

**AWT Islamic Income Fund**  
**Financial statements**  
**For the year ended June, 30 2024**

## INDEPENDENT AUDITOR'S REPORT

### To the Unit Holders of AWT Islamic Income Fund

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of **AWT Islamic Income Fund** (the Fund), which comprise the statement of assets and liabilities as at June 30, 2024, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and the Cash flow statement for the year ended from and notes to the financial statements, including a material accounting policy information and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2024, and of its financial performance and its cash flows for the period from year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

Key audit matter	How the matter was addressed in our audit
<b>Existence and valuation of Investments (Refer notes 4.2 and 6 to the financial statements)</b>	
As disclosed in note 6 to the financial statements, investments held by the Fund amounted to Rs.16,929.146 million as at June 30, 2024.	In this respect, we performed the following procedures:
The total investment amount is the significant account balance on the statement of assets and	(1) Reviewed the processes and key controls relating to existence and



Key audit matter	How the matter was addressed in our audit
<p>liabilities. This is a main driver of the Fund's performance and thus risk exists on this balance. The Fund invests primarily in debt securities I.e. Government of Pakistan Ijarah Sukuks, Privately Placed Sukuks (including unlisted Short term and listed sukuks), Certificate of Musharaka and Baimuajjals, and there is a risk that these investments are incorrectly valued.</p> <p>In addition, there is a risk that the Fund may have included investments in its financial statements which are not in the ownership of the Fund and thereby increasing the uncertainty in respect of existence of investments recorded as at year end.</p> <p>In view of the above, we have considered the valuation and existence of Investments as a Key Audit Matter.</p>	<p>valuation and evaluated the design and implementation of such controls;</p> <p>(2) Independently verified existence of investments from the investor Portfolio Services (IPS) and CDC account statement.</p> <p>(3) Tested valuation of investments held as at June 30, 2024 by verifying the average rates quoted on a widely used electronic quotation system (PKISRV) rates, prices quoted at Mutual Fund Association of Pakistan (MUFAP) and Pakistan Stock Exchange (PSX) and other applicable valuation methods.</p> <p>(4) We have also evaluated the adequacy of disclosures as per applicable financial reporting framework.</p>

### Information Other than the Financial Statements and Auditor's Report Thereon

Management company is responsible for the other information. The other information comprises the information included in the annual report in respect of the Fund, but does not include the financial statements and our auditor's report thereon and the information related to any other fund.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

### Responsibilities of Management company and Board of Directors of the Management Company for the Financial Statements

Management Company is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as management company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management company is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of Directors of the Management Company is responsible for overseeing the Fund's financial reporting process.





**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management Company.
- Conclude on the appropriateness of Management Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors of the Management Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the Board of Directors of the Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.





**YOUSUF ADIL**

**Yousuf Adil**  
Chartered Accountants

**Report on Other Legal and Regulatory Requirements**

In our opinion, the accompanying financial statements have been prepared, in all material respects, in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is Syed Asmatullah

**Chartered Accountants**

**Place:** Islamabad

**Date:** September 30, 2024

**UDIN:** AR202410414x9mI450va

**AWT ISLAMIC INCOME FUND**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**AS AT JUNE 30, 2024**

	Note	2024 ----- (Rupees in '000) -----	2023 -----
<b>ASSETS</b>			
Bank balances	5	6,947,381	895,413
Investments - net	6	16,929,146	881,196
Profit accrued	7	664,404	40,185
Advance deposits and prepayments	8	3,408	618
<b>Total assets</b>		<b>24,544,339</b>	<b>1,817,412</b>
<b>LIABILITIES</b>			
Payable to AWT Investments Limited - Management Company	9	12,523	2,024
Payable to Central Depository Company of Pakistan Limited - Trustee	10	1,652	170
Payable to the Securities and Exchange Commission of Pakistan	11	1,468	119
Accrued expenses and other liabilities	12	3,301	6,423
Payable against redemption/conversion of units	12.1	11,412	15,026
<b>Total liabilities</b>		<b>30,356</b>	<b>23,762</b>
<b>NET ASSETS</b>		<b><u>24,513,983</u></b>	<b><u>1,793,650</u></b>
<b>Unit holders' fund (as per statement attached)</b>		<b><u>24,513,983</u></b>	<b><u>1,793,650</u></b>
<b>Contingencies and commitments</b>	13		
		----- (Number of units) -----	
<b>Number of units in issue</b>	14	<b><u>232,326,555</u></b>	<b><u>17,064,781</u></b>
		----- (Rupees) -----	
<b>Net asset value per unit</b>		<b><u>105.5152</u></b>	<b><u>105.1083</u></b>

The annexed notes from 1 to 25 form an integral part of these financial statements

**For AWT Investment Limited**  
**(Management Company)**

  
Chief Financial Officer

  
Chief Executive Officer

  
Director

**AWT ISLAMIC INCOME FUND**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2024**

		2024	2023
	Note	(Rupees in '000)	
<b>INCOME</b>			
Return on:			
- Bank balances		674,059	53,298
- Certificate of musharaka		241,964	14,293
- Sukuk certificates		775,818	29,708
- Baimuajjal		391,600	10,784
Realised gain on sale of investments - net		3,493	438
Unrealised gain on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net		14,363	107
Other income		1,886	328
<b>Total income</b>		<b>2,103,183</b>	<b>108,956</b>
<b>EXPENSES</b>			
Remuneration of AWT Investments Limited - Management Company	9.1	50,559	3,740
Sindh Sales Tax on remuneration of the Management Company	9.2	6,573	486
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10.1	7,451	449
Sindh Sales Tax on remuneration of the Trustee	10.2	968	58
Annual fee to the Securities and Exchange Commission of Pakistan	11	7,458	119
Settlement and brokerage charges		1,275	199
Auditor's remuneration	15	345	341
Fees & subscription		408	330
Printing and Stationary		29	5
Shariah advisory fee		461	247
Other expenses		2,607	126
<b>Total expenses</b>		<b>78,134</b>	<b>6,100</b>
<b>Net operating income for the year</b>		<b>2,025,049</b>	<b>102,856</b>
<b>Net income for the year before taxation</b>		<b>2,025,049</b>	<b>102,856</b>
Taxation	16	-	-
<b>Net income for the year after taxation</b>		<b>2,025,049</b>	<b>102,856</b>
<b>Allocation of net income for the year</b>			
Net income for the year after taxation		2,025,049	102,856
Income already paid on units redeemed		(146,810)	(28,575)
		<b>1,878,239</b>	<b>74,281</b>
<b>Accounting income available for distribution:</b>			
- Relating to capital gains		13,491	326
- Excluding capital gains		1,864,748	73,954
		<b>1,878,239</b>	<b>74,281</b>
<b>Earnings per unit</b>	17		

The annexed notes from 1 to 25 form an integral part of these financial statements

For AWT Investment Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

AWT ISLAMIC INCOME FUND  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023
	----- (Rupees in ('000)) -----	
Net income for the year after taxation	2,025,049	102,856
Other comprehensive income	-	-
Total comprehensive income for the year	<u>2,025,049</u>	<u>102,856</u>

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The annexed notes from 1 to 25 form an integral part of these financial statements

