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Our Mission

"To provide higher risk adjusted returns to investors at large by investing into a diversified range of investment assets on consistent basis."

Our Vision

"ASKARI ASSET ALLOCATION FUND aims to provide diversified portfolio and return that is risk adjusted to suit investors at large, on a consistent basis."



FUND INFORMATION

Management Company

Pak Oman Asset Management Company Limited.
 ICON House 83-C, 12th Commercial Street,
 Phase-II Extension, DHA, Karachi.
 Phone : +92 - 21 - 35899641-44
 Fax : +92 - 21 - 35899645
 Website : www.pakomanfunds.com

Board of Director of The Management Company

| | |
|---|----------|
| H.E Yahya Bin Said Bin Abdullah Al- Jabri | Chairman |
| Mr. Bahauddin Khan | Director |
| Mr. Humayun Murad | Director |
| Mr. Jehangir Shah | Director |
| Mr. Rashid Ali Ibrahim Al Balushi | Director |
| Ms. Sadaf Kazmi | CEO |

Audit Committee

| | |
|-----------------------------------|----------|
| Mr. Humayun Murad | Chairman |
| Mr. Bahauddin Khan | Member |
| Mr. Rashid Ali Ibrahim Al Balushi | Member |

Chief Financial Officer

Mr. Abdul Rehman

Company Secretary

Ms. Hina Mir

Asset Manager Rating

AM3 + (Positive)

Trustee**Central Depository Comany of Pakistan Limited**

CDC House, 99-B, Block B, S.M.C.H.S,
 Main Shahrah-e-Faisal, Karachi.

Auditors**RSM Avais Hyder Liaquat Nauman Chartered Accountants**

407, Progressive Plaza, Beamont Road,
 Karachi-75530

Bankers to The Fund

Bank Alfalah Limited
 AlBaraka Bank
 Askari Bank Limited
 Habib Bank Limited
 Habib Metropolitan Bank Limited
 Silkbank Limited
 Khushhali Bank Limited
 NRSP Microfinance Bank Limited
 JS Bank Limited
 Zarai Taraqiati Bank Limited
 Summit Bank Limited
 The First MicroFinanceBank Limited
 Dubai Islamic Bank Pakistan Limited

Legal Advisor

Mohsin Tayyab Ali
Corporate & Commercial Law Firm
 D-21, Block - 4,
 KDA Scheme 5, Clifton, Karachi.

Transfer Agent

ITMINDS Limited - A Subsidiary of CDC.
 CDC House, 99-B, S.M.C.H.S
 Main Shakra-e-Faisal, Karachi-74400, Pakistan.
 Phone : +92 - 21 - 111 - 111 - 500
 Fax : +92 - 21 - 34326040
 Web site : www.itminds.biz



DIRECTORS REPORT TO THE UNIT HOLDERS

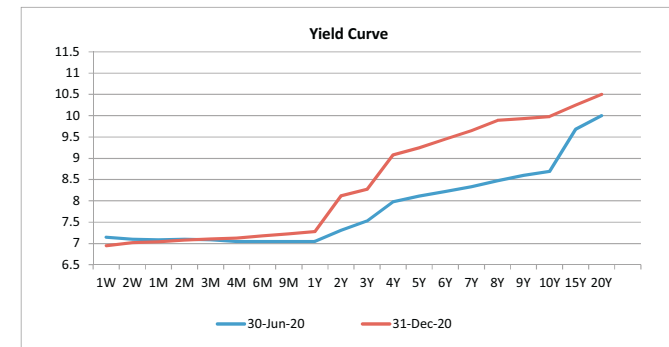
The Board of Directors (BOD) of Pak Oman Asset Management Company Limited is pleased to present the half yearly financial statements of Askari Asset Allocation Fund for the period ended December 31, 2020.

Fixed Income Review 1H-FY21

In first half of FY21, secondary market yields across short term papers reversed from their bottom levels. Yields on 3m, 6m and 12m paper increased by 2bp, 13bps and 23bps and stood at 7.11%, 7.18% and 7.28% respectively by end of Dec-20. On the other hand, yield on longer tenor bonds witnessed sharp increase of 74bps, 114bps and 129bps and settled at 8.27%, 9.25% and 9.98% for 3yr, 5yr and 10yr bond respectively. During the quarter, money market remained stagnant and slow activity was witnessed post SBP's decision to maintain policy rate at 7.00%.

In the monetary policies announced during the first half of financial year 2021, SBP decided to maintain benchmark policy rate at 7.00%. The decision was taken in consideration to stable core inflation, which has averaged at 5.52% in 1H-FY21 as compared to 8.06% in comparable period last year. SBP has concluded that lower borrowing cost has made major contribution in wiping out economic burn, after covid-19 outbreak. Further, SBP is of the view that reduction in borrowing cost has resulted in significant liquidity in the market to support local industries. This is evident by encouraging LSM figures and increase in private sector credit offtake.

In the T-Bill auctions held during the period, SBP raised a total of PKR 4,971 billion against the target of PKR 4,375 billion and maturing amount of PKR 5,654 billion. The Last cut-off yields stood 7.1498%, 7.2000% and 7.2900% for 3m, 6m and 12m paper respectively. In the PIB auction for fixed rated bonds, SBP raised PKR 302 while Banks offered PKR 718 billion. Cut-off yields settled at 8.24%, 10.00% and 10.58% for 3yr, 15yr and 20yr bond respectively. For 5yr and 10yr bond, all bid were rejected by SBP during the quarter ending to Dec-20.

**Economic Review FY20**

In 1H-FY21 CPI averaged at 8.63% as compared to 11.11% in same period last year. In the 1Q-Fy21, headline inflation saw upward trend due to higher food inflation and upward revision in energy prices. However, in the 2QFY21, especially in the month Nov-20 and Dec-20, slower inflationary trend was observed due to stabilization in food prices and curtailment of supply side constraints. During the period under review, SPI and WPI averaged at 11.48% and 4.44% respectively.



On the external front, Current account settled in surplus of \$1,640 million, i-e +1.4% of GDP as compared to deficit of \$1,745 million -1.6% of GDP in comparable period last year. Major contributor for improvement in current account balance was declining services' deficit and healthy growth of approximately 27% in overseas worker's remittances. In 5M-FY21, country's imports declined by -0.99% while exports contracted by -7.15% over same period last year. However, in the month of Oct-20 and Nov-20, country's exports have shown sharp rebound (+13.6% MoM growth in Nov-2020), post resumption of economic activities after covid-19.

In the monetary policies announced during the first half of financial year 2021, SBP decided to maintain benchmark policy rate at 7.00%. The decision was taken in consideration to stable core inflation, which has averaged at 5.52% in 1H-FY21 as compared to 8.06% in comparable period last year. SBP has concluded that lower borrowing cost has made major contribution in wiping out economic burn, after covid-19 outbreak. Further, SBP is of the view that reduction in borrowing cost has resulted in significant liquidity in the market to support local industries. This is evident by encouraging LSM figures and increase in private sector credit offtake.

