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# JS Islamic Daily Dividend Fund

Quarterly Report for the period  
ended March 31, 2021



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## **VISION**

To be recognized as a responsible asset manager respected for continually realizing goals of its investors.

## **MISSION**

To build JS Investments into a top ranking Asset Management Company; founded on sound values; powered by refined knowhow; supported by a committed team operating within an accountable framework of social, ethical and corporate responsibility - a strong and reliable institution for its shareholders to own; an efficient service provider and value creator for clients; an exciting and fulfilling work place for employees; and a participant worth reckoning for competitors.

## **BROAD POLICY OBJECTIVES**

- Value creation for clients on a sustainable basis
- Maintain high standards of ethical behaviors and fiduciary responsibility
- Manage Investments with Prudence and with the aim of providing consistent returns better than that of peers
- Take Products and Services to the People, Create awareness on understanding financial goals, risks and rewards
- Professional Excellence – Adapt, Evolve and Continuously Improve
- Maintain highly effective controls through strong compliance and risk management
- A talented, diligent and diverse HR



## ORGANIZATION

### Management Company

JS Investments Limited  
19<sup>th</sup> Floor, The Centre, Plot # 28,  
SB-5 Abdullah Haroon Road, Saddar,  
Karachi-75600  
Tel: (92-21) 111-222-626 Fax: (92-21) 35165540  
E-mail: info@jsil.com  
Website: www.jsil.com

### Board of Directors

Mr. Suleman Lalani	Chairman
Ms. Iffat Zehra Mankani*	Chief Executive Officer
Mr. Hasan Shahid	Non-Executive Director
Mr. Tahir Ali Sheikh	Non-Executive Director
Mr. Asif Reza Sana	Independent Director
Ms. Aisha Fariel Salahuddin	Independent Director
Mr. Zahid Ullah Khan**	Non-Executive Director
Mr. Imran Haleem Shaikh	Non-Executive Director

### Audit Committee

Mr. Asif Reza Sana	Chairman
Ms. Aisha Fariel Salahuddin	Member
Mr. Hasan Shahid	Member

### Director Finance & Company Secretary

Mr. Muhammad Khawar Iqbal

### Chief Financial Officer

Mr. Zafar Iqbal Ahmed

### Trustee

Digital Custodian Company  
Formerly; MCB Financial Services Ltd.  
4<sup>th</sup> Floor, Perdesi House  
2/1, R-Y-16, Old Queens Road,  
Karachi - 75530

### Auditors

EY Ford Rhodes  
Chartered Accountants

### Legal Adviser

Bawaney & Partners

### Shariah Advisors

AI – Hilal Shariah Advisors (Pvt) Limited

\* Ms. Iffat Zehra Mankani has been appointed as Chief Executive Officer of JS Investments Limited w.e.f April 15, 2021 in place of Mr. Hasnain Raza Nensay.

\*\* Mr. Zahid Ullah Khan has been appointed as Director on the Board of JS Investments Limited w.e.f March 18, 2021 in place of Mr. Kamran Jafar.

# JS Islamic Daily Dividend Fund

## DIRECTORS' REPORT TO THE UNIT HOLDERS

The Board of Directors of JS Investments Limited has pleasure in presenting to you the un-audited Financial Statements of **JS Islamic Daily Dividend Fund** (the Fund) for the period ended from September 3, 2020 to March 31, 2021.

### Economic review

Since July 2020, Pakistan witnessed two Corona virus waves and is currently undergoing the third wave, the severity of which has heightened the risk of city wide lockdowns and economic activity slowdown. In an effort to overcome the Corona virus situation, the government has initiated a vaccine drive targeting 50+ population and is expected to expand the drive to the lower age groups in the coming months. Therefore, this could be the last major Corona virus wave and the return to normalcy seems closer than ever.

Similarly, the IMF program has also resumed after a year long suspension with another disbursement of USD 500 million. The performance targets remain largely unchanged and the government is expected to achieve the set targets barring any political distraction and escalation of the Corona virus situation.