For AWT Investment Limited  
(Management Company)

  
\_\_\_\_\_  
Chief Financial Officer

  
\_\_\_\_\_  
Chief Executive Officer

  
\_\_\_\_\_  
Director



AWT ISLAMIC INCOME FUND  
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND  
FOR THE YEAR ENDED JUNE 30, 2024

	2024			2023		
	Capital Value	Undistributed income / (loss)	Total	Capital Value	Undistributed income / (loss)	Total
	(Rupees in '000)					
Net assets at the beginning of the year	1,796,550	(2,900)	1,793,650	268,964	(7,793)	261,192
Issuance of 342,295,195 units (2023: 20,113,379 units)						
- Capital value (at net assets value per unit at the beginning of the period)	35,978,065	-	35,978,065	1,921,456	-	1,921,456
- Element of income	377,927	-	377,927	217,312	-	217,313
Total proceeds on issuance of units	36,355,992	-	36,355,992	2,138,768	-	2,138,768
Redemption of 127,033,421 units (2023: 5,540,516 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(13,352,267)	-	(13,352,267)	(580,732)	-	(580,732)
- Element of loss	(26,012)	(146,810)	(172,822)	(30,470)	(28,575)	(59,045)
Total payments on redemption of units	(13,378,279)	(146,810)	(13,525,089)	(611,202)	(28,575)	(639,777)
Total comprehensive income for the period	-	2,025,049	2,025,049	-	102,856	102,856
First Interim distribution @5.3388 per unit declared on September 25, 2023						
- Cash distribution		(142,887)	(142,887)		-	-
- Refund of capital	(71,334)		(71,334)		-	-
Second Interim distribution @1.7235 per unit declared on October 23, 2023						
- Cash distribution		(76,820)	(76,820)		-	-
- Refund of capital	(24,470)		(24,470)		-	-
Third Interim distribution @2.0941 per unit declared on November 26, 2023						
- Cash distribution		(121,791)	(121,791)		-	-
- Refund of capital	(22,603)		(22,603)		-	-
Fourth Interim distribution @1.7359 per unit declared on December 25, 2023						
- Cash distribution		(118,826)	(118,826)		-	-
- Refund of capital	(14,355)		(14,355)		-	-
Fifth Interim distribution @1.6349 per unit declared on January 21, 2024						
- Cash distribution		(120,704)	(120,704)		-	-
- Refund of capital	(17,735)		(17,735)		-	-
Sixth Interim distribution @2.0330 per unit declared on February 25, 2024						
- Cash distribution		(169,751)	(169,751)		-	-
- Refund of capital	(32,035)		(32,035)		-	-
Seventh Interim distribution @1.5732 per unit declared on March 23, 2024						
- Cash distribution		(151,579)	(151,579)		-	-
- Refund of capital	(18,184)		(18,184)		-	-
Eight Interim distribution @1.7207 per unit declared on April 21, 2024						
- Cash distribution		(184,330)	(184,330)		-	-
- Refund of capital	(48,587)		(48,587)		-	-
Ninth Interim distribution @1.9581 per unit declared on May 25, 2024						
- Cash distribution		(344,420)	(344,420)		-	-
- Refund of capital	(69,589)		(69,589)		-	-
Tenth Interim distribution @1.6941 per unit declared on June 23, 2024						
- Cash distribution		(350,221)	(350,221)		(69,388)	(69,388)
- Refund of capital	(35,398)		(35,398)			
Total distribution during the year	(354,290)	(1,781,329)	(2,135,619)	-	(69,388)	(69,388)
Net assets at the end of the year	24,419,973	94,010	24,513,983	1,796,550	(2,900)	1,793,650
Undistributed income / (loss) brought forward comprising of:						
- Realised		(3,007)			(7,809)	
- Unrealised		107			16	
		(2,900)			(7,793)	
Accounting income available for distribution						
- Relating to capital gain		13,491			326	
- Excluding capital gains		1,864,748			73,955	
		1,878,239			74,281	
Distribution during the period		(1,781,329)			(69,388)	
Undistributed income / (loss) carried forward		94,010			(2,900)	
Undistributed income / (loss) carried forward comprising of:						
- Realised		79,647			(3,007)	
- Unrealised		14,363			107	
		94,010			(2,900)	
	Rupees			Rupees		
Net asset value per unit at the beginning of the year		105.1083			104.8155	
Net asset value per unit at the end of the year		105.5162			105.1083	

The annexed notes from 1 to 25 form an integral part of these financial statements

For AWT Investment Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**AWT ISLAMIC INCOME FUND**  
**STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED JUNE 30, 2024**

2024                      2023  
Note ----- (Rupees in '000) -----

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net income for the period before taxation	2,025,049	102,856
<b>Adjustments:</b>		
Profit on:		
-Bank balances	(674,059)	(53,298)
-Certificate of Musharakah	(241,964)	(14,293)
-Sukuk certificate	(775,818)	(29,708)
-Baimuajjal	(391,600)	(10,784)
Realised gain on sale of investments - net	(3,493)	(438)
Unrealised gain on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	(14,363)	(107)
Other income	(1,886)	(328)
(Increase)/decrease in assets	(2,103,183)	(108,956)
Investments - net	(12,121,807)	(844,502)
Advance deposits and prepayments	(2,790)	75
	(12,124,597)	(844,427)

**Increase/(decrease) in liabilities**

Payable to AWT Investments Limited - Management Company	10499	(1,090)
Payable to Central Depository Company of Pakistan Limited - Trustee	1482	152
Payable to the Securities and Exchange Commission of Pakistan	1349	85
Accrued expenses and other liabilities	(3,122)	16,758
Payable against redemption/conversion of units	(3,614)	-
	6,594	15,905
Return received on bank balances and investments	1,461,109	70,952
<b>Net cash used in operating activities</b>	(10,735,028)	(763,670)

**CASH FLOWS FROM FINANCING ACTIVITIES**

Amounts received on issuance of units	36,355,992	2,138,768
Amounts paid on redemption of units	(13,525,089)	(639,777)
Distribution paid	(2,135,619)	(69,388)
<b>Net cash generated from financing activities</b>	20,695,284	1,429,603
<b>Net increase/(decrease) in cash and cash equivalents during the period</b>	9,960,256	665,933

Cash and cash equivalents at the beginning of the period 895,413                      229,480

Cash and cash equivalents at the end of the period 5.2                      10,855,669                      895,413

The annexed notes from 1 to 25 form an integral part of these financial statements

  
\_\_\_\_\_  
Chief Financial Officer

For AWT Investment Limited  
(Management Company)  
  