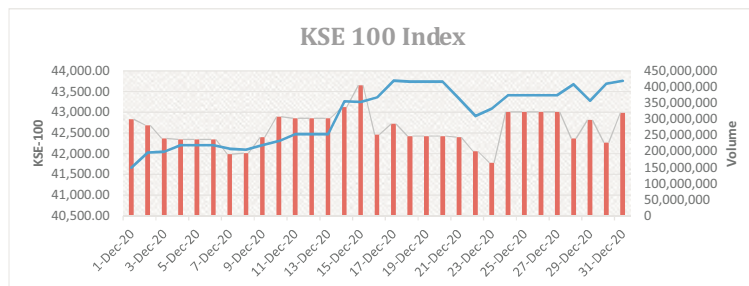
Going forward, government's major challenge would curtail fiscal imbalances and management of foreign flows. SBP expects inflation to settle in the band of 7%-9% in FY21. However, higher inflationary trend might be observed post expected upward revision in energy prices as per IMF's structural criteria for resumption of EFF program.

EQUITY REVIEW

The KSE-100 index reported a recovery of 2,090 points during Dec'20 and market closed positively for two consecutive months. The KSE-100 Index touched a peak of 43,955 pts, with a bottom of 41,068 pts and settled at 43,755 pts, making the total monthly gain of 6.54%. This recovery was led by improvement in global stock markets on hopes of early economic recovery due to positive development on vaccine trial and quick rebound in international oil prices.

During the month, foreigners were the net seller of USD 116.11mn. The major selling was observed in Banks (USD31.40mn), technology (USD14.75mn) Fertilizer (USD11.81mn), while a net buying was witnessed in Textile (USD0.45mn). On the local side individuals, Insurance Companies and corporate companies were net buyers of USD 45.02mn, USD25.32mn and USD49.07mn, while Banks/DFI were net seller of USD 34.51mn.

Going forward, in the month of Jan'21, we believe the fresh positions by corporates and end of Christmas Holidays will likely improve foreign flow in the PSX. Further, the implication of tax extensions for construction and engineering sectors along with the expected arrival of PM Imran Khan in Karachi may likely increase investment sentiments in Steel, Cements, IT and Textile sectors. Moreover, recovery on macro-economic front will further improve investor's sentiments.



AAAF

For the month under review, AAAF posted an absolute return of 5.35% against the benchmark return of 3.36%. The fund outperformed its Benchmark by 1.99%. Net assets at the end of month stood at PKR 113.292mn against PKR 108.268mn in November.

As of 31st December-20 equity exposure was increased to 51.25% as compared to 48.65% in the previous month.

Market remained volatile throughout the month and KSE 100 Index settled at 43,755. The rise in volumetric activity during the month of Dec'20 was mainly due to slowing of inflationary pressures along with the consecutive C/A surplus. This revival in the economic activity has resulted in MoM return in the KSE100 index by 6.54% in Dec'20. Exposures were increased in Engineering and Banking Sector from 1.01% to 2.71% and 7.07% to 8.76% respectively. Exposure was decreased in Oil & Gas Sector from 8.66% to 3.94%. Fresh exposure was made in the Food Sector.

On the debt side, exposure in TFC's stood at 13.60% while cash resided at 11.53% of the fund size.

ACKNOWLEDGEMENTS

We would like to thank our valued investors who have placed their confidence in us. The Board is also thankful to the Securities and Exchange Commission of Pakistan, the State Bank of Pakistan, the Trustees of the Fund and the Pakistan Stock Exchange for their continued cooperation and support. The Board of Directors also appreciates the efforts put in by the management team for their commitment and hard work.

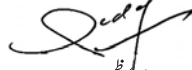
For and on behalf of the Board
Sadaf kazmi
Chief Executive Officer

10th February 2021
Karachi - Pakistan.



اظہار تشکر

ہم ان تمام سرمایہ کاروں کا شکریہ ادا کرتے ہیں جنہوں نے ہم پر اعتماد کیا ہے۔ ہم سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، فنڈ کے متولیوں اور پاکستان اسٹاک ایکسچینج کی انتظامیہ مخلصانہ کوششوں پر ان کے مشکور ہیں۔ منتظم کمپنی کے ملازمین کے لئے ہم اپنی سٹائنڈ ری کارڈ پر لانا چاہتے ہیں۔

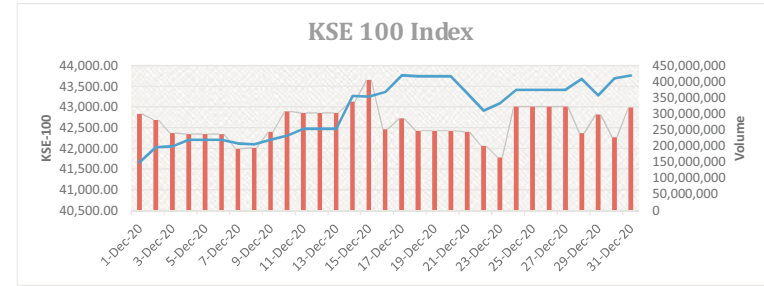


صدف خان
چیف ایگزیکٹو آفیسر
10 فروری 2021
کراچی۔ پاکستان



اس عرصے کے دوران، 116.11 ملین ڈالر کا غیر ملکی اخراج دیکھا گیا۔ اہم فروخت بینکوں (USD31.40mn)، ٹیکنالوجی (USD14.75mn)، فریٹلائزر (USD11.81mn) میں دیکھی گئی، جبکہ خالص خریداری ٹیکسٹائل (USD0.45mn) میں درج کرائی گئی۔ مقامی شرکاء میں، افراد، انشورنس کمپنیاں اور کارپوریٹ کمپنیاں بالترتیب 45.02 ملین ڈالر، 25.32 ملین ڈالر اور 49.07 ملین ڈالر کے خالص خریدار تھے، جبکہ بینک DFI/34.51 ملین امریکی ڈالر کے خالص فروخت کنندگان تھے۔

آگے بڑھتے ہوئے، جنوری 21 کے مہینے میں، ہمیں یقین ہے کہ کارپوریٹس کے ذریعہ تازہ ترین پوزیشنز اور کرسس تعطیلات کا اختتام PSX میں غیر ملکی بہاؤ کو بہتر بنائے گا۔ اس کے علاوہ، تعمیرات اور انجینئرنگ کے شعبوں کے لئے ٹیکس عائد کرنے میں توسیع اور کراچی میں وزیراعظم عمران خان کی متوقع آمد سے اسٹیل، سیمنٹ، آئی ٹی اور ٹیکسٹائل کے شعبوں میں سرمایہ کاری کے جذبات کو بڑھا سکتا ہے۔ مزید یہ کہ میکرو اکنامک فرنٹ کی بحالی سے سرمایہ کاروں کے جذبات میں مزید بہتری آئے گی۔