The Current Account improved considerably during the nine months of the fiscal year 2021. The country reported a surplus of USD 748 million in the period under review compared to USD 2,911 million deficit in the same period last year. The improvement was on account of 24% growth in remittances that outweighed the 22% rise in the trade deficit. As a result, foreign reserves continued to strengthen and PKR/USD parity also improved with the PKR trading at 153 to the dollar in March 2021.

Lastly, CPI inflation eased off from 9.3% in July 2020 to 5.7% in January 2021. However, the inflation has increased to 9% levels from February onwards due to the low base effect. The State Bank of Pakistan continues to maintain a dovish policy stance with a higher focus towards economic recovery stimulation.

### Income & Money Market Review:

During the fiscal year to date, the State Bank of Pakistan kept the Policy Rate unchanged at 7%. The Islamic money market witnessed the issuance of Government of Pakistan Ijara Sukuk in the second quarter of the fiscal year 2021. During the period under review, the State Bank of Pakistan accepted bids of PKR 335 billion in Variable Rental Rate (VRR) Ijara Sukuk as preference for floating rate Sukuk remained prevalent among investors. Furthermore, bids of PKR 33 billion were received for the 5 year Fixed Rental Rate (FRR) Ijara Sukuk, out of which only bids worth of PKR 14 billion were accepted.

### Review of Fund Performance

The Fund return was 6.32% for the period ended from September 3, 2020 to March 31, 2021 against the benchmark return of 3.51%. Net Assets moved from PKR "NIL" (June 30, 2020) to PKR 1.18 billion as at March 31, 2021. The total expense ratio (TER) of the Fund is 0.41% which includes 0.11% representing government levies on the Fund.



## JS Islamic Daily Dividend Fund

### Fund and Asset Manager Rating

The Pakistan Credit Rating Agency (PACRA) reaffirmed the stability rating of "AA(f)" (Double A – Fund Rating) to the Fund. The fund's rating denotes a strong capacity to maintain high degree of stability in returns and possesses low exposure to risks.

The Pakistan Credit Rating Agency Limited has assigned JS Investments' Management Quality Rating of AM2 (AM-Two) with a stable outlook. The rating denotes High Management Quality.

### Acknowledgment

The directors express their gratitude to the Securities and Exchange Commission of Pakistan and MCB Financial Services Limited (MCBFSL) for their valuable support, assistance and guidance. The Board also thanks the employees of the Management Company for their dedication and hard work and the unit holders for their confidence in the Management.

Karachi: April 23, 2021

Director

Chief Executive Officer

# JS Islamic Daily Dividend Fund

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

AS AT MARCH 31, 2021

	Note	(Un-audited) March 31, 2021 (Rupees)
<b>ASSETS</b>		
Bank balances	7	888,498,355
Investments	8	280,765,039
Profit receivable	9	13,349,354
Security deposit	10	100,000
Preliminary expenses and floatation costs	11	782,918
<b>TOTAL ASSETS</b>		<b>1,183,495,666</b>
<b>LIABILITIES</b>		
Payable to JS Investment Limited - Management Company	12	124,886
Payable to MCB Financial Services Limited - Trustee	13	80,116
Annual fee payable to the Securities and Exchange Commission of Pakistan (SECP)	14	146,406
Accrued expenses and other payables	15	1,307,778
<b>TOTAL LIABILITIES</b>		<b>1,659,186</b>
<b>NET ASSETS</b>		<b>1,181,836,480</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>1,181,836,480</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	17	
		(Number of units)
<b>NUMBER OF UNITS IN ISSUE</b>		<b>11,818,365</b>
		---- (Rupees) ----
<b>NET ASSETS VALUE PER UNIT</b>		<b>100.00</b>

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.