\_\_\_\_\_  
Chief Executive Officer

  
\_\_\_\_\_  
Director

**AWT ISLAMIC INCOME FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**1. LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1** AWT Islamic Income Fund (the Fund) was established under a Trust Deed, dated May 15, 2013, executed between AWT Investments Limited as Management Company, and the Central Depository Company of Pakistan Limited (CDC) as a Trustee. The Securities and Exchange Commission of Pakistan (SECP) registered the Fund as a Notified Entity on November 25, 2013, under Regulation 44 of the Non Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations).
- 1.2** The Management Company of the Fund has been licensed by SECP to undertake Asset Management Services and Investment Advisory Services as a Non-Banking Finance Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). Registered office of the Management Company is situated at 3rd Floor, AWT Plaza, I.I. Chudrigar Road, Karachi.
- 1.3** The Fund offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited (PSX).  
The Scheme is a 'Shariah Compliant Islamic Income Scheme' as per the criteria for the categorization of open-end collective investment schemes specified by the SECP. The objective of the Fund is to generate competitive risk adjusted returns by investing in short, medium and long-term Shariah Compliant fixed income instruments. Under circular 07 dated March 06, 2009 issued by the SECP, the Fund has been categorized by the Management Company, as an Income Scheme.
- 1.4** Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as a Trustee of the Fund.
- 1.5** Transactions undertaken by the Fund are in accordance with the guidelines issued by the Shariah Supervisory Council.
- 1.6** The Pakistan Credit Rating Agency (PACRA) has on July 31, 2024 upgraded the asset manager rating to AM2 (2023: AM3++) of the Management Company. The rating reflects the Company's ability to meet high investment management industry standards and benchmarks with noted strenghts in several of the rating factors.  
Moreover, PACRA has maintained the stability rating of A+ (f) (2023: A+(f)) to the fund.

**2. BASIS OF PREPARATION**

**2.1 STATEMENT OF COMPLIANCE**

- 2.1.1** These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan 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; and
  - Non-Banking Finance Companies (Establishment & Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and 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 the 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.

- 2.1.2** The SECP / Commission through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Currently, the Asset Management Companies are required to continue to follow the requirements of Circular 33 of 2012 for impairment of debt securities.

**2.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

## 2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Fund. All financial information has been rounded off to the nearest thousand rupees, unless otherwise specified.

## 2.4 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. The estimates, judgements and associated assumptions are based on the historical experience and various other factors that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the year in which the estimates are revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

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

- (a) Classification and measurement of financial assets (Notes 4.2.1, 4.2.2, 4.2.3, 4.2.7 and 6);
- (b) Impairment of financial assets (Note 4.2.5);
- (c) Provision for taxation (Notes 4.9 and Note 16)

## 3. NEW ACCOUNTING STANDARDS / AMENDMENTS AND IFRS INTERPRETATIONS

### 3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2024

The following standards, amendments and interpretations are effective for the year ended June 30, 2024. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS 1 'Presentation of Financial Statements' and IFRS practice statement 2 - Disclosure of accounting policies

Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates

Amendments to IAS 12 'Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.

Amendments to IAS 12 'Income taxes' - International Tax Reform — Pillar Two Model Rules

### 3.2 New accounting standards, amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

**Effective from  
Accounting  
period beginning  
on or after**

Amendments to IFRS 16 'Leases' - Clarification on how seller-lessee subsequently measures sale and leaseback transactions.

January 01, 2024

Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current along with Non-current liabilities with Covenants

January 01, 2024

Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial instruments disclosures' - Supplier Finance Arrangements

January 01, 2024

Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Clarification on how entity accounts when there is long term lack of Exchangeability

January 01, 2025

IFRS 17 – Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)

January 01, 2026



Amendments IFRS 9 'Financial Instruments' and IFRS 7  
'Financial instruments disclosures' - Classification and  
measurement of financial instruments

January 01, 2026

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

#### 4. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these financial statements are set out below and have been consistently applied to all years presented.

##### 4.1 Cash and cash equivalents

Cash and cash equivalents comprises 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.

##### 4.2 Financial Instruments

##### 4.2.1 Classification of financial assets

IFRS 9 contains three principal classification categories for financial assets:

- Amortized cost ("AC"),
- Fair value through other comprehensive income ("FVOCI") and
- Fair value through profit or loss ("FVTPL").

##### Financial assets at amortised cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- 1) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- 2) 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.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

##### Financial assets at FVOCI

A financial asset is measured at FVOCI only if it meets both of the following conditions and is not designated as FVTPL:

- 1) the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- 2) 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.

On initial recognition, for an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in fair value in OCI, only dividend income is recognised in income statement. This election is made on an investment-by-investment basis.

FVOCI financial assets are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI.

##### Financial assets at FVTPL

All other financial assets are classified at FVTPL (for example: equity held for trading and debt securities not classified either as AC or FVOCI).

In addition, on initial recognition, the Fund may irrevocably designate a financial asset 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.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Fund changes its business model for managing financial assets.

#### **4.2.2 Recognition and initial measurement of financial instruments**

Financial assets and financial liabilities are recognised in the Fund's statement of assets and liabilities when the Fund becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

#### **4.2.3 Subsequent measurement of financial assets**

##### **Financial assets at amortised cost**

Financial assets at amortised cost are subsequently measured at amortised cost. Amortised cost is calculated using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

##### **Financial assets at FVOCI**

All financial assets at FVOCI are subsequently measured at fair value. Gains or losses arising due to changes in fair value recognised in other comprehensive income.

For debt instruments classified as financial assets at FVOCI, the amounts in other comprehensive income are reclassified to income statement on derecognition of financial assets. This treatment is in contrast to equity instruments classified as financial assets at FVOCI, where there is no reclassification on derecognition.

##### **Financial assets at FVTPL**

All financial assets designated at fair value through profit or loss are subsequently carried at fair value. On initial recognition, the Fund may irrevocably designate a financial asset 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. Gains or losses arising from changes in fair value recorded in the income statement.

#### **4.2.4 Fair value measurement principles and provision**

The fair value of financial instruments is determined as follows:

##### **Basis of valuation of debt securities:**

The fair value of debt securities (other than government securities) is based on the value determined and announced by Mutual Funds Association of Pakistan (MUFAP) in accordance with the criteria laid down in Circular No. 1 of 2009 and Circular No. 33 of 2012 issued by SECP. In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorizes them as traded, thinly traded and nontraded securities. The aforementioned circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non performing debt securities.

##### **Basis of valuation of government securities:**

The government securities not listed on stock exchange and traded in the interbank market are valued at the average rates quoted on a widely used electronic quotation system (PKIRSV rates) which are based on the remaining tenor of the security.

##### **Basis of valuation of equity securities:**

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

#### **4.2.5 Impairment**

Under expected credit loss (ECL) model of IFRS 9, the Fund recognises loss allowances for ECLs on financial assets other than debt securities. The Fund measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Financial assets that are determined to have low credit risk at the reporting date; and
- Other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

As disclosed in note 2.1.2 of these financial statements, the Fund follows requirements of circular 33 of 2012 (the "circular") for impairment of debt securities. Under the circular, provision for non performing debt securities is made on the basis of time based criteria as prescribed under the circular. Impairment losses recognised on debt securities can be reversed through the income statement.

As allowed under circular no. 13 of 2009 dated May 04, 2009 issued by the SECP, the Management Company may also make provision against debt securities over and above minimum provision requirement prescribed in aforesaid circular, in accordance with the provisioning policy approved by the Board of Directors and disseminated by the Management Company on its website.

