



CONTENTS

Mission & Vision Statement	01
Fund Information	02
Report of the Director of the Management Company.....	03
Report of the Director of the Management Company (Urdu)	09
Report of the Trustee MCB-FSL	10
Independent Auditor's Review Report to the Unitholders	11
Condensed Interim Statement of Assets and Liabilities	13
Condensed Interim Income Statement	14
Condensed Interim Statement of Comprehensive Income	15
Condensed Interim Statement of Movement in Unit Holder's Fund	16
Condensed Interim Cash Flow Statement	17
Notes to the Condensed Interim Financial Information.....	18



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

"PAK OMAN ISLAMIC 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

MCB Financial Services Limited
 4th Floor, Perdesi House, 2/1, R-Y-16,
 Old Queens Road, Karachi.

Auditors

**RSM Avais Hyder Liaquat Nauman
 Chartered Accountants**
 407, Progressive Plaza, Beamont Road,
 Karachi-75530

Bankers to The Fund

Bankislami Pakistan Limited
 Bank Alfalah Limited
 Dubai Islamic Bank Pakistan Limited
 Nrsp Microfinance Bank Limited
 Soneri Bank Limited
 Silk Bank 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 Shahra-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

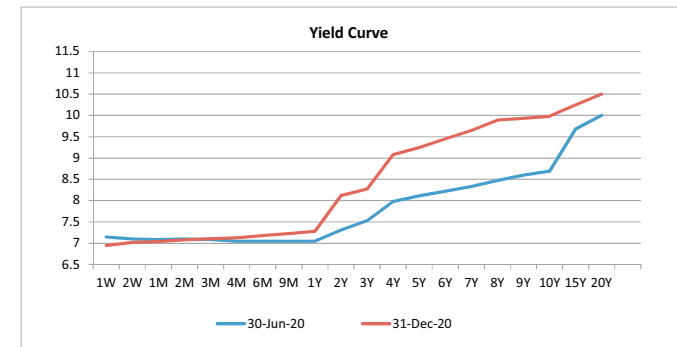
The Board of Directors (BOD) of Pak Oman Asset Management Company Limited is pleased to present the half yearly financial statements of Pak Oman Islamic Asset Allocation Fund (POIAAF) for the period ended December 31, 2020.

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.

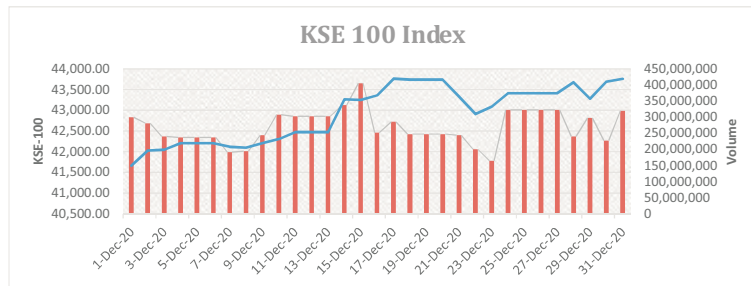
Going forward, government's major challenge would curtail fiscal imbalances and management of foreign flows. SBP expects inflation to settle in the band of 7%-9% in FY21. However, higher inflationary trend might be observed post expected upward revision in energy prices as per IMF's structural criteria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



POIAAF

For the month under review, POIAAF posted a return of 3.81% against the benchmark return of 3.93. Net assets at the end of month stood at PKR 182.702mn against PKR 176.250mn in November. As of 31st December-20 equity exposure was increased to 46.45% as compared to 37.88% 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. During the month exposures were increased in Engineering and Fertilizer Sector from 0.90% to 2.74% and 5.72% to 7.81% respectively. Exposure was decreased in Oil & Gas Sector from 10.09% to 7.52%. Fresh exposure was made in the Food Sector.

On the debt side, exposure in GOP Ijarah was reduced completely while cash resided at 37.59% 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.

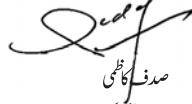
10th February 2021
Karachi - Pakistan.