**For JS Investments Limited**  
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

## CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)

FOR THE PERIOD FROM SEPTEMBER 03, 2020 TO MARCH 31, 2021 AND QUARTER ENDED March 31, 2021

	Note	For the period from September 03, 2020 to March 31, 2021	Quarter ended March 31, 2021
<b>INCOME</b>			
Profit on:			
Bank balances		39,852,048	20,608,215
Islamic Commercial Paper		7,094,892	4,152,325
Sukuks		1,123,064	886,648
<b>TOTAL INCOME</b>		<b>48,070,004</b>	<b>25,647,188</b>
<b>EXPENSES</b>			
Remuneration of the Management Company		577,065	377,086
Sindh sales tax on management remuneration		75,018	49,021
Allocated expenses by the Management Company		26,400	-
Remuneration of the Trustee		469,751	245,106
Sindh sales tax on Trustee remuneration		61,067	31,863
Annual fee to SECP		146,406	76,035
Auditors' remuneration		229,689	137,030
Shariah advisory fee		256,110	143,760
Mutual fund rating fee		115,080	49,320
Other expenses		117,685	45,907
Provision for Sindh Workers' Welfare Fund (SWWF)	15.1	919,915	489,842
<b>TOTAL EXPENSES</b>		<b>2,994,186</b>	<b>1,644,970</b>
<b>Net income for the period before taxation</b>		<b>45,075,818</b>	<b>24,002,218</b>
Taxation	18	-	-
<b>Net income for the period after taxation</b>		<b>45,075,818</b>	<b>24,002,218</b>
Allocation of net income for the period:			
Net income for the period		45,075,818	24,002,218
Income already paid on units redeemed		-	-
		<b>45,075,818</b>	<b>24,002,218</b>
Accounting income available for distribution:			
- Relating to capital gains		-	-
- Excluding capital gains		45,075,818	24,002,218
		<b>45,075,818</b>	<b>24,002,218</b>

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.

**For JS Investments Limited**  
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director



# JS Islamic Daily Dividend Fund

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)- FOR THE PERIOD FROM SEPTEMBER 03, 2020 TO MARCH 31, 2021 AND QUARTER ENDED March 31, 2021

	For the period from September 03, 2020 to March 31, 2021	Quarter ended March 31, 2021
Net income for the period after taxation	45,075,818	24,002,218
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>45,075,818</u>	<u>24,002,218</u>

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.

For JS Investments Limited  
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE PERIOD FROM SEPTEMBER 3, 2020 TO MARCH 31, 2021

For the Period  
from September  
3, 2020 to March  
31, 2020

### CASH FLOWS FROM OPERATING ACTIVITIES

Net income for the period after taxation **45,075,818**

#### Adjustments for:

Provision for Sindh Workers' Welfare Fund (SWWF)	919,915
Amortisation of Preliminary expenses and floatation costs	<u>83,657</u>
	<b>46,079,390</b>

#### (Increase) / Decrease in assets

Investments	<u>(280,765,039)</u>
Profit receivable	<u>(13,349,354)</u>
Security deposit	<u>(100,000)</u>
Preliminary expenses and floatation costs	<u>(866,575)</u>
	<b>(295,080,968)</b>

#### Increase / (Decrease) in liabilities

Payable to JS Investment Limited - Management Company	<u>124,886</u>
Payable to MCB Financial Services Limited - Trustee	<u>80,116</u>
Annual fee payable to the Securities and Exchange Commission of Pakistan	<u>146,406</u>
Accrued expenses and other payables	<u>387,863</u>
	<b>739,271</b>

Net cash used in operating activities **(248,262,307)**

### CASH FLOWS FROM FINANCING ACTIVITIES

Net receipt from issuance of units	<u>2,053,488,718</u>
Net payment against redemption of units	<u>(871,652,237)</u>
Cash distribution	<u>(45,075,818)</u>
Net cashflow generated from financing activities	<b>1,136,760,663</b>

Net increase in cash and cash equivalents **888,498,355**

Cash and cash equivalents at the beginning of the period -

Cash and cash equivalents at the end of the period **888,498,355**

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.

**For JS Investments Limited**  
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

# JS Islamic Daily Dividend Fund

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE PERIOD FROM SEPTEMBER 3, 2020 TO MARCH 31, 2021