:AAAF

زیر جائزہ ماہ میں، AAAF نے بیٹھ مارک منفعت 3.36 فیصد کے مقابلے میں 5.35 فیصد منفعت فراہم کی۔ فنڈ نے اپنے بیٹھ مارک سے 1.99 فیصد بہتر کارکردگی دکھائی۔ مہینے کے اختتام پر خالص اثاثے 113.292 ملین روپے رہے جو کہ نومبر میں 108.268 ملین روپے تھے۔ گزشتہ مہینے میں 48.65% کے مقابلے 31 دسمبر 20 کو ایکویٹی ایکسپوزر 51.25% تک بڑھ گیا۔ پورامہینہ مارکیٹ کشیدہ رہی اور KSE-100 انڈیکس 43,755 پوائنٹس پر بند ہوا۔ دسمبر کے مہینے کے دوران حجم کے لحاظ سے سرگرمی میں اضافہ بنیادی طور پر افراط زر کے دباؤ میں کمی اور مسلسل کرنٹ اکاؤنٹ سرپلس کی وجہ سے ہوا۔ اقتصادی سرگرمی میں یہ بحالی دسمبر میں 6.54% تک KSE100 انڈیکس میں ماہانہ ریٹرن کا نتیجہ ہے۔ انجینئرنگ اور بینکنگ سیکٹرز میں ایکسپوزر بالترتیب 1.01% تا 2.71% اور 7.07% تا 8.76% زیادہ ہوا۔

تیل اور گیس سیکٹرز میں ایکسپوزر 8.66% سے 3.94% تک کم ہوا تاہم ایکسپوزر فوڈ سیکٹرز میں ہوا۔

ڈیبٹ کی سائیڈ پر، TFC's میں ایکسپوزر 13.60% پر قائم رہا جبکہ کیش فنڈ سائز کا 11.53% پر برقرار رہا۔



اقتصادی جائزہ برائے مالیاتی سال 2021ء

1H-FY21 میں CPI اوسطاً گزشتہ سال کی اسی مدت میں 11.11% کے مقابلے میں 8.64% رہی۔ مالی سال 2021 کی پہلی سہ ماہی میں، زیادہ افراط زر کی بڑی وجہ غذا کی زیادہ قیمتوں اور توانائی کی قیمتوں میں اضافہ شامل ہیں۔ تاہم مالی سال 21 کی دوسری سہ ماہی میں، خاص طور پر نومبر 20 اور دسمبر 20 کے مہینے میں، ایشیائے خوردونوش کی قیمتوں میں استحکام اور سپلائی کی رکاوٹوں میں کمی کی وجہ سے افراط زر کا رجحان سست دکھائی دیا۔ زیر جائزہ مدت کے دوران، SPI اور WPI بالترتیب اوسطاً 11.48 فی صد اور 4.44 فی صد رہی۔

بیرونی محاذ پر، کرنٹ اکاؤنٹ گزشتہ سال کی تقابلی مدت میں 1,745 ملین ڈالر خسارہ جی ڈی پی کا منفی 1.6% فیصد کے مقابلے میں مالیاتی سال 21 کی پہلی ششماہی میں 1,640 ملین ڈالر کے سرپلس یعنی جی ڈی پی کا پلس 1.4% طے کیا گیا۔ کرنٹ اکاؤنٹ بیلنس کی بہتری میں سروسز خسارہ میں کمی اور بیرون ملک مقیم کارکنوں کی ترسیلات زر میں تقریباً 27 فیصد کی صحت مند نمو، اہم شراکت دار ہیں۔ مالی سال 21 کے 5 ماہ میں، ملک کی درآمدات میں 0.99- فیصد کمی واقع ہوئی جبکہ برآمدات میں گزشتہ سال کی اسی مدت کے مقابلے میں 7.15- فیصد کمی ہوئی ہے۔ تاہم، اکتوبر 20 اور نومبر 20 کے مہینے میں، Covid-19 کے بعد معاشی سرگرمیاں دوبارہ شروع ہونے کے بعد، ملک کی برآمدات (نومبر 2020 میں 13.6% + ماہانہ نمو) تیزی سے بحال ہوئیں۔

مالی سال 2021 کی پہلی ششماہی کے دوران اعلان کردہ مالیاتی پالیسی میں، اسٹیٹ بینک نے بیچ مارک پالیسی شرح کو 7.00 فیصد برقرار رکھنے کا فیصلہ کیا۔ بنیادی افراط زر کو مستحکم رکھنے کے لئے یہ فیصلہ کیا گیا، جو گزشتہ سال کی تقابلی مدت میں 8.06 فیصد کے مقابلے میں مالی سال کی پہلی ششماہی میں اوسطاً 5.52 فیصد رہا۔ SBP نے نتیجہ اخذ کیا ہے کہ Covid-19 پھیلنے کے بعد، قرضہ کی کم لاگت نے اقتصادی بحالی میں اہم حصہ شامل کیا ہے۔ اسٹیٹ بینک پاکستان کا مؤقف ہے کہ قرض کی لاگت میں کمی کے بعد، مقامی صنعتوں کی مدد کے لئے مارکیٹ میں نمایاں لیکویڈیٹی موجود ہے۔ LSM کے حوصلہ افزاء ہندسوں اور پرائیویٹ سیکٹر کرڈٹ آف ٹیک میں اضافہ سے یہ ثابت ہے۔

آگے بڑھتے ہوئے، حکومت کو سب سے بڑا چیلنج مالی عدم توازن کو کم اور غیر ملکی بہاؤ کا انتظام کرنا ہوگا۔ اسٹیٹ بینک کو توقع ہے کہ مالی سال 21 میں افراط زر 7 فیصد -9 فیصد کے بیٹے میں رہے گا۔ تاہم، EFF پروگرام کو دوبارہ شروع کرنے کے لئے آئی ایم ایف کے ساختی معیار کے مطابق توانائی کی قیمتوں میں متوقع اضافے کے بعد افراط زر بڑھنے کا رجحان پایا جاسکتا ہے۔

ایکویٹی تجزیہ

دسمبر 20 کے دوران، KSE100 انڈیکس نے 2,090 پوائنٹس کی ریکوری درج کرائی اور مارکیٹ دو مسلسل مہینوں تک مثبت طور پر بند ہوئی۔ KSE-100 انڈیکس 41,068 پوائنٹس کی چٹائی سطح کے ساتھ 43,955 پوائنٹس کی بلندی پر پہنچ گیا اور 6.54 فیصد کا مجموعی ماہانہ گین کر رہا ہوئے 43,755 پوائنٹس پر بند ہوا۔ یہ ریکوری ویکسین ٹرائل مثبت پیش رفت اور بین الاقوامی قیمتوں میں جلد بحالی کے باعث جلد اقتصادی بحالی کی امیدوں پر عالمی اسٹاک مارکیٹوں میں بہتری کی وجہ سے ہوئی۔