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



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 منولیان اور پاکستان اسٹاک ایکسچینج کی انتظامیہ مخلصانہ کوششوں پر ان کے مشکور ہیں۔ منتظم کمپنی کے ملازمین کے لئے ہم اپنی سٹائنڈ ریکارڈ پر لانا چاہتے ہیں۔

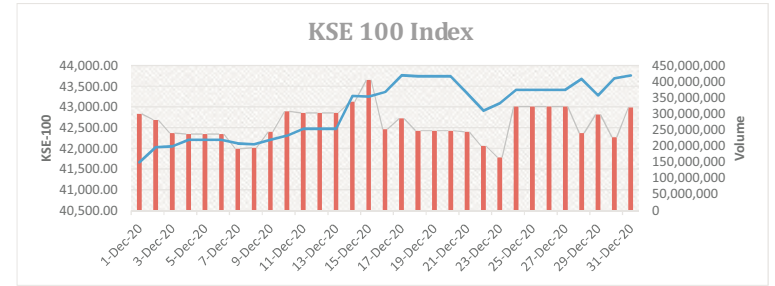


صدف خان
چیف ایگزیکٹو آفیسر
10 فروری 2021
کراچی۔ پاکستان



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 کسٹس 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، سینٹ، 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۔



POIAAF

زیر جائزہ ماہ میں، POIAAF نے شیخ مارک منفعت 3.93 فیصد کے مقابلے میں 3.81 فیصد منفعت فراہم کی۔ مہینہ کے اختتام پر خالص اثاثے 182.702 ملین روپے رہے جو کہ نومبر میں 176.250 ملین روپے تھے۔

گزشتہ مہینہ میں 37.88% کے مقابلے میں 31 دسمبر کو ایکویٹی ایکسپوزر 46.45% تک بڑھ گیا۔

پورا مہینہ مارکیٹ کشیدہ رہی اور KSE-100 انڈیکس 43,755 پوائنٹس پر بند ہوا۔ دسمبر کے مہینہ 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 0.90% تا 2.74% اور 5.72% تا 7.81% زیادہ ہوا۔

تیل اور گیس سیکٹرز میں ایکسپوزر 10.09% سے 7.52% تک کم ہوا۔ تازہ ایکسپوزر فوڈ سیکٹرز میں ہوا۔

ڈیپٹ کی سائیڈ پر، GOP اجارہ میں ایکسپوزر مکمل طور پر کم ہو گیا جبکہ فنانس سائز کا 37.59% 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 2021 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 2021 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 2021 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 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۔ LSM کے حوصلہ افزاء ہندسوں اور پرائیویٹ سیکٹر کریڈٹ 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 2021 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 ہے۔ 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۔



یونٹ ہولڈرز کو ڈائریکٹران کی رپورٹ

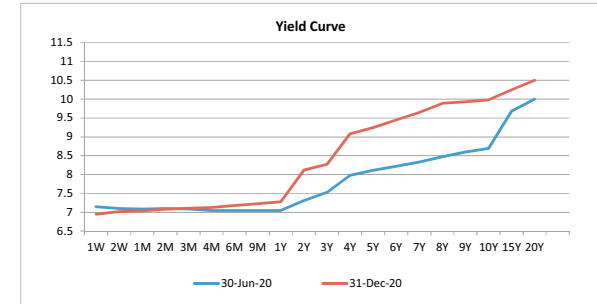
پاک اومان انویسٹمنٹ کمپنی لمیٹڈ ("منظم کمپنی" یا "POAMCL" یا "کمپنی") کے بورڈ آف ڈائریکٹرز پاکستان اومان اسلامک ایسٹ ایلیکشن فنڈ (POIAAF) کی 31 دسمبر 2020 کو ختم ہونے والی سہ ماہی کے لئے پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

مستقل آمدنی تجزیہ پہلی ششماہی مالیاتی سال 2021ء

مالیاتی سال 2021 کی پہلی ششماہی میں ثانوی مارکیٹ افادہ شارٹ ٹرم بیہیز کی مد میں اپنی زیریں سطحوں سے واپس مڑ گیا۔ شارٹ ٹرم بیہیز پر آمدنی 3، 6 اور 12 ماہ بیہیز 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 بیہیز 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، 6 اور 15 سالہ 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۔






REPORT OF THE TRUSTEE TO THE UNIT HOLDERS
PAK OMAN ISLAMIC ASSET ALLOCATION FUND

Report of the Trustee Pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

Pak Oman Islamic Asset Allocation Fund, an open end scheme established under a Trust Deed dated May 27, 2008 executed between Pak Oman Asset Management Company Limited, as the Management Company and Central Depository Company of Pakistan Limited, as the Trustee.