For the period from September 03, 2020 to March 31, 2021		
Capital Value	Undistributed income	Total
(Rupees)		
Net assets at beginning of the period	-	-
Amount received on Issue of 20,534,887 units	2,053,488,718	2,053,488,718
Element of income during the period;	-	-
- Relating to net income for the period after taxation	-	-
	2,053,488,718	2,053,488,718
Amount paid on redemption of 8,716,522 units	(871,652,237)	(871,652,237)
Element of income during the period;	-	-
- Relating to net income for the period after taxation	-	-
	(871,652,237)	(871,652,237)
Total comprehensive income for the period	-	45,075,818
Distribution during the period	-	(45,075,818)
Total comprehensive income for the period	-	-
<b>Net assets at end of the period</b>	<b>1,181,836,480</b>	<b>1,181,836,480</b>
Undistributed (loss) / income brought forward	-	-
- Realised income	-	-
- Unrealised loss	-	-
Accounting income available for distribution	-	-
- Relating to capital gains	45,075,818	45,075,818
- Excluding capital gains	45,075,818	45,075,818
Distribution during the period	(45,075,818)	-
Undistributed income carried forward	-	-
Undistributed income carried forward	-	-
- Realised income	-	-
- Unrealised income	-	-
	-	-
		(Rupees)
Net assets value per unit at beginning of the period		100.00
Net assets value per unit at end of the period		100.00

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.

**For JS Investments Limited**  
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE PERIOD FROM SEPTEMBER 03, 2020 TO MARCH 31, 2021.

### 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 JS Islamic Daily Dividend Fund was established under the Trust Deed executed between JS Investments Limited (the Management Company - a subsidiary company of JS Bank Limited), as the Management Company, and MCB Financial Services Limited as the Trustee. The Trust Deed was executed on June 03, 2020 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on June 25, 2020 in accordance with the requirements of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). The Fund commenced its operations from September 03, 2020.
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through certificate of registration issued by SECP. The registered office of the Management Company is situated at 19th Floor, The Centre, Abdullah Haroon Road Saddar, Karachi, Pakistan.
- 1.3 The Fund is an open ended mutual fund categorized as "Shari'ah Compliant Money Market Scheme" pursuant to the Circular 7, 2009 and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at par value of Rs. 100 per unit. Thereafter, the units were being offered for public subscription on a continuous basis from September 3, 2020 and are transferable and redeemable by surrendering them to the Fund.
- 1.4 The investment objective of the fund is to meet liquidity needs of the investors by providing daily dividend through investment in Shari'ah Compliant money market schemes.
- 1.5 Pakistan Credit Rating Agency Company has given fund stability rating AA(f) (Double A – Fund Rating) to the Fund dated November 17, 2020.
- 1.6 Title to the assets of the Fund are held in the name of MCB Financial Services Limited as a Trustee of the Fund.
- 1.7 As per the Offering Document approved by the SECP, the accounting period, in case of the first such period, shall commence from the date on which the trust property is first paid or transferred to the Trustee. Accordingly, these financial statements have been prepared from September 03, 2020 to March 31, 2021 (former being the date from which the proceeds from the issue of units were received) and therefore, there is no comparative information disclosed in these condensed interim financial statements.

### 2. STATEMENT OF COMPLIANCE

- 2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. Such standards comprise 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.

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.

# JS Islamic Daily Dividend Fund

- 2.2** In compliance with schedule V of the NBFC Regulations 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 March 31, 2021.

## **3. BASIS OF PREPARATION**

- 3.1** These condensed interim financial statements have been prepared under the historical cost convention except for investments which are accounted for as stated in note 4.1.
- 3.2** These condensed interim financial statements are presented in Pakistani Rupee which is the Fund's functional and presentation currency.

## **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted in the preparation of these condensed interim financial statements are set out below:

### **4.1 Financial assets**

#### **4.1.1 Classification**

##### **Debt instruments**

A debt instrument is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at fair value through other comprehensive income only if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument held for trading purposes is classified as measured at FVTPL.

In addition, on initial recognition, the Fund may irrevocably designate a debt instrument that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

##### **Business model assessment**

The Fund determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Fund's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:



## JS Islamic Daily Dividend Fund

- The objectives for the portfolio, in particular, whether management's strategy focuses on earning contractual revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Fund's original expectations, the Fund does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

### **Assessments whether contractual cash flows are solely payments of principal and interest (SPPI)**

As a second step of its classification process the Fund assesses the contractual terms of financial to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium / discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Fund applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

### **Initial Measurement**

Investments are initially measured at their fair value except in the case of financial assets recorded at FVTPL, transaction costs are added to, or subtracted from, this amount.