#### **4.2.6 Classification and measurement of financial liabilities**

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

#### **4.2.7 Classification of the exposure as non-performing**

As per approved board policies a debt security shall be classified as non-performing, if the interest / profit and / or principal amount is past or overdue by 15 calendar days from the due date. In addition to the above, in case of investment in the Pre-IPO arrangement of a Debt Security, the arrangement/security shall be classified as non-performing if its IPO is overdue by 15 calendar days from the stipulated timeline, unless the extension in IPO is mutually agreed with the issuer.

Other exposure shall be classified as non-performing, if the interest / profit and / or principal amount is /are overdue by 15 calendar days from the due date. In addition to above, Other Exposure may be classified as non-performing by a decision taken by Investment Committee (IC) based on any of the following: a. if there is a material breach of terms of contract/agreement/facility; and/or b. there is any other event adversely affecting the Other Exposure.

This decision of IC shall be placed before the Board of Directors (BoD or Board) for its subsequent

#### **4.2.8 Derecognition**

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

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

#### **4.2.9 Regular way contracts**

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention are recognised at the trade date. Trade date is the date on which the Fund commits to purchase or sell assets.

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

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

#### **4.4 Provisions**

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

#### **4.5 Net assets value per unit**

The net assets value per unit disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

#### **4.6 Issuance and redemption of units:**

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors / Management Company during business hours on that day. The offer price represents the net assets 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.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net assets 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 Element of income**

Element of income represents the difference between net assets value on the issuance or redemption date, as the case may be, of units and the Net asset Value (NAV) at the beginning of the relevant accounting period.

Element of Income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund; however, to maintain same ex-dividend net asset value of all units outstanding on accounting date, net element of income contributed on the issue of units lying in unit holders fund is refunded on units (refund of capital) in the same proportion as dividend bears to accounting income available for distribution. As per the guidelines provided by MUFAP (MUFAP Guidelines consented upon by SECP) the refund of capital is made in the form of additional units at zero price. Income already paid on redemption of units during the year are taken separately in the statement of movement in unitholders' fund.

MUFAP, in consultation with the SECP, has specified methodology for determination of income paid on units redeemed (income already paid) during the year under which such income is paid on gross element received and is calculated from the latest date at which the Fund achieved net profitability during the year. The income already paid (Element of Income) on redemption of units during the year are taken separately in statement of movement in unitholders' fund.

#### **4.8 Revenue recognition**

- Profit on bank balances and term deposits are recognised at effective profit rates based on
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are included in the income statement in the year in which they arise.
- Realised gains / (losses) arising on sale of investments are included in the Income Statement on the date at which transactions take place.
- Profit / return on investments in debt and government securities is recognised using effective.

#### **4.9 Expenses**

All expenses including Management fee, Trustee fee and SECP fee are recognised in the Income Statement on accrual basis.

#### **4.10 Taxation**

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed among the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Moreover, super tax introduced in the Finance Act, 2015 is also not applicable on funds (Section 4B of the Income Tax Ordinance, 2001).

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



#### 4.11 Distributions

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared. Based on MUFAP's guidelines (duly consented upon by SECP) distributions for the year is deemed to comprise of the portion of amount of income already paid on units redeemed and the amount of cash distribution for the year.

The distribution per unit is announced based on units that were held for the entire period. The rate of distribution is adjusted for the effect of refund of capital if any based on the period of investment made during the year. Resultantly, the rate of distribution per unit may vary depending on the year of investment.

#### 4.12 Collaterals

Cash collaterals provided by the Fund are identified in the statement of assets and liabilities as margin and are not included as a component of cash and cash equivalents. For collaterals other than cash, if the party to whom the collaterals are provided has a right by contract or custom to sell or re-pledge the collaterals, the Fund classifies those collaterals in the statement of assets and liabilities separately from other assets and identifies the assets as pledged collaterals. Where the party to whom the collaterals are provided does not have the right to sell or re-pledge, a disclosure of the collaterals provided is made in the notes to the financial statements.

		2024	2023
	Note	(Rupees in '000)	
<b>5. BANK BALANCES</b>			
Saving accounts	5.1	6,947,381	895,413
5.1	These accounts carry profit rates ranging from 8.9% to 21.50% (June 2023: 2.50% to 15.25% ) per annum.		
<b>5.2 CASH AND CASH EQUIVALENT</b>	Note	2024 (Rupees in '000)	2023
Bank Balance		6,947,381	895,413
Investments	5.2.1	3,908,288	-
		<u>10,855,669</u>	<u>895,413</u>
5.2.1	These include the investments of baimaujjal, sukuks and certificate of musharakh and GOP Ijarah sukuks of maturity upto 90 days.		
<b>6. INVESTMENTS</b>		June 30, 2024	June 30, 2023
	Note	(Rupees in '000)	
Investment by category			
At fair value through profit or loss			
Listed sukuk certificates	6.1	3,021,599	482,708
Un-Listed sukuk certificates	6.2	6,584,000	-
At amortised cost			
Certificate of Musharaka	6.3	500,000	250,000
Baimaujjal	6.4	6,823,547	148,488
		<u>16,929,146</u>	<u>881,196</u>

6.1 Listed sukuk certificates - at fair value through profit or loss

Name of the investee company	Note	Number of certificates				As at June 30, 2024			Market value as a percentage of	
		As at July 01, 2023	Purchased during the year	Disposed / matured during the period	As at June 30, 2024	Carrying value	Market value	Unrealized gain / (loss) on revaluation	Total investments	Not assets
(Rupees in '000)										
ASPIN Pharma (Private) Limited	6.1.1	2,076	-	2,076	-	-	-	-	0.00%	0.00%
The Hub Power Company Limited	6.1.1	2,200	-	2,200	-	-	-	-	0.00%	0.00%
Mughal Iron & Steel Industries	6.1.1	135	9	-	144	63,000	63,421	421	0.37%	0.26%
KEL Sukuk (03/08/27)	6.1.1	-	263	-	263	855	870	15	0.01%	0.00%
MEBL Sukuk (09/01/30)	6.1.1	-	40	-	40	39,962	40,520	558	0.24%	0.17%
GOP Ijarah VRR Sukuk (26/10/2027)	6.1.1	6,400	189,700	110,000	86,100	431,105	432,997	1,891	2.55%	1.77%
GOP Ijarah FRR Sukuk (09/12/2024)	6.1.1	-	297,500	297,500	-	-	-	-	0.00%	0.00%
GOP Ijarah FRR Sukuk (09/10/2024)	6.1.1	-	2,000	30,000	2,000	201,117	201,320	203	1.19%	0.82%
GOP Ijarah VRR Sukuk (07/09/2024)	6.1.1	-	60,000	30,000	30,000	149,959	150,090	131	0.89%	0.61%
GOP Ijarah FRR Sukuk (22/01/2025)	6.1.1	-	20,252	109	20,143	91,475	90,694	(782)	0.54%	0.37%
GOP Ijarah FRR Sukuk (26/04/2025)	6.1.1	-	25,000	-	25,000	107,984	108,575	591	0.64%	0.44%
GOP Ijarah FRR Sukuk (09/05/2025)	6.1.1	-	30,000	-	30,000	128,442	129,180	738	0.76%	0.53%
GOP Ijarah FRR Sukuk (23/05/2025)	6.1.1	-	27,000	-	27,000	114,987	115,682	694	0.68%	0.47%
GOP Ijarah FRR Sukuk (28/06/2025)	6.1.1	-	25,000	-	25,000	105,691	105,530	(160)	0.62%	0.43%
GOP Ijarah VRR Sukuk (27/04/2027)	6.1.1	-	16,000	12,000	4,000	20,249	20,138	(111)	0.12%	0.08%
GOP Ijarah VRR Sukuk (04/12/2026)	6.1.1	-	40,000	20,000	20,000	99,621	99,820	199	0.59%	0.41%
GOP Ijarah FRR Sukuk (24/01/2027)	6.1.1	-	14,000	-	14,000	70,178	70,178	(0)	0.41%	0.29%
GOP Ijarah VRR Sukuk (24/01/2027)	6.1.1	-	20,000	-	20,000	100,040	100,500	460	0.59%	0.41%
GOP Ijarah FRR Sukuk (04/12/2026)	6.1.1	-	40,000	-	40,000	199,628	200,320	692	1.15%	0.82%
GOP Ijarah VRR Sukuk (04/12/2026)	6.1.1	-	30,000	-	30,000	451,780	455,985	4,205	2.69%	1.86%
GOP Ijarah FRR Sukuk (24/01/2029)	6.1.1	-	11,000	-	11,000	55,000	55,110	110	0.33%	0.22%
GOP Ijarah VRR Sukuk (24/01/2029)	6.1.1	-	67,000	-	67,000	331,052	335,670	4,619	1.99%	1.37%
GOP Ijarah FRR Sukuk (10/05/2029)	6.1.1	-	44,000	-	44,000	220,604	220,000	(604)	1.30%	0.90%
GOP Ijarah VRR Sukuk (28/06/2029)	6.1.1	-	5,000	-	5,000	25,000	25,000	-	0.15%	0.10%
Total:						3,007,730	3,021,599	13,869		