پونٹ ہولڈرز کو ڈائریکٹران کی رپورٹ

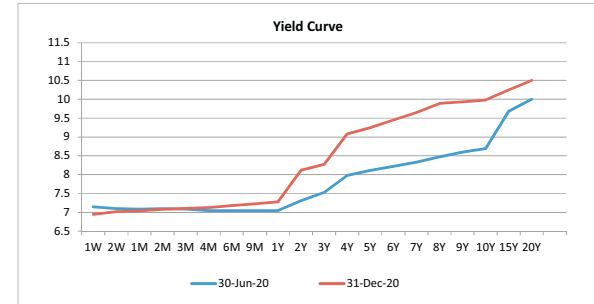
پاک اومان ہنجز کمپنی لمیٹڈ ("منظوم کمپنی" یا "POAMCL" یا "کمپنی") کے بورڈ آف ڈائریکٹرز عسکری ایسٹ ایلوکیشن فنڈ (AAAF) کی 31 دسمبر 2020ء کو ختم ہونے والی سہ ماہی کے لئے پیش کرتے ہوئے اظہارِ مسرت کرتے ہیں۔

مستقل آمدنی تجزیہ پہلی ششماہی مالیاتی سال 2021ء

مالیاتی سال 2021 کی پہلی ششماہی میں ثانوی مارکیٹ افادہ شارٹ ٹرم بیپرز کی مد میں اپنی زیریں سطحوں سے واپس مڑ گیا۔ شارٹ ٹرم بیپرز پر آمدنی 3، اور 6 اور 12 ماہ بیپرز پر 2bps، 13bps اور 23bps تک بڑھ گئی اور یہ دسمبر 20 کے اختتام تک بالترتیب 7.11 فی صد، 7.18 فی صد اور 7.28 فی صد پر بند ہوئی۔ دوسری جانب، طویل مدتی بانڈز پر آمدنی 74bps، 114bps اور 129bps بڑھ گئی اور تین، پانچ اور دس سالہ بانڈز پر آمدنی بالترتیب 8.27 فیصد، 9.25 فی صد اور 9.98 فی صد رہی۔ رواں سہ ماہی کے دوران، مٹی مارکیٹ جمود کا شکار رہی اور اسٹیٹ بینک پاکستان کے پالیسی شرح کو 7.00% پر برقرار رکھنے کے فیصلہ کے بعد کم از کم سرگرمی دیکھی گئی۔

مالی سال 2021 کی پہلی ششماہی کے دوران اعلان کردہ مالیاتی پالیسی میں، اسٹیٹ بینک نے بیچ مارک پالیسی شرح کو 7.00 فیصد برقرار رکھنے کا فیصلہ کیا۔ بنیادی افراط زر کو مستحکم رکھنے کے لئے یہ فیصلہ کیا گیا، جو گزشتہ سال کی اسی مدت میں 8.06 فیصد کے مقابلے میں مالی سال 2021 میں اوسطاً 5.52 فیصد رہا ہے۔ SBP نے نتیجہ اخذ کیا ہے کہ Covid-19 پھیلنے کے بعد، قرضہ کی کم لاگت نے اقتصادی بحالی میں اہم حصہ شامل کیا ہے۔ اسٹیٹ بینک پاکستان کا مؤقف ہے کہ قرض کی لاگت میں کمی کے بعد، مقامی صنعتوں کی مدد کے لئے مارکیٹ میں نمایاں لیکویڈیٹی موجود ہے۔

اس مدت کے دوران منعقدہ ٹی بلز کی نیلامی میں، SBP نے 4,375 بلین روپے ہدف اور وصول شدہ 5,654 بلین روپے کے مقابلے میں مجموعی 4,971 بلین روپے اکٹھے کئے۔ 6،3 اور 12 ماہ کے بیپرز پر کٹ آف منافع بالترتیب 7.1498 فی صد، 7.2000 فی صد اور 7.2900 فی صد رہا۔ مستقل شرح کے بانڈز پر PIB نیلامی میں SBP نے 302 بلین روپے اکٹھے کئے جبکہ بینکوں نے 718 بلین روپے کی پیشکش کی۔ 3، 15 اور 20 سالہ بانڈز پر نظر ثانی شدہ منافع بالترتیب 8.24 فی صد، 10.00 فی صد اور 10.58 فی صد طے کیا گیا۔ دسمبر 20 کو ختم ہونے والی سہ ماہی کے دوران 5 اور 10 سالہ بانڈز کے لئے، تمام پیشکشیں SBP نے مسترد کر دیں۔





**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) 34326021 - 23
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TRUSTEE REPORT TO THE UNIT HOLDERS

ASKARI ASSET ALLOCATION FUND

Report of the Trustee pursuant to Regulation 41(h) 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 Pak Oman Asset Management Company Limited being the Management Company of the Fund has in all material respects with the exception of below paragraphs, managed the Fund during the six months period ended December 31, 2020 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.

We would like to draw Unit Holder attention toward the following facts:

- As already highlighted in our previous reports, the fund continue to remain non complied regarding the exposure of the fund in JS Bank Limited during the period with the requirement of Regulation 55(5) of the Non-Banking Finance Companies and notified Entities Regulations, 2008 (NBFC & NE Regulations) which states that exposure in single entity shall not exceed an amount equal to ten (10) percent of its total net assets. As of December 31, 2020 fund exposure in JS Bank has reached 15.39% of the net assets.
- As already highlighted in our previous report, other receivable as shown in financial statement for the period six months ended December 31, 2020 include an untraceable amount of Rs.6.670 million (5.6% of net assets). Had this amount been reversed it would decrease the NAV by Rs.2.36.

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 24, 2021



RSM Avais Hyder Liaquat Nauman
Chartered Accountants

407, Progressive Plaza, Beaumont Road
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INDEPENDENT AUDITOR'S REVIEW REPORT

**AUDITORS' REPORT TO THE MEMBERS ON REVIEW
OF CONDENSED INTERIM FINANCIAL INFORMATION**

Introduction

We have reviewed the accompanying condensed interim statement of asset and liabilities of Askari Asset Allocation Fund (the Fund) as at December 31, 2020 and the related condensed interim income statement and the condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund and condensed interim statement of cash flows together with the notes forming part thereof (here-in-after referred to as the "condensed interim financial information"), for the six month period ended December 31, 2020. Pak Oman Asset Management Company Limited (the Management Company) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three months period ended December 31, 2020 and December 31, 2019 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2020.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of Condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's report is Adnan Zaman.