### **Subsequent Measurement**

#### **Debt instruments at fair value through profit or loss**

After initial measurement, such debt instruments are subsequently measured at FVTPL.

## **Impairment of financial assets**

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

However, SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 have deferred the applicability of above impairment requirements in relation to debt securities for mutual funds and accordingly, basis defined in Circular No. 33 of 2012 dated, October 24, 2012 will be followed.

## **4.2 Derecognition**

The Fund derecognises a financial asset when the contractual right to the cash flows from the financial asset expires or it transfers the right to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

## **4.3 Offsetting of financial assets and liabilities**

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

## **4.4 Financial instruments**

All the financial assets and financial liabilities are recognized at the time when the Fund becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual rights to receive cash flows related to the asset expire. Financial liabilities are derecognized when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to the income statement in the period in which it arises.

## **4.5 Preliminary expenses and floatation costs**

The Fund has recorded all expenses incurred in connection with the incorporation, registration, establishment and authorization of the Fund as preliminary expenses and floatation costs which are to be amortized by the Fund over a period of five years commencing from September 03, 2020 in accordance with the Trust Deed and the NBFC Regulations.

## **4.6 Issue and redemption of units**

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that day. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable. The sales load is payable to the investment facilitators, distributors and the Management Company. Transaction costs are recorded as the income of the Fund.

Units redeemed are recorded at the redemption price, applicable on units for which the distributors receive redemption applications during business hours on that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.



### 4.7 Net asset value per unit

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

### 4.8 Accrued expenses and other liabilities

Accrued expenses and other liabilities are recognised initially at fair value and subsequently stated at amortized cost.

### 4.9 Provisions

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

### 4.10 Other assets

Other assets are stated at cost less impairment losses, if any.

### 4.11 Net assets per unit

The net asset value (NAV) per unit, as disclosed on the Statement of Assets and Liabilities, is calculated by dividing the net assets of the Fund by the number of units in circulation at the reporting date.

### 4.12 Unit holders' fund

Unit holders' fund representing the units issued by the Fund, is carried at the net asset value representing the investors' right to a residual interest in the Fund assets.

### 4.13 Revenue

- Gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.
- Mark-up on government securities is recognized using effective interest rate method.
- Income on debt securities (including government securities) is recognized using effective interest rate method.
- Unrealized gains / (losses) arising on remeasurement of investments classified as 'at fair value through profit or loss' and derivatives are included in the Income Statement in the period in which they arise.
- Profit on bank deposits and term deposit receipts is recognized on an accrual basis.

### 4.14 Expenses

The expenses including Management fee are recognized in the Income Statement on accrual basis.

### 4.15 Cash and cash equivalents

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



## 5. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these condensed interim financial statements requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

Judgments made by management in the application of accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment are explained in note 4.1.

## 6. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENT AND CHANGES THEREIN

**6.1** The preparation of these condensed interim financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

### **6.2 The Fund has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current period.**

#### **Standard or Interpretation**

IFRS 3 - Definition of a Business (Amendments);

IFRS 9 / IAS 39 / IFRS 7 - Interest Rate Benchmark Reform (Amendments);

IFRS 14 - Regulatory Deferral Accounts;

#### **Standard or Interpretation**

IAS 1 / IAS 8 - Definition of Material (Amendments);

The Conceptual Framework for Financial Reporting - revised

#### **Improvements to Accounting Standards Issued by the IASB (2018 - 2020 cycle)**

IFRS 3 Business Combinations - Previously held Interests in a joint operation

IFRS 11 Joint Arrangements - Previously held Interests in a joint operation

IAS 12 Income Taxes - Income tax consequences of payments on financial instruments classified as equity

IAS 23 Borrowing Costs - Borrowing costs eligible for capitalization

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the Fund's condensed interim financial statements.

## 6.3 New accounting standards / amendments and IFRS interpretations that are not yet effective

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

Standard or Interpretation	Effective date (annual periods beginning on or after)
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	01 January 2023
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	01 January 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	01 January 2022
Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39,	01 January 2021
Reference to the Conceptual Framework – Amendments to IFRS 3	01 January 2022
AIP IFRS 9 Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities	01 January 2022
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Not yet finalized

The above amendments are not likely to have a material impact on the Fund's financial statements.