Digital Custodian Company Limited formerly MCB financial Services Limited was appointed as a new trustee in place of CDC under third supplemental Trust Deed dated 15 May 2012. Accordingly the Trust Deed was approved by SECP on 17 January 2012 under the Rules. However, the assets of the Fund were transferred on June 13, 2012.

1. Pak Oman Asset Management Company Limited, the Management Company of Pak Oman Islamic Asset Allocation Fund has, in all material respects, managed Pak Oman Islamic Asset Allocation Fund during the period ended 31st December 2020 in accordance with the provisions of the following:
 - (i) Investment limitations imposed on the Asset Management Company and the Trustee under the trust deed and other applicable laws;
 - (ii) the valuation or pricing is carried out in accordance with the deed and any regulatory requirement;
 - (iii) the creation and cancellation of units are carried out in accordance with the deed;
 - (iv) and any regulatory requirement


Khawaja Anwar Hussain
Chief Executive Officer
Digital Custodian Company Limited
Formerly MCB financial Services Limited

Karachi: February 12, 2021

Perdesi House | 2/1 R-Y | Old Queens Road | Karachi – 74200 | Pakistan
+92-21-32419770 | www.digitalcustodian.co | info@digitalcustodian.co



RSM Avais Hyder Liaquat Nauman
Chartered Accountants
407, Progressive Plaza, Beaumont Road
Karachi, 75530 - Pakistan
T: +92 (21) 35655975-6
F: +92 (21) 3565-5977
W: www.rsm-pakistan.pk

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 Pak Oman Islamic 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.


Adnan Zaman
Chartered Accountants
Karachi
Date: 18 FEB 2021

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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 Bank	4 73,530	41,869
Investments	5 108,631	158,734
Dividend and profit receivable	2,084	2,217
Advances, deposits, prepayments and other receivables	11,379	23,842
Total assets	195,624	226,662
LIABILITIES		
Payable to Management Company	7 2,030	2,596
Payable to Trustee	35	37
Payable to the Securities and Exchange Commission of Pakistan	20	44
Accrued expenses and other liabilities	8 10,837	3,786
Total liabilities	12,922	6,463
NET ASSETS	182,702	220,199
UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)	182,702	220,199
CONTINGENCIES AND COMMITMENTS	9	
NUMBER OF UNITS IN ISSUE	3,831,352	4,915,018
NET ASSET VALUE PER UNIT	47.6861	44.0812

The annexed notes from 1 to 15 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



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

Note	For Half Year Ended 31 December		For Quarter Ended 31 December	
	2020	2019	2020	2019
-----Rupees in '000-----				
INCOME				
Profit on bank balances	2,060	4,079	990	2,781
Dividend income	1,532	2,598	1,197	1,777
Profit on Debt Instruments	2,789	4,411	1,131	2,139
Net capital gain / (loss) on sale of investments	11,320	1,485	4,412	2,726
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	747	14,908	2,243	23,007
	18,448	27,481	9,973	32,430
EXPENSES				
Remuneration of Asset Management Company	7.1	1,964	2,093	876
Sindh Sales Tax on Remuneration of the Management Company	7.2	255	272	114
Reimbursement of operational expenses to the Management Company	7.4	98	105	44
Selling and Marketing expense	7.5	393	419	175
Remuneration of MCB Financial Services Limited - Trustee		72	142	37
Annual fee to the Securities and Exchange Commission of Pakistan		20	21	15
Charity / Donation		290	-	279
Auditors' remuneration		304	264	192
Shariah Advisory Fee		313	288	156
Securities transaction cost		1,327	226	664
Printing and Stationary charges		16	16	8
Legal and professional charges		29	44	8
Fee and Subscription		20	105	16
Settlement and Bank charges		-	198	(119)
Provision for Workers' Welfare Fund		267	466	267
Total expenses		5,368	4,659	2,732
		13,080	22,822	7,241
Net income / (loss) for the period before taxation		13,080	22,822	29,569
Taxation	11	-	-	-
Net income / (loss) for the period after taxation		13,080	22,822	7,241
Allocation of Net Income for the year:				
- Net income for the period after taxation		13,080	22,822	7,241
- Income already paid on units redeemed		(2,814)	-	(796)
		10,266	22,822	6,445
Accounting income available for distribution:				
- Relating to capital gains		12,067	16,393	6,655
- Excluding capital gains		1,013	6,429	(210)
		13,080	22,822	6,445