6.2 Un-Listed sukuk certificates - at fair value through profit or loss

The Hub Power Company Limited (STS)	6.2.1	5,000	20,200	25,200	-	-	-	-	0.00%	0.00%
K-Electric Limited (STS-13)	6.2.1	14,000	50,000	50,000	-	-	-	-	0.00%	0.00%
K-Electric Limited (STS-16)	6.2.1	18,000	-	14,000	-	-	-	-	0.00%	0.00%
K-Electric Limited (STS-18)	6.2.1	-	9,000	27,000	-	-	-	-	0.00%	0.00%
K-Electric Limited (STS-19)	6.2.1	-	27,600	63,000	-	-	-	-	0.00%	0.00%
K-Electric Limited (STS-20)	6.2.1	-	39,000	27,600	-	-	-	-	0.00%	0.00%
K-Electric Limited (STS-21)	6.2.1	-	20,000	39,000	-	-	-	-	0.00%	0.00%
K-Electric Limited (STS-23)	6.2.1	-	150,000	20,000	150,000	750,000	750,000	-	4.43%	3.06%
K-Electric Limited (STS-25)	6.2.1	-	150,000	-	150,000	750,000	750,000	-	4.43%	3.06%
K-Electric Limited (STS-26)	6.2.1	12,800	-	12,800	-	-	-	-	0.00%	0.00%
Lucky Electric Power Company Limited (STS-8)	6.2.1	6,800	10,000	16,800	-	-	-	-	0.00%	0.00%
Lucky Electric Power Company Limited (STS-9)	6.2.1	-	60,000	60,000	-	-	-	-	0.00%	0.00%
Lucky Electric Power Company Limited (STS-12)	6.2.1	-	48,600	48,600	-	-	-	-	0.00%	0.00%
Lucky Electric Power Company Limited (STS-15)	6.2.1	-	120,000	-	120,000	600,000	600,000	-	3.54%	2.45%
Lucky Electric Power Company Limited (STS-16)	6.2.1	-	100,000	-	100,000	500,000	500,000	-	2.95%	2.04%
Lucky Electric Power Company Limited (STS-19)	6.2.1	-	75,000	-	75,000	375,000	375,000	-	2.22%	1.53%
Mughal Iron & Steel Industries MTS (28/03/2025)	6.2.1	-	80,000	-	80,000	400,000	400,000	-	2.36%	1.63%
Mughal Iron & Steel Industries STS (18/10/2024)	6.2.1	-	140,000	140,000	-	-	-	-	0.00%	0.00%
Pakistan Telecommunication Company Limited STS (20/06/2024)	6.2.1	-	135,000	-	135,000	675,000	675,000	-	3.99%	2.75%
Pakistan Telecommunication Company Limited STS 3	6.2.1	-	48,800	-	48,800	234,000	234,000	-	1.34%	0.95%
Pakistan Telecommunication Company Limited STS 5	6.2.1	-	130,000	-	130,000	650,000	650,000	-	3.84%	2.65%
THAR Energy Limited STS	6.2.1	-	180,000	-	180,000	900,000	900,000	-	5.32%	3.67%
Ismael Industries Limited STS	6.2.1	-	-	-	-	-	-	-	-	-
<b>Total</b>						<b>6,584,000</b>	<b>6,584,000</b>	<b>-</b>		
<b>Total of Sukuk Certificates</b>						<b>9,591,730</b>	<b>9,605,599</b>	<b>13,869</b>		
<b>June 30, 2023</b>						<b>482,601</b>	<b>462,708</b>	<b>107</b>		