Chartered Accountants
Karachi
Date: 19 FEB 2021




CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED)
AS AT DECEMBER 31, 2020

| | | 31 December 2020 Un-audited | 30 June 2020 Audited |
|---|------|-----------------------------------|----------------------------|
| | Note | -----Rupees in '000----- | |
| ASSETS | | | |
| Balances with Banks | 4 | 14,733 | 17,419 |
| Investments | 5 | 82,879 | 72,725 |
| Receivable against sale of investments | | 10,925 | - |
| Mark-up accrued and dividend receivable | | 432 | 1,409 |
| Advances, deposits, prepayments and other receivables | | 18,828 | 23,637 |
| Total assets | | 127,797 | 115,190 |
| LIABILITIES | | | |
| Payable to Management Company | 7 | 4,727 | 3,948 |
| Payable to Trustee | | 21 | 20 |
| Payable to the Securities and Exchange Commission of Pakistan | | 11 | 24 |
| Dividend payable | | 4 | 1,259 |
| Accrued expenses and other liabilities | 8 | 9,742 | 4,647 |
| Total liabilities | | 14,505 | 9,898 |
| NET ASSETS | | 113,292 | 105,292 |
| UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED) | | 113,292 | 105,292 |
| CONTINGENCIES AND COMMITMENTS | 9 | | |
| NUMBER OF UNITS IN ISSUE | | 2,685,956 | 2,671,101 |
| NET ASSET VALUE PER UNIT | | 42.1794 | 39.4188 |

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

For Pak Oman Asset Management Company Limited
(Management Company)


Chief Executive Officer


Chief Financial Officer


Director



ASKARI ASSET ALLOCATION FUND

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED AND QUARTER ENDED 31 DECEMBER 2020

| | For the half year ended 31 December | | For the quarter ended 31 December | |
|---|--|---------------|--------------------------------------|---------------|
| | 2020 | 2019 | 2020 | 2019 |
| Note -----Rupees in '000----- | | | | |
| (LOSS) / INCOME | | | | |
| Profit on bank balances | 734 | 2,299 | 394 | 1,042 |
| Profit on Debt Securities | 1,496 | 3,132 | 496 | 1,554 |
| Dividend income | 805 | 1,051 | 654 | 709 |
| Other Income | - | 138 | - | - |
| Net capital gain / (loss) on sale of investments | 5,808 | 1,743 | 2,306 | 1,935 |
| Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' | 1,813 | 3,216 | 2,884 | 5,617 |
| | 10,656 | 11,579 | 6,734 | 10,857 |
| EXPENSES | | | | |
| Remuneration of Asset Management Company | 6.1 | 1,094 | 1,261 | 549 |
| Sindh Sales Tax on Remuneration of the Management Company | 6.2 | 142 | 164 | 71 |
| Reimbursement of operational expenses to the Management Company | 6.4 | 55 | 63 | 28 |
| Selling and Marketing expense | 6.5 | 219 | 252 | 110 |
| Remuneration of Central Depository Company of Pakistan Limited - Trustee | | 123 | 142 | 62 |
| Annual fee to the Securities and Exchange Commission of Pakistan | | 11 | 13 | 6 |
| Auditors' remuneration | | 334 | 355 | 226 |
| Legal and professional charges | | 55 | 0 | 34 |
| Securities transaction cost | | 1,014 | 153 | 605 |
| Printing and stationary charges | | 16 | 15 | 8 |
| Fee and Subscription | | 18 | 71 | 17 |
| Settlement and Bank charges | | 16 | 326 | 5 |
| Provision for Sindh Workers Welfare Fund | | 151 | 175 | 100 |
| Total expenses | | 3,248 | 2,990 | 1,821 |
| | | 7,407 | 8,589 | 4,913 |
| Net income / (loss) for the period before taxation | | 7,407 | 8,589 | 4,913 |
| Taxation | 11 | - | - | - |
| Net income / (loss) for the period after taxation | | 7,407 | 8,589 | 4,913 |
| Allocation of Net income (loss) for the period: | | | | |
| - Net income / (loss) for the period after taxation | | 7,407 | 8,589 | 4,913 |
| - Income already paid on units redeemed | | (45) | - | - |
| | | 7,362 | 8,589 | 4,913 |
| Accounting income available for distribution: | | | | |
| - Relating to capital gains | | 5,808 | 1,743 | 2,155 |
| - Excluding capital gains | | 1,554 | 6,846 | 2,758 |
| | | 7,362 | 8,589 | 4,913 |

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

For Pak Oman Asset Management Company Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

For The Half Year and Quarter Ended December 31, 2020

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ASKARI ASSET ALLOCATION FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED AND QUARTER ENDED 31 DECEMBER 2020

| | For the half year ended 31 December | | For the quarter ended 31 December | |
|---|--|--------------|--------------------------------------|--------------|
| | 2019 | 2018 | 2019 | 2018 |
| -----Rupees in '000----- | | | | |
| Net income / (loss) for the period after taxation | 7,407 | 8,589 | 4,913 | 9,198 |
| Other comprehensive income / (loss) | - | - | - | - |
| Total comprehensive income / (loss) for the period | 7,407 | 8,589 | 4,913 | 9,198 |

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

For Pak Oman Asset Management Company Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

For The Half Year and Quarter Ended December 31, 2020

15



ASKARI ASSET ALLOCATION FUND

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

| | 2020 | | | 31 December | | | 2019 | | |
|--|--------------------------|----------------------|----------------|------------------|----------------------|----------------|---------------|----------------------|-------|
| | Capital Value | Undistributed income | Total | Capital Value | Undistributed income | Total | Capital Value | Undistributed income | Total |
| | -----Rupees in '000----- | | | | | | | | |
| Net assets at the beginning of the period [Units outstanding: 2,671,101 (2019: 3,174,297)] | 381,629 | (276,337) | 105,292 | 401,443 | (276,419) | 125,024 | | | |
| Issue of 49,217 (2019: Nil) units | | | | | | | | | |
| -Capital value (at net asset value per unit at the beginning of the period) | 1,940 | - | 1,940 | 1,048 | - | 1,048 | | | |
| -Element of (loss) / income | 53 | - | 53 | 10 | - | 10 | | | |
| | 1,993 | - | 1,993 | 1,058 | - | 1,058 | | | |
| Redemption of 34,362 (2019:28,111) units | | | | | | | | | |
| -Capital value (at net asset value per unit at the beginning of the period) | (1,355) | - | (1,355) | (20,872) | - | (20,872) | | | |
| -Element of (loss) / income | - | (45) | (45) | - | (1,842) | (1,842) | | | |
| | (1,355) | (45) | (1,400) | (20,872) | (1,842) | (22,714) | | | |
| Total comprehensive loss for the period | - | 7,407 | 7,407 | - | 3,219 | 3,219 | | | |
| Distribution during the year Rs. Nil / unit (June 2020 Rs. 0.4853 / unit) | - | - | - | - | (1,295) | (1,295) | | | |
| Net assets at the end of the period [Units outstanding: 2,685,956 (2019: 3,146,186)] | 382,267 | (268,975) | 113,292 | 381,629 | (276,337) | 105,292 | | | |
| Undistributed loss brought forward comprising of: | | | | | | | | | |
| -Realized | | (274,322) | | | (268,702) | | | | |
| -Unrealised | | (2,015) | | | (7,717) | | | | |
| | | (276,337) | | | (276,419) | | | | |
| Accounting loss available for distribution: | | | | | | | | | |
| -Relating to capital gains | 5,808 | | | - | | | | | |
| -Excluding capital gains | 1,554 | | | 1,377 | | | | | |
| | 7,362 | | | 1,377 | | | | | |
| Distribution during the year | - | | | (1,295) | | | | | |
| Undistributed loss carried forward - net | (268,975) | | | (276,337) | | | | | |
| | -----Rupees----- | | | | | | | | |
| Net asset value at the beginning of the period | | | 39,4188 | | | 39,3864 | | | |
| Net asset value at the end of the period | | | 42,1794 | | | 39,4188 | | | |