The annexed notes from 1 to 15 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

14



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

	For Half Year Ended 31 December		For Quarter Ended 31 December	
	2020	2019	2020	2019
----- Rupees in '000 -----				
Net income / (loss) for the period after taxation	13,080	22,822	7,241	29,569
Other comprehensive income / (loss)	-	-	-	-
Total comprehensive income / (loss) for the period	13,080	22,822	7,241	29,569

The annexed notes from 1 to 15 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



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

	Half Year Ended 31 December					
	2020			2019		
	Capital Value	Undistributed Income	Total	Capital Value	Undistributed Income	Total
	Rupees in '000					
Net assets at the beginning of the period [Units outstanding: 4,915,018 (2019: 3,945,690)]	255,131	(34,932)	220,199	213,675	(35,569)	178,106
Issue of 5,237 (2019: 1,267,265) units						
-Capital value (at net asset value per unit at the beginning of the period)	231	-	231	57,204	-	57,204
-Element of income / (loss)	10	-	10	(2,624)	-	(2,624)
	241	-	241	54,580	-	54,580
Redemption of 1,088,903 (2019: 142,063) units						
-Capital value (at net asset value per unit at the beginning of the period)	(48,000)	-	(48,000)	(6,143)	-	(6,143)
-Element of (income) / loss	(4)	(2,814)	(2,818)	127	-	127
	(48,004)	(2,814)	(50,818)	(6,286)	-	(6,286)
Total comprehensive loss for the period	-	13,080	13,080	-	22,822	
Net assets at the end of the period [Units outstanding: 3,831,352 (2019: 5,070,892)]	207,368	(24,666)	182,702	261,969	(12,747)	249,222
Accumulated loss brought forward comprising of:						
-Realised		(32,247)			(7,676)	
-Unrealised		(2,686)			(27,893)	
		(34,932)			(35,569)	
Accounting income available for distribution:						
-Relating to capital gains		12,067			16,393	
-Excluding capital gains		(1,801)			6,429	
		10,266			22,822	
Accumulated loss carried forward - net		(24,666)			(12,747)	
Accumulated loss carried forward comprising of:						
-Realised		12,067			(27,655)	
-Unrealised		(36,733)			14,908	
		(24,666)			(12,747)	
					Rupees	
Net asset value at the beginning of the period			44,0812			45,1394
Net asset value at the end of the period			47,6861			49,1476

The annexed notes from 1 to 15 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



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

	Half Year Ended 31 December	
	2020	2019
Note	Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period after taxation	13,080	22,822
Adjustments:		
Net capital (gain) / loss on sale of investments	(11,320)	(1,485)
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(747)	(14,908)
	(12,067)	(16,393)
(Increase) / decrease in assets		
Investments - net	62,170	(35,799)
Dividend and profit receivable	133	1,493
Advances, deposits, prepayments and other receivables	12,463	(704)
	74,766	(35,010)
(Decrease) / increase in liabilities		
Payable to Management Company	(566)	300
Payable to Trustee	(2)	8
Payable to the Securities and Exchange Commission of Pakistan	(24)	(233)
Accrued expenses and other liabilities	7,051	919
	6,459	994
Net cash generated from / (used in) operating activities	82,238	(27,587)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts from issue of units	241	54,580
Net payments against redemption of units	(50,818)	(6,286)
Net cash (used in) / generated from financing activities	(50,577)	48,294
Net increase in cash and cash equivalents	31,661	20,707
Cash and cash equivalents at the beginning of the period	41,869	26,094
Cash and cash equivalents at the end of the period	4 ⁴ 73,530	46,801

The annexed notes from 1 to 15 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



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

1 LEGAL STATUS AND NATURE OF BUSINESS

Pak Oman Islamic Advantage Asset Allocation Fund (the Fund) was established under a Trust deed executed between Pak Oman Asset Management Limited as the Management Company and MCB Financial Services Limited (MCBFSL). The trust deed was approved on 15 May 2015 by the Securities and Exchange Commission of Pakistan (SECP) in accordance with the Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003 (The NBFC Rules) and was executed on 18 March 2011.