## 6.1.1

## Significant terms and conditions of the Listed sukuk certificates

Name of security	Face value per certificate (Rupees)	Mark-up rate (per annum)	Maturity	Secured / unsecured	Repayment term	Rating
<b>Sukuk certificates - Listed</b>						
Mughal Iron & Steel Industries	437,500	3M Kibor + 1.3%	March 2, 2026	Unsecured	Interest and principal is payable quarterly	A +
KEL Sukuk (03/06/27)	3,250	3M Kibor + 1.7%	August 3, 2027	Unsecured	Interest and principal is payable quarterly	AA+
MEBL Sukuk (09/01/30)	1,000,000	6M Kibor + 0.9%	January 9, 2030	Unsecured	Interest is payable biannually	AAA
GOP Ijarah VRR Sukuk (26/10/2027)	5,000	21.3168%	October 26, 2027	Secured	Interest is payable biannually	N/A
GOP Ijarah FRR Sukuk (09/10/2024)	5,000	22.4900%	October 9, 2024	Secured	Interest is payable biannually	N/A
GOP Ijarah VRR Sukuk (07/08/2024)	5,000	21.2351%	August 7, 2024	Secured	Interest is payable biannually	N/A
GOP Ijarah FRR Sukuk (22/01/2025)	5,000	19.4995%	January 22, 2025	Secured	Maturity	N/A
GOP Ijarah FRR Sukuk (26/04/2025)	5,000	19.9980%	April 26, 2025	Secured	Maturity	N/A
GOP Ijarah FRR Sukuk (09/05/2025)	5,000	20.2000%	May 9, 2025	Secured	Maturity	N/A
GOP Ijarah FRR Sukuk (23/05/2025)	5,000	19.8900%	May 23, 2025	Secured	Maturity	N/A
GOP Ijarah FRR Sukuk (28/06/2025)	5,000	19.6327%	June 28, 2025	Secured	Maturity	N/A
GOP Ijarah VRR Sukuk (27/04/2027)	5,000	21.3168%	April 27, 2027	Secured	Interest is payable biannually	N/A
GOP Ijarah VRR Sukuk (04/12/2026)	5,000	20.6505%	December 4, 2026	Secured	Interest is payable biannually	N/A
GOP Ijarah FRR Sukuk (24/01/2027)	5,000	16.0500%	January 24, 2027	Secured	Interest is payable biannually	N/A
GOP Ijarah VRR Sukuk (24/01/2027)	5,000	19.8339%	January 24, 2027	Secured	Interest is payable biannually	N/A
GOP Ijarah VRR Sukuk (04/12/2028)	5,000	20.7605%	December 4, 2028	Secured	Interest is payable biannually	N/A
GOP Ijarah FRR Sukuk (04/12/2028)	5,000	15.7500%	December 4, 2028	Secured	Interest is payable biannually	N/A
GOP Ijarah FRR Sukuk (24/01/2029)	5,000	15.4900%	January 24, 2029	Secured	Interest is payable biannually	N/A
GOP Ijarah VRR Sukuk (24/01/2029)	5,000	19.9639%	January 24, 2029	Secured	Interest is payable biannually	N/A
GOP Ijarah VRR Sukuk (10/05/2029)	5,000	21.6329%	May 10, 2029	Secured	Interest is payable biannually	N/A
GOP Ijarah VRR Sukuk (28/09/2029)	5,000	19.6327%	June 28, 2029	Secured	Interest is payable biannually	N/A
<b>Sukuk certificates - Unlisted</b>						
K-Electric Limited (STS-23)	5,000	6M KIBOR + 0.10%	August 15, 2024	Unsecured	Maturity	AA
K-Electric Limited (STS-25)	5,000	6M KIBOR + 0.15%	November 2, 2024	Unsecured	Maturity	AA/A1+
K-Electric Limited (STS-26)	5,000	6M KIBOR + 0.15%	December 4, 2024	Unsecured	Maturity	AA
Lucky Electric Power Company Limited (STS-16)	5,000	6M KIBOR + 0.15%	August 15, 2024	Unsecured	Maturity	AA/A1+
Lucky Electric Power Company Limited (STS-19)	5,000	6M KIBOR + 0.15%	December 27, 2024	Unsecured	Maturity	AA/A1+
Mughal Iron & Steel Industries MTS (28/03/2025)	5,000	3M KIBOR + 1.45%	March 28, 2025	Unsecured	Interest is payable quarterly	AA
Mughal Iron & Steel Industries STS (18/10/2024)	5,000	6M KIBOR + 1.1%	October 18, 2024	Unsecured	Maturity	A 1+
Pakistan Telecommunication Company Limited STS 3	5,000	6M KIBOR + 0.15%	September 19, 2024	Unsecured	Maturity	A 1+
Pakistan Telecommunication Company Limited STS 5	5,000	6M KIBOR + 0.15%	December 26, 2024	Unsecured	Maturity	AAA
THAR Energy Limited STS	5,000	6M KIBOR + 0.6%	October 18, 2024	Unsecured	Maturity	AA-
Ismail Industries Limited STS	5,000	6M KIBOR + 0.15%	December 10, 2024	Unsecured	Maturity	A 1+

## 6.2.1

June 30, 2024  
June 30, 2023

June 30, 2024  
June 30, 2023



	Note	2024 ----- (Rupees in '000) -----	2023
<b>7. PROFIT ACCRUED</b>			
- Bank balances		107,435	11,263
- Sukuks		361,235	22,522
- Certificates of Musharakah		45,859	5,083
- Bai Muajjal		149,875	1,318
		<u>664,404</u>	<u>40,185</u>

**8. ADVANCES DEPOSITS AND OTHER RECEIVABLES**

Advance tax	8.1	561	434
Security deposit with:			
- Central Depository Company of Pakistan Limited		100	100
- National Clearing Company of Pakistan Limited (NCCPL)		2,500	-
- Margin on deposit with NCCPL		148	-
Prepaid mutual fund rating fee		99	84
		<u>3,408</u>	<u>618</u>

- 8.1 The Fund is exempt under clause 47(B) of Part IV of Second Schedule of the Income Tax Ordinance, 2001 (the Ordinance) from withholding of tax under section 150, 150A, 151 and 233 of the Ordinance. The Federal Board of Revenue (FBR) through circular "C.No.1 (43) DG (WHT) / 2008 - Vol.II - 66417-R" dated May 12, 2015, made it mandatory to obtain exemption certificates under section 159(1) of the Ordinance from Commissioner Inland Revenue (CIR). Various withholding agents have deducted advance tax under section 151 of the Ordinance. The Management Company is confident that the same shall be refunded in future years.

	Note	2024 ----- (Rupees in '000) -----	2023
<b>9. PAYABLE TO AWT INVESTMENTS LIMITED - MANAGEMENT COMPANY</b>			
Remuneration of the Management Company	9.1	10,783	653
Sindh Sales Tax on remuneration of the Management Company	9.2	1,401	84
Federal Excise Duty on remuneration of the Management Company	9.3	339	339
Selling and marketing expenses	9.4	-	948
		<u>12,523</u>	<u>2,024</u>

- 9.1 Management Company has charged remuneration at the rate of 0.45% till November 2, 2023, 0.6% November 3, 2023, 0.45% till January 16, 2024, 0.5% till February 1, 2024, 0.2% till February 20, 2024 and 0.50% till period end (2023: 0.75%) per annum based on the daily net assets of the fund during the period ended June 30, 2024 (2023: 0.5% to 0.75%).

Movement in the balance of remuneration payable to the Management Company is as follows:

	2024 ----- (Rupees in '000) -----	2023
Balance as of July 01,	653	166
Remuneration for the year	51,220	3,740
Paid during the year	<u>(41,090)</u>	<u>(3,253)</u>
Balance as of June 30,	<u>10,783</u>	<u>653</u>

- 9.2 This represents amount payable in respect of Sindh Sales Tax at the rate of 13% (2023: 13%) on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.
- 9.3 This represents provision for Federal Excise Duty (FED) payable as at June 30, 2024. There is no change in the status of the legal proceeding on this matter, details of which have been disclosed in note 12.1 to the annual audited financial statements of the Fund for the year ended June 30, 2023. As a matter of prudence, the Management Company has maintained full provision for FED aggregating to Rs. 339,000 until the matter is resolved. Had the provision not been made, the net assets value per unit would have been higher by Rs. 0.09 (June 30, 2023: Rs. 0.14).
- 9.4 In accordance with Circular 11 dated July 5, 2019 with respect to charging selling and marketing expenses, the Management Company based on its own discretion has not charged selling and marketing expenses per annum of daily net assets of the fund during the period is Nil (2023: 0.5%).

**10. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE**

	Note	2024 -----Rupees in '000-----	2023 -----Rupees in '000-----
Remuneration of the Trustee	10.1	1,462	150
Sindh Sales Tax on remuneration of the Trustee	10.2	190	20
		<u>1,652</u>	<u>170</u>

- 10.1** With effect from July 01, 2019, Central Depository Company of Pakistan Limited (The Trustee) is entitled to a monthly remuneration 0.075% of daily net assets for services rendered to the Fund.