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

For Pak Oman Asset Management Company Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

For The Half Year and Quarter Ended December 31, 2020

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ASKARI ASSET ALLOCATION FUND

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

| | 31 December | |
|--|--------------------------|-----------------|
| | 2020 | 2019 |
| | -----Rupees in '000----- | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net loss for the period after taxation | 7,407 | 8,589 |
| Adjustments: | | |
| Net capital (gain) / loss on sale of investments | (5,808) | (1,743) |
| Net unrealised (appreciation) / diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss' | (1,813) | (3,216) |
| | (7,621) | (4,959) |
| Decrease in assets | | |
| Investments - net | (2,533) | (20,318) |
| Receivable from sale of investments | (10,925) | (357) |
| Mark-up accrued and dividend receivable | 977 | 1,351 |
| Advances, deposits, prepayments and other receivables | 4,809 | (2,963) |
| | (7,672) | (22,287) |
| (Decrease) / Increase in liabilities | | |
| Payable to Asset Management Company | 779 | 146 |
| Payable to the Central Depository Company of Pakistan Limited - Trustee | 1 | (40) |
| Payable to the Securities and Exchange Commission of Pakistan | (13) | (133) |
| Payable against purchase of investment | (1,255) | 656 |
| Accrued expenses and other liabilities | 5,095 | 472 |
| | 4,607 | 1,101 |
| Net cash used in operating activities | (3,279) | (17,556) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Net receipts from issue of units | 1,993 | - |
| Cash dividend | - | - |
| Net payments against redemption of units | (1,400) | (1,106) |
| Net cash generated from / (used in) financing activities | 593 | (1,106) |
| Net decrease in cash and cash equivalents | (2,686) | (18,662) |
| Cash and cash equivalents at the beginning of the period | 17,419 | 31,326 |
| Cash and cash equivalents at the end of the period | 14,733 | 12,664 |

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

For Pak Oman Asset Management Company Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

For The Half Year and Quarter Ended December 31, 2020

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

1 LEGAL STATUS AND NATURE OF BUSINESS

Askari Asset Allocation Fund was established under a Trust deed executed between Askari Investment Management Limited as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee on 09 December 2011. The Fund was registered as a Notified Entity under the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) in 25 June 2009.

The Management Company is registered with the SECP as a Non-Banking Finance Company under the NBFC Rules. The registered office of the Management Company is situated at Icon House, 83-C, 12th Commercial Street, Phase-II Extension, DHA, Karachi.

The Fund is an open-ended mutual fund classified as an "Asset Allocation Scheme" by the Management Company and is listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holders.

The objective of the Fund is to provide the investors with a high level of liquidity along with extremely low credit and price volatility. The Fund primarily invests in government securities and other authorized investments enabling the investors to manage their liquidity efficiently.

The Pakistan Credit Rating Agency (PACRA) has assigned management quality rating of "AM3+ (Positive)" to the Management Company as at 15 February 2021.

Title to the assets of the Fund are held in the name of CDC as a trustee of the Fund.

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. 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 Act 2017, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or 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 requirements of the said directives prevail.

This condensed interim financial statements does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual published financial statements of the Fund for the year ended 30 June 2020.



In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that these condensed interim financial statements give a true and fair view of the state of the Fund's affairs as at 31 December 2020.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial statements and the significant judgements made by the management in applying the accounting policies and key sources of estimation uncertainty are the same as those applied in the preparation of the financial statements as at and for the year ended 30 June 2020.

3.1 These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Such Standards comprises of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);

- Provisions of and directives issued under the Companies Act, 2017 along with part VIII A of the repealed Companies Ordinance, 1984;

- the NBFC rules, the Non-Banking Finance Companies, Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of Trust Deed.

3.2 Where provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

3.3 In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that this financial information gives a true and fair view of the state of the Fund's affairs as at 30 June 2020.

| | | 31 December 2020 | 30 June 2020 |
|------------------------------|-------------|-----------------------------|-------------------------|
| | | Un-audited | Audited |
| | | ----- Rupees in '000 ----- | |
| 4 Balances with Banks | Note | | |
| Balances with banks: | | | |
| - in saving accounts | 4.1 | <u>14,733</u> | <u>17,419</u> |
| | | <u>14,733</u> | <u>17,419</u> |

4.1 The rate of return on these accounts ranges between 1.42% - 11.00% (30 June 2020: 10.25% and 12.00%) per annum.



5.2 Sukuk Certificates

| Name of the investee company | Number of certificate | | | | Market value as at 31 December 2020 | Investment as percentage of | | |
|--|-----------------------|---------------------------|--------------------------------|------------------------|-------------------------------------|-----------------------------|-----------------------------------|------------|
| | As at 01 July 2020 | Purchased during the year | Sold / matured during the year | As at 31 December 2020 | | Net assets | Market value of total investments | Issue size |
| International Brands Limited (15-Nov-2017) | 150 | - | 150 | - | - | 0.00% | 0.00% | 0.00% |
| Carrying value as at 31 December 2020 | | | | | - | | | |

5.2.1 Other particulars of Sukuk Certificates outstanding as at 31 December 2019 are as follows:

| Name of the investee company | Face value | Mark-up rate per annum | Rating | Issue date | Maturity date |
|------------------------------|------------|------------------------|--------|------------|---------------|
| International Brands limited | 75,718 | One year KIBOR + 3% | A+ | 15-Nov-17 | 15-Nov-21 |

5.2.2 These sukuk certificates are secured by hypothecation charge over the assets of the issuer and pledge of shares of the issuers.