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 Shariah compliant open-ended mutual fund 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 Fund's primary objective is to invest in a diversified portfolio of private and public shariah compliant instruments.

The Pakistan Credit Rating Agency (PACRA) has assigned management quality rating of "AM3+" (Positive) to the Management Company as at 15 February, 2021 and ranking of the Fund is 1-Star LT, 1-Star ST as at 15 February, 2021.

Title to the assets of the Fund are held in the name of MCB Financial Services Limited as a trustee of the Fund.

2 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 Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the 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.

2.1 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 VIIIA 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.

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

2.3 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.

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.

	31 December 2019	30 June 2019
	Un-audited	Audited
	----- Rupees -----	
4 CASH AND BANK BALANCES		
Balances with banks:		
- in saving accounts	73,530	41,869
	<u>73,530</u>	<u>41,869</u>

4.1 The rate of return on these accounts ranges between 2.75% - 8.75% (30 June 2020: 10.00% and 12.50%) per annum.



PAK OMAN ISLAMIC ASSET ALLOCATION FUND

5	INVESTMENTS	Note	31 December	30 June
			2019	2019
			Un-audited	Audited
			----- Rupees -----	-----
At fair value through profit or loss - held for trading				
	-Sukuk certificates	5.2	17,768	48,724
	-GoP Ijarah	5.3	-	72,750
	-Investment in listed equity securities	5.1	90,863	37,260
			108,631	158,734

5.1 Listed equity securities

At fair value through profit or loss - equity securities

Shares of listed companies- fully paid ordinary shares with a face value of Rs 10 each unless stated other wise

