L*	N/A	N/A
Mr. Adnan Siddiqui	P	P	N/A	N/A	N/A	N/A
Mr. Basharat Ullah	N/A	N/A	P	P	N/A	N/A

P Present
L Leave of absence
L* Without Leave of absence
N/A Not serving as director on the date of meeting

25 NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

The Board of Directors of the Management Company in the meeting held on July 4, 2014 have approved a final distribution of Re 0.3862 (2013: 8.4571) per unit for the year ended June 30, 2014. The financial statements of the Fund for the year ended June 30, 2014 do not include the effect of this distribution which will be accounted for in the financial statements of the Fund for the year ending June 30, 2015.

26 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 22, 2014 by the Board of Directors of the Management Company.

27 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and better presentation. No significant rearrangements or reclassifications have been made in these financial statements during the current year.

28 GENERAL

Figures have been rounded off to the nearest rupees.

For Askari Investment Management Limited
(Management Company)


Chief Executive Officer


Director



Invest with Aim!

Askari Investment Management Ltd.

Head Office: 20-C, Khayaban-e-Nishat, Ittehad Commercial Area, DHA Phase VI, Karachi. UAN: (021) 111-246-111 Fax: (021) 35250155

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