5.3 Term finance certificates - unlisted

| Name of the investee company | Number of certificate | | | | Market value as at 31 December 2019 | Investment as percentage of | | |
|--|-----------------------|---------------------------|--------------------------------|------------------------|-------------------------------------|-----------------------------|-----------------------------------|------------|
| | As at 01 July 2019 | Purchased during the year | Sold / matured during the year | As at 31 December 2019 | | Net assets | Market value of total investments | Issue size |
| JS Bank Limited (29-Dec-2017) | 175 | - | - | 175 | 17,378 | 15.34% | 20.97% | 0.88% |
| The Bank of Punjab (23-Apr-2018) | 90 | - | 90 | - | - | 0.00% | 0.00% | 0.00% |
| Carrying value as at December 31, 2020 | | | | | 16,103 | | | |

All term finance certificates have a face value of Rs. 5,000 each unless stated otherwise

| | | | | | | | | |
|--|-----|---|----|-----|--------|--------|--------|-------|
| JS Bank Limited (29-Dec-2017) | 175 | - | - | 175 | 17,378 | 15.34% | 20.97% | 0.88% |
| The Bank of Punjab (23-Apr-2018) | 90 | - | 90 | - | - | 0.00% | 0.00% | 0.00% |
| Carrying value as at December 31, 2020 | | | | | 16,103 | | | |

5.3.1 Other particulars of term finance certificates outstanding as at 31 December 2019 are as follows:

| Name of the investee company | Face value | Mark-up rate per annum | Rating | Issue date | Maturity date |
|--------------------------------|------------|-----------------------------------|-----------|------------|---------------|
| JS Bank Limited (2nd issue) | 99,960 | 6 months KIBOR offer rate + 1.4% | Not rated | 29-Dec-17 | 29-Dec-21 |
| The Bank of Punjab (2nd issue) | 99,980 | 6 months KIBOR offer rate + 1.25% | Not rated | 23-Apr-18 | 23-Apr-21 |

5.4 Pakistan Investment Bonds

| Issue Date | Tenor | Number of certificate | | | | Market value as at 31 December | Investment as percentage of | | |
|------------|--------------|-----------------------|---------------------------|----------------|------------------------|--------------------------------|-----------------------------|-----------------------|------------|
| | | As at 01 July 2020 | Purchased during the year | Sold / matured | As at 31 December 2020 | | Net assets | Market value of total | Issue size |
| 12-Jul-18 | 10 Years-PIB | 250 | - | (250) | - | 0.00% | 0.00% | 0.00% | |

6. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between the market participants at the measurement date. Consequently, differences can arise between carrying value 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.

Fair value of investments classified as 'at fair value through profit or loss' which are tradable in an open market is based on the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from the carrying value as the items are short-term in nature.



The Fund classifies 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:

- Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Fair value measurements using 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
- Fair value measurements using Inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

The table below provides information on financial assets or liabilities carried at fair values, by valuation methods.

| As at Dec 31, 2020 | | | |
|--------------------|---------|---------|-------|
| Level 1 | Level 2 | Level 3 | Total |
| (Rupees in '000) | | | |

ASSETS

At fair value through profit or loss - held for trading

| | | | | |
|---------------------------|--------|--------|---|--------|
| Listed equity securities | 65,501 | - | - | 65,501 |
| Sukuk certificates | - | - | - | - |
| Term finance certificates | - | 17,378 | - | 17,378 |
| Pakistan Investment Bonds | - | - | - | - |

| As at June 30, 2020 | | | |
|---------------------|---------|---------|-------|
| Level 1 | Level 2 | Level 3 | Total |
| (Rupees in '000) | | | |

ASSETS

At fair value through profit or loss - held for trading

| | | | | |
|---------------------------|--------|--------|---|--------|
| Listed equity securities | 11,769 | - | - | 11,769 |
| Sukuk certificates | - | 10,630 | - | 10,630 |
| Term finance certificates | - | 24,925 | - | 24,925 |
| Pakistan Investment Bonds | - | - | - | - |

There were no transfers between above levels during the year.

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.

The Fund has not disclosed the fair values for other financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

**6.1 FINANCIAL RISK MANAGEMENT**

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

6.2 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.

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

6.3 Currency risk

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

6.4 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

a) Sensitivity analysis for variable rate instruments

As at Dec 31, 2020, the Fund holds KIBOR based interest bearing sukuks and term finance certificates and balance in savings accounts exposing the Fund to interest rate risk. In case of 100 basis points increase / decrease in KIBOR and bank profit rates with all other variables held constant, the net assets of the Fund would have been higher / lower by approximately Rs. 0.1517 million (30 June 2020: Rs. 0.7606 million).

b) Sensitivity analysis for fixed rate instruments

Since the Fund currently does not have any fixed rate instruments that are impacted by market interest rates, therefore, it is not exposed to fair value interest rate risk.

6.5 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all similar financial instruments traded in the market.

The Fund's equity securities are primarily exposed to equity price risk because of investments held and classified by the Fund on the statement of assets and liabilities as 'financial assets 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 Fund's constitutive documents. The Fund's constitutive documents / NBFC Regulations also limit investment in individual equity securities to not more than 15% of its net assets, or 15% of the issued capital of the investee company and the sector exposure limit to 35% of net assets.



In case of 5% increase / decrease in the fair value of the Fund's equity securities at fair value through profit or loss on June 30, 2018, net income for the year would increase / decrease by Rs. 0.5884 million (2019: Rs. 1.37 million) and net assets of the Fund would increase / decrease by the same amount.

The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the PSX 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 KMI index, is expected to change over the time. Accordingly, the sensitivity analysis prepared as of June 30, 2018 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of PSX 100 Index."

6.6 Credit risk

Credit risk represents the risk of a loss if the counterparties fail to perform as contracted. The Fund's credit risk mainly arises from deposits with banks and financial institutions and credit exposure arising as a result of dividend receivable (if any) on equity securities.

6.6 Management of credit risk

For banks and financial institutions, the Fund keeps deposits with reputed financial institutions with reasonably high credit ratings. Credit risk on account of dividend receivable is minimal due to the statutory protection. All transactions in listed securities are settled / paid for upon delivery using the system of National Clearing Company of Pakistan Limited. The risk of default in these transactions is considered minimal due to inherent systematic measures taken therein. The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed and the requirements of the NBFC rules and the regulations and the guidelines given by the SECP from time to time.

6.7 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset or such obligations will have to be settled in a manner disadvantageous to the Fund.

The Fund is exposed to the daily settlement of equity securities and to daily cash redemption requests on a regular basis. Units are redeemable at the holders' option based on the Fund's net asset value per unit, at the time of redemption, calculated in accordance with the Fund's constitutive document and guidelines laid down by the SECP.

6.8 Management of liquidity risk

The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Fund's reputation. 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 realised.