Name of Investee Company	Number of Shares				Rupees in '000			%		
	As at 01 July 2020	Purchases during the period	Bonus / Rights shares issued during the period	Sales during the period	As at 31 December 2020	Carrying value as at 31 December 2020	Market value as at 31 December 2020	Market Value as a percentage of total investments	Market Value as a percentage of net assets	Paid up capital of investee company
COMMERCIAL BANKS										
MEEZAN BANK LIMITED	67,220	152,000	9,122	221,500	6,842	683	715	0.66%	0.39%	0.001%
	67,220	152,000	9,122	221,500	6,842	683	715	0.66%	0.39%	
TEXTILE COMPOSITE										
NISHAT MILLS LIMITED	-	153,000	-	120,000	33,000	3,190	3,358	3.09%	1.84%	0.009%
	-	153,000	-	120,000	33,000	3,190	3,358	3.09%	1.84%	
CEMENT										
D.G. KHAN CEMENT COMPANY LIMITED	-	30,000	-	30,000	-	-	-	0.00%	0.00%	0.000%
FAUJI CEMENT COMPANY LIMITED	-	610,000	-	610,000	-	-	-	0.00%	0.00%	0.000%
LUCKY CEMENT LIMITED	5,300	47,258	-	41,300	11,258	7,337	7,837	7.21%	4.29%	0.003%
MAPLE LEAF CEMENT FACTORY LIMITED	-	529,000	-	529,000	-	-	-	0.00%	0.00%	0.000%
PIONEER CEMENT LIMITED	-	267,000	-	220,000	47,000	4,635	4,855	4.47%	2.66%	0.023%
	5,300	1,483,258	-	1,430,300	58,258	11,972	12,692	11.68%		6.95%
REFINERY										
ATTOCK REFINERY LIMITED	-	30,000	-	30,000	-	-	-	-	-	-
	-	30,000	-	30,000	-	-	-	-	-	-
POWER GENERATION AND DISTRIBUTION										
K-ELECTRIC LIMITED	300,000	100,000	-	400,000	-	-	-	0.00%	0.00%	0.000%
THE HUB POWER COMPANY LIMITED	60,393	192,000	-	143,263	109,130	8,679	8,657	7.97%	4.74%	0.011%
	360,393	292,000	-	543,263	109,130	8,679	8,657	7.97%	4.74%	
OIL AND GAS MARKETING COMPANIES										
PAKISTAN STATE OIL COMPANY LIMITED	281	23,000	-	23,000	281	54	60	0.06%	0.03%	0.000%
SUI NORTHERN GAS PIPELINES LIMITED	-	301,000	-	120,000	181,000	8,638	8,040	7.40%	4.40%	0.029%
	281	324,000	-	143,000	181,281	8,692	8,100	7.46%	4.43%	
OIL AND GAS EXPLORATION COMPANIES										
MARI PETROLEUM COMPANY LIMITED	2,437	1,000	-	1,085	2,352	3,093	3,151	2.90%	1.72%	0.002%
OIL & GAS DEVELOPMENT COMPANY LIMITED	16,800	80,000	-	96,800	-	-	-	0.00%	0.00%	0.000%
PAKISTAN OILFIELDS LIMITED	-	5,000	-	5,000	-	-	-	0.00%	0.00%	0.000%
PAKISTAN PETROLEUM LIMITED	50,000	306,000	-	238,838	117,162	10,882	10,583	9.74%	5.79%	0.005%
	69,237	392,000	-	341,723	119,514	13,975	13,734	12.64%	7.51%	
ENGINEERING										
INTERNATIONAL INDUSTRIES LIMITED	13,000	-	-	13,000	-	-	-	0.00%	0.00%	0.000%
MUGHAL IRON AND STEEL INDUSTRIES LTD	-	200,000	-	200,000	-	-	-	0.00%	0.00%	0.000%
AGHA STEEL INDUSTRIES LIMITED	-	393,000	-	266,000	127,000	4,787	5,005	4.61%	2.74%	0.043%
	13,000	593,000	-	479,000	127,000	4,787	5,005	4.61%	2.74%	
AUTOMOBILE ASSEMBLER										
PAK SUZUKI MOTOR COMPANY LIMITED	-	45,000	-	45,000	-	-	-	0.00%	0.00%	0.000%
	-	45,000	-	45,000	-	-	-	0.00%	0.00%	
CABLE & ELECTRICAL GOODS										
PAK ELEKTRON LIMITED	-	348,000	-	270,000	78,000	2,977	3,130	0.03	0.02	0.0002
WAVES SINGER PAKISTAN LIMITED	-	383,000	-	215,000	168,000	4,471	4,736	0.04	0.03	0.0003
	-	731,000	-	485,000	246,000	7,448	7,866	7.00%		