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 1 – First time adoption of IFRSs	01 January 2009
IFRS 17 – Insurance Contracts	01 January 2023

## 7. BANK BALANCES

	Note	March 31, 2021 (Rupees)
In Saving account	7.1	<u>888,498,355</u>

**7.1** This carries mark-up at the rate of 7% per annum and maintained with Dubai Islamic Bank.

## 8. INVESTMENTS

### Investments by Category

#### At fair value through profit or loss

Debt securities - quoted	8.1	45,000,000
Letter of placement	8.2	<u>235,765,039</u>
		<u>280,765,039</u>

# JS Islamic Daily Dividend Fund

## 8.1 Debt securities - Sukuks - 'At fair value through profit or loss' (face value of Rs. 5,000 each unless otherwise stated)

Particulars	Note	As at July 01, 2020	Purchased during the period	Sold during the period	As at March 31, 2021	Carrying value as at March 31, 2021	Market value as at March 31, 2021	Unrealised gain / (loss)	Market value as a percentage of total investments	Market value as a percentage of net assets
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(Number of certificates) (Rupees)

### Unquoted

#### Refinery

Kot Addu Power Company Limited Sukuk (08-12-2020)	8.1.1	-	450	-	450	45,000,000	45,000,000	-	16%	4%
						<u>45,000,000</u>	<u>45,000,000</u>	<u>-</u>		
Cost of Investment as at March 31, 2021						<u>45,000,000</u>				

Name of security	Number of certificates	Interest rate per annum	Maturity
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Kot Addu Power Company Limited Sukuk (08-12-2020)	450	6M KIBOR + 1.00%	June 8, 2021
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8.1.1 This is measured at its initial price as the market value is not available.

8.2 This represents the amount invested in K-Electric Limited (KEL) - ISLAMIC COMMERCIAL PAPER (ICP-13 & ICP-14) amounting to Rs. 187.663 and 48.102 million respectively for 06 months. These instruments carries rate of 7.84% and 7.99 % respectively upon maturity.

	Note	March 31, 2021 (Rupees)
<b>9. PROFIT RECEIVABLE</b>		
Saving account	9.1	6,017,960
Islamic Commercial Paper		7,094,892
Sukuk		<u>236,502</u>
		<u>13,349,354</u>

9.1 This represents profit receivable on balance maintained with Dubai Islamic bank.

## 10. SECURITY DEPOSIT

Deposit with Central Depository Company (CDC)	<u>100,000</u>
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## 11. PRELIMINARY EXPENSES AND FLOATATION COSTS

Preliminary expenses and floatation costs	11.1	866,575
Amortization during the period		<u>(83,657)</u>
		<u>782,918</u>

11.1 The Fund has recorded all expenses incurred in connection with the incorporation, registration, establishment and authorization of the Fund as preliminary expenses and floatation costs which are to be amortized by the Fund over a period of five years commencing from September 3, 2020 in accordance with the Trust Deed and the NBFC Regulations.

## 12. PAYABLE TO JS INVESTMENT LIMITED - MANAGEMENT COMPANY

Remuneration payable	12.1	110,519
Sales tax on remuneration payable	12.2	<u>14,367</u>
		<u>124,886</u>

12.1 The Management Company is entitled to remuneration for services rendered to the Fund at the maximum rate of 1% of average daily net assets. The Management Company has charged 0.1% during the current period.

12.2 Sales tax at the rate of 13% on gross value of management fee is applied under the provisions of Sindh Sales Tax on Services Act, 2011.

	Note	March 31, 2021 (Rupees)
<b>13. PAYABLE TO MCB FINANCIAL SERVICES LIMITED - TRUSTEE</b>		
Remuneration payable	13.1	70,900
Sales tax on remuneration payable	13.2	9,216
		<b>80,116</b>

- 13.1** The Trustee is entitled to a remuneration for services rendered to the Fund under the provisions of the Trust Deed and Offering Document as per the tariff specified therein, based on the daily net asset value of the Fund. The remuneration is paid monthly in arrears.