In order to manage the Fund's overall liquidity, the Fund also has the option to withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. Further, the Fund also has the ability to suspend redemptions of units with the approval of the Board of Directors of the Management Company in extraordinary circumstances. The Fund can also borrow, with prior approval of the Trustee, for meeting redemption requests. The maximum amount available to the Fund from borrowings is limited to the extent of 15% of total net assets at the time of borrowing with repayment within 90 days of such borrowings. No such borrowings were made during the year.

| | Note | 31 December | 30 June |
|---|------|-----------------------|--------------|
| | | 2020 | 2020 |
| | | Un-audited | Audited |
| | | -----Rupees '000----- | |
| 7 PAYABLE TO MANAGEMENT COMPANY | | | |
| Remuneration of the Management Company | 7.1 | 189 | 174 |
| Sindh sales tax payable on remuneration of the Management Company | 7.2 | 354 | 352 |
| Federal Excise Duty payable on remuneration of the Management Company | 7.3 | 2,830 | 2,830 |
| Sales Load Payable | | 59 | 2 |
| Reimbursement of operational expenses to the Management Company | 7.4 | 395 | 119 |
| Marketing and advertising fee payable | 7.5 | 900 | 471 |
| | | <u>4,727</u> | <u>3,948</u> |

7.1 The Management Company has charged its remuneration at the rate of 2% (30 June 2020: 2%) per annum of the average annual net assets of the Fund. The remuneration is paid to the Management Company on a monthly basis in arrears.

7.2 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (30 June 2020: 13%) on Management Company's remuneration through Sindh Sales Tax on Services Act, 2011 effective from 01 July 2011.

7.3 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 13 June 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, which is being charged to the Fund as explained in note 6.2 above, the Management Company is of the view that further levy of FED was not justified.

On 4 September 2013, a Constitutional Petition was 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.

During the year ended 30 June 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.



With effect from 01 July 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from 1 July 2016. However, as a matter of abundant caution the provision for FED made till 30 June 2016 amounting to Rs. 2.830 million (30 June 2019: Rs. 2.830 million) is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the said provision for FED not been maintained, the net asset value of the Fund as at 31 December 2020 would have been higher by Rs. 1.0535 (30 June 2020: Rs. 1.0593) per unit.

7.4 In accordance with the provisions of the NBFC Regulations, 2008 (amended vide S.R.O 1160(I) / 2015 dated 25 November 2015), the Management Company of the Fund is entitled to reimbursement of fees and expenses in relation to registrar services, accounting, operation and valuation services related to the Fund upto a maximum of 0.1% of the average annual net assets of the Scheme or actual whichever is less. Accordingly, the Management Company has charged accounting and operational charges to the Fund in respect of the back office accounting function @ 0.1% of average annual assets of the scheme to an independent service provider.

7.5 SECP vide Circular No. 11 of 2019 dated July 05, 2019 has super seded circular 40 of 2016, 05 of 2017 and 05 of 2018 and has prescribed certain conditions on Asset Management Companies (AMCs) for charging of selling and marketing expenses to collective investment schemes managed by them. Selling and Marketing expenses has been allowed on all categories of Open and mutual funds except fund of funds at a maximum cap of 0.4% per annum of net assets of the Fund or actual expenses, whichever is lower. Accordingly, the Management Company has charged 0.4% of daily net assets of the Fund, being the lower amount.

| | Note | 31 December | 30 June |
|---|------|--------------------------|--------------|
| | | 2020 | 2020 |
| | | Un-audited | Audited |
| | | -----Rupees in '000----- | |
| 8 ACCRUED EXPENSES AND OTHER LIABILITIES | | | |
| Auditors' remuneration payable | | 253 | 340 |
| Payable against Purchase of Investment | | 7,161 | - |
| Printing charges payable | | 8 | 9 |
| Withholding and capital gain tax payable | | 172 | 3,204 |
| Transaction charges payable | | 1,257 | 355 |
| Provision for Sindh Workers' Welfare Fund | 8.1 | 891 | 740 |
| | | <u>9,742</u> | <u>4,648</u> |

8.1 There is no change in the status of the SWWF as reported in note 13 to the annual financial statements of the Fund for the year ended 30 June 2020.

9 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 31 December 2020 and 30 June 2020.

**10 EXPENSE RATIO**

The Total Expense Ratio (TER) of the Fund as at 31 December 2020 is 5.76% which includes 0.63% representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, sales taxes, annual fee to the SECP, etc. This ratio exceeds the maximum limit of 4.50% prescribed under the NBFC Regulations for a collective investment scheme categorised as a asset allocation scheme.

11 TAXATION

The income of the fund is exempt from Income Tax as per Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed to the unit holders. The management intends to distribute at least 90% of the Fund's net accounting income earned by the year end, as cash dividend, to the unit holders. Accordingly, no provision in respect of taxation has been made in these financial statements.

12 TRANSACTIONS WITH CONNECTED PERSONS / OTHER RELATED PARTIES**12.1 Details of transaction with related parties during the period are as follows:**

| | For the half year ended 31 December | |
|---|--|-------|
| | 2020 | 2019 |
| | Un-audited | |
| | -----Rupees in '000----- | |
| Pak Oman Asset Management Company Limited (Management Company) | | |
| Remuneration of the Management Company | 1,094 | 1,261 |
| Sindh Sales tax on Remuneration of Management Company | 142 | 164 |
| Reimbursement of operational expenses to the Management Company | 55 | 63 |
| Selling and Marketing expense | 219 | 252 |
| Central Depository Company of Pakistan Limited (Trustee) | | |
| Remuneration of the Trustee | 109 | 126 |
| SST on Remuneration of the Trustee | 14 | 16 |

12.2 Details of balances with related parties as at the period / year end are as follows:

| | 31 December | 30 June |
|---|--------------------------|---------|
| | 2020 | 2019 |
| | Un-audited | |
| | -----Rupees in '000----- | |
| Pak Oman Asset Management Company Limited (Management Company) | | |
| Remuneration payable to the management company | 189 | 174 |
| Sindh Sales tax payable on remuneration of the Management Company | 354 | 352 |
| Federal Excise Duty payable on remuneration of the Management Company | 2,830 | 2,830 |
| Reimbursement of operational expenses to the Management Company | 395 | 119 |
| Marketing and advertising fee payable | 900 | 472 |
| Central Depository Company of Pakistan Limited (Trustee) | | |
| Trustee fee payable | 21 | 20 |
| Security Deposit | 100 | 100 |
| Askari Bank Limited* | | |
| (Unit holder of 10% or more units of the Fund) | | |
| Outstanding 2,500,000 Units (30 June 2020: 2,500,000)] | 105,449 | 98,547 |
| Balances with Bank | 8,525 | 9,258 |
| Cash Dividend | - | 1,213 |

*This represents 10% or more of the unit holding of the fund

**13 GENERAL**

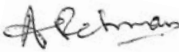
Figures have been rounded off to the nearest thousand rupee.

14 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on February 10, 2021.

For Pak Oman Asset Management Company Limited
(Management Company)


Chief Executive Officer


Chief Financial Officer


Director