PAK OMAN ISLAMIC ASSET ALLOCATION FUND

Name of Investee Company	Number of Shares				Rupees in '000			%		
	As at 01 July 2020	Purchases during the period	Bonus / Rights shares issued during the period	Sales during the period	As at 31 December 2020	Carrying value as at 31 December 2020	Market value as at 31 December 2020	Market Value as a percentage of total investments	Market Value as a percentage of net assets	Paid up capital of investee company
TECHNOLOGY AND COMMUNICATION										
PAKISTAN TELECOMMUNICATION COMPANY LTD.	-	207,000	-	207,000	-	-	-	0.00%	0.00%	0.000%
	-	207,000	-	207,000	-	-	-	0.00%	0.00%	
FERTILIZER										
ENGRO CORPORATION LIMITED	30,480	83,000	-	73,000	40,480	12,444	12,442	11.45%	6.81%	0.008%
ENGRO FERTILIZERS LIMITED	50,000	79,000	-	100,000	29,000	1,828	1,834	1.69%	1.00%	0.006%
FAUJI FERTILIZER COMPANY LIMITED	-	25,000	-	25,000	-	-	-	0.00%	0.00%	0.000%
	80,480	167,000	-	198,000	69,480	14,272	14,276	13.14%	7.81%	
PHARMACEUTICALS										
ABBOTT LABORATORIES (PAKISTAN) LIMITED	1,500	-	-	100	1,400	928	1,058	0.97%	0.58%	0.001%
HIGHNOON LABORATORIES LIMITED	1,815	-	-	-	1,815	910	1,089	1.00%	0.60%	0.001%
THE SEARLE COMPANY LIMITED	325	-	-	-	325	65	81	0.07%	0.04%	0.001%
GLAXOSMITHKLINE CONSUMER HEALTHCARE PAKISTAN LIMITED	2,100	-	-	2,100	-	-	-	0.00%	0.00%	0.000%
	5,740	-	-	2,200	3,540	1,903	2,228	2.04%	1.22%	
CHEMICALS										
ENGRO POLYMER & CHEMICALS LIMITED	-	600,500	-	378,000	222,500	10,716	10,571	9.73%	5.79%	0.024%
LOTTE CHEMICAL PAKISTAN LIMITED	-	335,000	-	335,000	-	-	-	0.00%	0.00%	0.000%
	-	935,500	-	713,000	222,500	10,716	10,571	9.73%	5.79%	
PAPER & BOARD										
CHERAT PACKAGING LIMITED	-	13,000	-	13,000	-	-	-	0.00%	0.00%	0.000%
	-	13,000	-	13,000	-	-	-	0.00%	0.00%	
FOODS AND PERSONAL CARE PRODUCTS										
FRIESLANDCAMPINA ENGRO PAKISTAN LIMITED	-	30,000	-	30,000	-	-	-	0.00%	0.00%	0.000%
TREET CORPORATION LIMITED	-	100,000	-	100,000	-	-	-	0.00%	0.00%	0.000%
	-	130,000	-	130,000	-	-	-	-	-	
Vanaspati & Allied Industries										
UNITY FOODS LIMITED	-	492,000	-	492,000	-	-	-	0.00%	0.00%	0.000%
	-	492,000	-	492,000	-	-	-	0.00%	0.00%	
MISCELLANEOUS										
SIDIQISONS TIN PLATE LIMITED	-	178,000	-	178,000	3,694	3,661	3,371	2.00%	2.09%	0.000%
	-	178,000	-	178,000	3,694	3,661	3,371	2.00%	2.09%	
Total as at 31 December 2020							90,011	90,863	83.64%	49,730
Total as at 30 June 2020							38,459	37,260		

5.1.1 Investments include shares with market value of Rs. 7.7989 million (30 June 2020: Rs. 11.0962 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trade in accordance with circular no. 11 dated 23 October 2007 issued by the Securities and Exchange Commission of Pakistan.

5.2 Sukuk Certificates

Name of the investee company	Number of certificates				Market value as at 31 December 2020	Investment as a percentage of		
	As at 01 July 2020	Purchased during the year	Sold / matured during the year	As at 31 December 2020		Net assets	Total investments	Issue size
Rs in '000'								
International Brands Limited	400	-	-	400	-	0.00%	0.00%	0.00%
Dawood Hercules Corporation Limited	250	-	-	250	17,768	9.73%	16.36%	0.42%
Total as at 31 December 2020					17,768			
Total as at 30 June 2020					48,724			

**5.3 GOP Ijara Sukuk**

Name of the investee company	Number of certificates				Market value as at 31 December 2020	Investment as a percentage of		
	As at 01 July 2020	Purchased during the year	Sold / matured during the year	As at 31 December 2020		Net assets	Total investments	Issue size
					Rs in '000'	-----%		
GOP Ijara Sukuk	750	-	750	-	-	0.00%	0.00%	0.00%
GOP Ijara Sukuk	-	500	500	-	-	0.00%	0.00%	0.00%
Total as at 31 December 2020					-			
Total as at 30 June 2020					72,750			

6. FINANCIAL RISK MANAGEMENT

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

6.1 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.

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

6.2 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.

6.3 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. 0.7561 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.

**6.4 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.

6.5 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 in '000 -----	
7 PAYABLE TO MANAGEMENT COMPANY			
Remuneration of the Management Company	7.1	242	308
Sindh sales tax payable on remuneration of the Management Company	7.2	31	40
Federal Excise Duty payable on remuneration of the Management Company	7.3	718	718
Reimbursement of operational expenses to the Management Company	7.4	15	453
Reimbursement of selling and marketing charges to the Management Company	7.5	59	964
Payable against Shariah advisory fee		965	113
		2,030	2,596

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. 0.718 million (30 June 2019: Rs. 0.718 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. 0.19 (30 June 2020: Rs. 0.15) 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 superseded 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.