As per the Trust Deed and Offering Document, the tariff structure applicable to the Fund in respect of the trustee fee for the period ended March 31, 2021 is 0.065% of the average daily net assets.

- 13.2** Sales tax at the rate of 13% on the remuneration of the Trustee is applied under the provisions of Sindh Sales Tax on Services Act, 2011.

## **14. ANNUAL FEE PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)**

SECP, vide SRO no. 685(I)/2019 dated June 2019, the rate of annual fee at 0.02% of net assets on all categories of collective investment schemes.

	Note	March 31, 2021 (Rupees)
<b>15. ACCRUED EXPENSES AND OTHER LIABILITIES</b>		
Auditors' remuneration		94,689
Provision for Sindh Workers' Welfare Fund (SWWF)	15.1	919,915
Withholding tax deducted at source payable		112,877
Shariah advisory fee		46,551
Rating fee		115,080
Listing fee		18,666
		<b>1,307,778</b>

- 15.1** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act (SWWF Act), 2014 had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs.0.5 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies (including the Management Company of the Fund) whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF which is currently pending. However, as a matter of abundant caution, MUFAP has recommended to all its members to record a provision for SWWF from the date of enactment of SWWF Act, 2014 (i.e. starting from May 21, 2015).

The provision for SWWF is being made on a daily basis. Had the provision for SWWF not been recorded in these condensed interim financial statements of the Fund, the net assets value of the Fund and its subsequent distribution as at March 31, 2021 would have been higher by Re.0.08 per unit.

# JS Islamic Daily Dividend Fund

## 16. TOTAL EXPENSE RATIO

Total Expense Ratio of the Fund is 0.41% as on March 31, 2021 and this includes 0.11% representing Government Levy, Sindh Worker's Welfare Fund and SECP Fee. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulation 60(5) for a collective investment scheme categorized as Shariah Compliant Money Market Scheme.

## 17. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at March 31, 2021.

## 18. TAXATION

The Fund's income is exempt from Income Tax as per Clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the period as reduced by capital gains whether realized or unrealized is distributed amongst the unit holders. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. Since the management has distributed the income earned by the Fund during the period to the unit holders in the manner as explained above, accordingly, no provision for taxation has been made in these condensed interim financial statements.

## 19. INTERIM DISTRIBUTION

The Fund makes distribution on daily basis as per clause 16.2 of Trust Deed and 5.1 of the Offering Document. During the period, the Management Company on behalf of the Fund, have distributed all net profit amounting to Rs. 45.075 million as dividend and that dividend has been re-invested after deducting applicable taxes in the form acceptable by SECP that may qualify under tax laws. The SECP has approved the above arrangement vide letter No. SCD/AMCW/MCBAHSIL/ADDF/297/2018 dated March 13, 2018.

## 20. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Connected persons / related parties include JS Investments Limited (JSIL) being the Management Company of the Fund, MCB Financial Services Limited (MCBFSL) being the Trustee of the Fund, JS Bank Limited (JSBL-which is the holding company of the Management Company - holding 84.56% shares of JS Investments Ltd) being the Holding Company of JSIL, Jahangir Siddiqui and Company Limited (JSCL which is holding 75.02% shares of JS Bank Ltd) being the Holding Company of JSBL, JS Global Capital Limited (JSGCL which is a fellow subsidiary of JSBL - 83.53% shares held by JS Bank Ltd) being the fellow subsidiary of JSBL, and other associated companies of JSBL, JSIL its subsidiaries and Funds under its management, Key Management Personnel of the above entities and other funds being managed by JSIL and includes entities holding 10% or more in the units of the Fund as at March 31, 2021. It also includes staff retirement benefit funds of the above related parties / connected persons.