	2024 -----Rupees in '000-----	2023 -----Rupees in '000-----
Balance as of July 01,	150	16
Remuneration for the year	7,770	449
Paid during the year	(6,458)	(315)
Balance as of June 30,	<u>1,462</u>	<u>150</u>

- 10.2** The Sindh Provincial Government levied Sindh Sales Tax on the remuneration of the Trustee through Sindh Sales Tax on Services Act, 2011 effective from July-1, 2015. During the year, Sindh Sales Tax at the rate of 13% (June 30, 2023: 13%) was charged on trustee remuneration.

**11. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

Under the provisions of NBFC Regulations, a collective investment scheme is required to pay an annual fee to the SECP at the rate of 0.075% (2023: 0.02%) per annum of daily net assets of the Fund.

	Note	2024 ----- (Rupees in '000) -----	2023 ----- (Rupees in '000) -----
<b>12. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Withholding tax payable		70	4,959
Capital gains tax payable		2,224	813
Audit fee payable		380	323
Shariah Advisor fee payable		38	45
Brokerage payable		351	118
Other payables		238	165
		<u>3,301</u>	<u>6,423</u>

- 12.1** The payable against redemption of units is reclassified as a separate line item on the balance sheet excluding it from accrued expenses and other liabilities.

**13. CONTINGENCIES AND COMMITMENTS**

- 13.1** There were no contingencies and commitments as at June 30, 2024.

	2024 ----- (Numbers) -----	2023 ----- (Numbers) -----
<b>14. NUMBER OF UNITS IN ISSUE</b>		
As at July 01,	17,064,781	2,491,918
Issued during the year	342,295,195	20,113,379
Redemptions during the year	(127,033,421)	(5,540,516)
As at June 30,	<u>232,326,555</u>	<u>17,064,781</u>

- 14.1** This includes 3,370,714 units (2023: 1,781,587 units) issued at zero value as refund of capital.

- 14.2** The Management Company on September 25, 2023, October 23, 2023, November 26, 2023, December 25, 2023, January 21, 2024, February 25, 2024, March 23, 2024, April 21, 2024, May 25, 2024 and June 23, 2024 declared interim dividends amounting to Rs. 17.5379 per unit (2023: Rs. 8.3049 per unit) for the year ended June 30, 2024. The aggregate cash distribution amounted to Rs. 1,781.327 million (2023: Rs. 69.39 million) was in addition to refund of capital / element of income by issuing 3,370,714 units (2023: 1,781,587 units) additional units to eligible unitholders at zero price as per MUFAP guidelines (duly consented upon by SECP) included in units issued above.

15. **AUDITOR'S REMUNERATION**

Annual audit fee  
Half yearly review fee  
Other certification and services  
  
Sales tax  
Out of pocket expenses

2024	2023
(Rupees in '000)	
210	175
90	75
-	25
300	275
39	22
6	28
345	325

16. **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 ninety percent of its accounting income for the year, as reduced by capital gains, whether realized or unrealized, is distributed amongst the unit holders (excluding distribution made by issuance of bonus units) as cash dividend. Further, as per regulation 63 of the NBFC Regulations, the Fund is required to distribute ninety percent of accounting income other than capital gains whether realized or unrealized to the unit holders. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2024 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year. The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

17. **EARNINGS PER UNIT**

Earnings per unit (EPU) has not been disclosed in these financial statements as in the opinion of the Management Company, the determination of the cumulative weighted average number of outstanding units for calculating EPU is not practicable.

18. **TOTAL EXPENSE RATIO (TER)**

Total expense ratio (comprising all the expenses, including government levies, incurred during the period divided by average net asset value for the period) of the Fund for the period ended June 30, 2024 is 0.76% (2023: 1.03%), which includes 0.15% (2023: 0.11%) representing government levies on collective investment scheme such as SWWF, sales taxes, SECP fee, etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for collective investment scheme categorized as an income fund.

19. **TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS AND RELATED PARTIES**

19.1 Connected persons / related parties include AWT Investments Limited being the Management Company, Central Depository Company of Pakistan Limited being the trustee, Army Welfare Trust (which is the parent entity of the Management Company) other funds managed by the Management Company, associated companies (if any) of the management company / parent entity of the management company, entities in which the above parties or their connected persons have a material interest, Key Management Personnel and includes entities holding 10% or more units of the Fund as at June 30, 2024. It also includes the staff retirement funds of the above related parties / connected person.

19.2 **Detail of transactions with connected persons during the period are as follows:**

**AWT Investments Limited - Management Company**  
Issuance of 11,583,729 units (2023: 176,070 units)  
Redemption of units 11,029,114 (2023: 167,872 units)  
Refund of capital of 155,500 units (2023: 1,431 units)  
Dividend (gross tax)  
Dividend reinvested  
Remuneration of Management Company (exclusive of sales tax)  
Sales tax on remuneration of Management Company  
  
**AWT Investments Limited (Employees Provident Fund)**  
Issuance of 1,330 units (2023: 147,287 units)  
Redemption of 8,141 units (2023: 140,059 units)  
Refund of capital of 1 unit (2023: 3,305 units)  
Dividend reinvested  
Dividend (gross tax)  
  
**Directors, Chief Executive and their spouse and minors**  
Issuance of 178,983 units (2023: 252,937 units)  
Redemption of 139,342 units (2023: 291,788 units)  
Refund of capital of 381 units (2023: 32 units)  
Dividend reinvested

2024	2023
(Rupees in '000)	
1,257,489	20,913
1,176,453	20,110
16,334	150
2,358	151
-	1
50,559	3,740
6,573	486
140	16,137
860	10,732
0.156	346
-	1
494	349
18,912	28,948
14,825	33,497
40	3
633	1