PAK OMAN ISLAMIC ASSET ALLOCATION FUND

8	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	31 December	30 June
			2020	2020
			Un-audited	Audited
-----Rupees in '000-----				
	Auditors' remuneration payable		262	387
	Printing charges payable		131	-
	Withholding tax and capital gains tax payable		697	420
	Provision for Sindh Workers' Welfare Fund	8.1	1,962	1,695
	Transaction charges payable		1,061	-
	Settlement charges payable		257	-
	Fund Rating Fee payable		181	-
	Other Payable		6,286	1,285
			10,837	3,786

8.1 There is no change in the status of the SWWF as reported in note 11.1 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 5.31% (30 June 2020: 4.12%) which includes 0.55% (30 June 2020: 0.43%) 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 an equity 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	
		2020	2019
		Un-audited	Un-audited
-----Rupees in '000-----			
Pak Oman Asset Management Company Limited (Management Company)			
	Remuneration of the Management Company	1,964	2,093
	Sindh Sales tax on Remuneration of Management Company	255	272
	Reimbursement of operational expenses to the Management Company	98	105
	Selling and Marketing expense	393	419
Pak Qatar Investment Account			
	Issue of Nil units	-	66,679
	Redemption of Nil units	-	25,000



PAK OMAN ISLAMIC ASSET ALLOCATION FUND

	For the half year ended	
	2020	2019
	Un-audited	Un-audited
-----Rupees in '000-----		
	31 December	30 June
	2020	2020
	Un-audited	Audited
	-----Rupees in '000-----	

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

Askari Bank Limited		
Issue of Nil (2019: 992,180) units	-	42,738
MCB Financial Services Limited - Trustee of the Fund		
Remuneration of the Trustee	72	142
	31 December	30 June
	2020	2020
	Un-audited	Audited
	-----Rupees in '000-----	
Note		
	31 December	30 June
	2020	2020
	Un-audited	Audited
	-----Rupees in '000-----	
	242	308
	31	40
	718	718
	965	964
	15	113
	59	453
MCB Financial Services Limited- the Trustee		
Trustee fee payable	31	33
SST on Trustee fee payable	4	4
Pak Oman Investment Company Limited - holding company of the Management Company*		
Outstanding 928,857 (30 June 2020: 2,000,000) units - at net asset value	44,297	89,602
Askari Bank Limited*		
Outstanding 922,180 (30 June 2020: 992,180) units - at net asset value	47,317	44,450
Sui Southern Gas Non Executive Staff Gratuity Fund*		
Outstanding 656,188 (30 June 2020: 656,188) units - at net asset value	31,294	29,398
Sui Southern Gas Non Executive Staff Provident Fund*		
Outstanding 610,407 (30 June 2020: 610,407) units - at net asset value	29,110	27,347

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

13 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 market participants at the measurement date. 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.

Fair value of investments is determined as per the policy disclosed in note 3.2.8 to these financial statements.



International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets 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:

- Level 1: Quoted price (unadjusted) in an active market for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: 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); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The following table analysis within the fair value hierarchy the Fund's financial assets (by class) measured at fair value:

	-----Dec 2020-----			
	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----			
At fair value through profit or loss				
- upon initial recognition				
Sukuk certificates	-	17,768	-	17,768
- held for trading				
Shares of listed companies	90,863	-	-	90,863
	<u>90,863</u>	<u>17,768</u>	<u>-</u>	<u>108,631</u>
	-----June 2020-----			
	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----			
At fair value through profit or loss				
- upon initial recognition				
Sukuk certificates	-	48,724	-	48,724
- held for trading				
Shares of listed companies	37,260	-	-	37,260
	<u>37,260</u>	<u>48,724</u>	<u>-</u>	<u>85,984</u>

14 GENERAL

Figures have been rounded off to the nearest thousand rupees.

15 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