### 20.1 Transactions during the period

**For the period  
from September  
03, 2020 to March  
31, 2021  
(Un-audited)  
Rupees**

	Note	
<b>JS Investments Limited - Management Company</b>		
Remuneration to the Management Company	20.2	577,065
Sindh sales tax on remuneration of the Management Company		75,018
Issue of units: 600,000 units		60,000,000
Reinvest in lieu of Dividend paid : 12,160 units		1,216,060
Redemption of units: 612,160 units		61,216,060
Units refunded as Capital : NIL		-
Sales load		-
Shariah advisory fees		256,110
Allocation of expenses payable to the Management Company		26,400
Expense Incurred		-
<b>MCB Financial Services Limited - Trustee</b>		
Remuneration of the Trustee		469,751
Sindh sales tax on Trustee remuneration		61,067



## JS Islamic Daily Dividend Fund

		For the period from September 03, 2020 to March 31, 2021 (Un-audited) Rupees
Note		
<b>JS Islamic Hybrid Fund of Funds - 2 (JSICPAP-5) (Fund Under JSIL Management)</b>		
	Issue of units: 250,000 units	25,000,000
	Reinvest in lieu of Dividend paid : 1,137 units	113,660
	Redemption of units: 251,137	25,113,600
<b>JS Islamic Hybrid Fund of Funds - 3 (JSICPAP-6) (Fund Under JSIL Management)</b>		
	Issue of units: 250,000 units	25,000,000
	Reinvest in lieu of Dividend paid : 1,137 units	113,660
	Redemption of units: 251,137 units	25,113,660
<b>JS Islamic Hybrid Fund of Funds - 3 (JSICPAP-7) (Fund Under JSIL Management)</b>		
	Issue of units: 200,000 units	20,000,000
	Reinvest in lieu of Dividend paid : 909 units	90,928
	Redemption of units: 200,909 units	20,090,928
<b>JS Islamic Hybrid Fund of Funds (JSICPAP-8) (Fund Under JSIL Management)</b>		
	Issue of units: 200,000 units	20,000,000
	Reinvest in lieu of Dividend paid : 909 units	90,928
	Redemption of units: 200,909 units	20,090,928
<b>20.2</b>	Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of NBFC Regulations. and the Trust Deed respectively.	
<b>20.3</b>	Purchase and redemption of the Fund's units by related parties / connected persons are recorded at the applicable net asset value per unit. Other transactions are at agreed rates.	
<b>20.4</b>	<b>Balances outstanding at period end</b>	<b>March 31, 2021 (Un-audited) Rupees</b>
<b>JS Investments Limited - Management Company</b>		
	Remuneration payable to management company	110,519
	Sindh sales tax payable on remuneration of the Management Company	14,367
	Shariah fees payable	49,617
<b>MCB Financial Services Limited - Trustee</b>		
	Remuneration of the Trustee	70,900
	Sindh sales tax on Trustee remuneration	9,216

## 21. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as 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 (i.e. an exit price).

# JS Islamic Daily Dividend Fund

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value.

The following table shows financial instruments recognized at fair value, analyzed between those whose fair value is

**Level 1:** Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** 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 3:** Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at March 31, 2021, the Fund held the following instruments measured at fair values:

## March 31, 2021 (Un-audited)

	Fair value			Total
	Level 1	Level 2	Level 3	
	(Rupees)			
<b>at fair value</b>				-
- Debt securities	-	45,000,000	-	45,000,000
	-	45,000,000	-	45,000,000

## 22. GENERAL

**22.1** Figures have been rounded off to the nearest Rupee.

**22.2** Corresponding figures have been rearranged, wherever necessary.

**22.3** The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also impacted the economy. On March 24, 2020, the Government announced a temporary lock down as a measure to reduce the spread of the COVID-19. The Fund's operations were not affected as it were operated under all necessary Standard Operating Procedures (SOPs) issued by the Government to ensure safety of employees and smooth and adequate continuation of its business. Due to this, management has assessed the accounting implications of these developments on these financial statements, however, according to management's assessment, there is no significant accounting impact of the effects of COVID-19 on these financial statements.

**22.4** During the current period, The Trust Act, 1882 has been repealed due to promulgation of provincial trust acts as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Various new requirements including registration and annual renewal requirements under the relevant trust act have been introduced. The Management Company in consultation with the MUPAF and the Trustee is currently deliberating upon the requirements of the newly enacted provincial trust act and their implication on the fund.

## 23. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue by Board of Directors of the Management Company of the Fund on April 23, 2021.

**For JS Investments Limited**  
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

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**JS Investments Limited**

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