		2024	2023
		(Rupees in '000)	(Rupees in '000)
<b>Army Welfare Trust - Parent Company</b>			
Issuance of 475,150 units (2023: 497,286 units)		50,000	-
Redemption of 566,453 units (2023: 494,693 units)		59,573	-
Re-invest of 105,112 units		11,048	-
Additional units of 550 units		58	-
<b>Askari General Insurance Company Limited - Common directorship</b>			
Issuance of 8,524,095 units (2023: 2,903,153 units)		905,000	148,254
Redemption of 8,156,324 units (2023: 805,524 units)		870,000	50,000
Refund of capital of 82,778 units (2023: 440,761 units)		8,700	1,568
Dividend reinvested		-	1,568
Dividend (gross of tax)		50,556	48,044
<b>Central Depository Company of Pakistan Limited - (Trustee of the Fund)</b>			
Remuneration of the Trustee (exclusive of sales tax)		7,451	449
Settlement charges		-	32
Sales tax on Trustee fee		968	58
<b>Key Management Personnel</b>			
Issuance of 177,072 units (2023: 89,605 units)		19,742	10,221
Redemption of 195,718 units (2023: 74,070 units)		21,075	6,946
Refund of capital of 1,451 units (2022: 1,895 units)		146	2,006
Dividend		386	301
<b>OLP Modarba - Common directorship</b>			
Profit on certificate of Mushraka		134,999	14,293
<b>Entities Holding 10% or more than 10% of units of the fund</b>			
Issuance of 33,282,459 units (2023: 2,174,314 units)		3,500,000	250,000
Redemption of 1,174,585 units (2023: Nil units)		123,591	-
Re-invest of 1,139,614 units		119,783	22,098
Additional units of 16,529 units		1,737	38,133
<b>AWT Money Market Fund</b>			
Purchase of PTCL-STs		50,000	-
<b>AWT Financial Sector Income Fund</b>			
Purchase of GOP-Ijara sukuk -5Years		100,000	-
19.3 Detail of balances outstanding at the period end / year end with connected persons are as follows:			
<b>AWT Investments Limited - Management Company of the Fund</b>			
Remuneration payable to the Management Company		10,783	653
Sindh Sales Tax on remuneration of the Management Company		1,401	84
Selling and marketing expenses		-	948
Units held 942,410 units (June 30, 2023: 10,063 units)		99,438	1,058
<b>Central Depository Company of Pakistan Limited - (Trustee of the Fund)</b>			
Remuneration payable to the Trustee, including sales tax		1,652	170
Security deposit		100	100
<b>Key Management Personnel</b>			
Units held - 15,324 units (June 30, 2023: 19,004 units)	19.6	1,617	1,997
<b>Directors, Chief Executive and their spouse and minors</b>			
Units held - 66,850 units (June 30, 2023: 232 units)		7,054	24
<b>Army Welfare Trust - Parent Company</b>			
Units held - 553,431 units (June 30, 2023: Nil units)		58,395	-
<b>Askari General Insurance Company Limited - Common directorship</b>			
Units held - 703,287 units (June 30, 2023: 2,909,078 units)		74,208	305,768
<b>Orix Leasing Pakistan Limited Modarba - Common directorship</b>			
Profit receivable		-	5,083
<b>AWT Investments Limited- Provident Fund</b>			
Units held - 18,741 units (June 30, 2023: 20,850 units)		1,977	2,192
<b>Entities Holding 10% or more than 10% of units of the fund</b>			
Units held 33,264,017 (June 30 2023: 2,538,124 units)	19.7	3,509,859	266,778

- 19.4 Remuneration payable to the Management Company and the Trustee have been determined in accordance with the provisions of NBFC Regulations and the Trust Deed respectively.
- 19.5 Purchase and redemption of units of the Fund by related parties / connected persons are recorded at the applicable net asset value per unit. Purchase of the listed shares of the related parties by the Fund are recorded at the rates purchased through the Pakistan Stock Exchange. Other transactions are at approved rates.
- 19.6 This represent key management personnel holding units of the fund as at June 30, 2024.
- 19.7 This represents unit holders holding 10% or more than 10% of units of the fund as at June 30, 2024.
- 19.8 As required under S.R.O 592(1)/2023 dated May 17, 2023, the Management Company has developed a policy (without any exemption) to align the interest of its key employees i.e (Chief Executive Officer and Fund Managers) with those of the unit holders of the CISs managed by the Management Company. Accordingly, 5% of bonus paid (net of tax) to these employees were retained and invested in the CIS managed by the Management Company. Included in the units above, bonus paid to the key employees in the form of units of the fund includes 66,849 units held by the Chief Executive Officer (2023: 232 units) and 263 units held by the Fund Manager (2023: 5,615)

## 20. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets and liabilities carried on the Statement of Assets and Liabilities are categorized as follows:

	2024	2023
	(Rupees in '000)	
<b>Financial assets</b>		
<b>At fair value through profit or loss</b>		
Investments	9,605,599	881,196
<b>At amortised cost</b>		
Investments	7,323,547	-
Bank balances	6,947,381	895,413
Security deposits	2,600	100
Profit accrued	664,404	40,185
Advance deposits and prepayments	247	84
	<u>14,938,179</u>	<u>935,782</u>
<b>Total financial assets</b>	<u>24,543,778</u>	<u>1,816,978</u>
<b>Financial liabilities</b>		
<b>At amortised cost</b>		
Payable to AWT Investments Limited - Management Company	12,184	1,685
Payable to Central Depository Company of Pakistan Limited - Trustee	1,652	170
Accrued expenses and other liabilities	1,007	651
Payable against redemption/conversion of units	11,412	15,026
	<u>26,255</u>	<u>17,532</u>
<b>Total financial liabilities</b>	<u>26,255</u>	<u>17,532</u>

## 20.1 FINANCIAL RISK MANAGEMENT

The Board of directors of the Management Company has the overall responsibility for the establishment and oversight of the Fund's risk management framework.

Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily setup based on the limits established by the Management Company, Fund's constitutive documents and the regulations and directives of the SECP. The policies are established to identify and analyze the risks faced by the Fund, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The audit committee oversees how the management monitors compliance with the Fund's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Fund. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes regular reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Asset purchases and sales are determined by the Fund's Investment Manager, who has been authorized to manage the distribution of the assets to achieve the Fund's investment objectives. Compliance with the target asset allocations and the composition of the portfolio is monitored by the Investment Committee. In instances where the portfolio has diverged from target asset allocations, the Fund's Investment Manager is obliged to take actions to rebalance the portfolio in line with the established targets, within prescribed time limits.

The Fund has exposure to the following risks from financial instruments:

- Credit risk (refer note 20.2)
- Liquidity risk (refer note 20.3)
- Market risk (refer note 20.4)

## 20.2 Credit Risk

Credit risk is the risk of financial loss to the Fund if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from bank balances, other receivables and security deposits.

The carrying amount of financial assets represents the maximum credit exposure.

### Management of credit risk

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 NBFC rules and regulations. Before making investment decisions, the credit rating and credit worthiness of the issuer is taken into account along with the financial background so as to minimize the risk of default.

Credit risk is managed and controlled by the Management Company of the Fund in the following manner:

- Where the investment committee makes an investment decision, the credit rating and credit worthiness of the issuer / counterparty is taken into account along with the financial background so as to minimize the risk of default.
- Analyzing of credit ratings and obtaining adequate collaterals wherever appropriate / relevant.
- The risk of counterparty exposure due to failed trades causing a loss to the Fund is mitigated by a periodic review of the credit ratings and financial statements on a regular basis.
- Cash is held only with reputable banks with high quality external credit ratings.
- Investment transactions are carried out with a large number of brokers, whose credit worthiness is taken into account so as to minimise the risk of default and transactions are settled or paid for only

### Exposure to credit risk

The below table analyses the fund's maximum exposure to credit risk:

		2024		2023	
		Balance as per the Statement of Assets and Liabilities	Maximum Exposure	Balance as per the Statement of Assets and Liabilities	Maximum Exposure
Note		----- (Rupees in '000) -----			
Bank balances (including profit accrued)		7,054,815	7,054,816	906,675	906,675
Investments (including profit accrued)	20.2.1	17,486,115	14,208,091	903,718	903,718
Security deposits		2,600	2,600	100	100
Advances, deposits and prepayments		247	247	84	84
		<u>24,543,777</u>	<u>21,265,754</u>	<u>1,810,577</u>	<u>1,810,577</u>

20.2.1 Difference in the balance as per the Statement of Assets and Liabilities and maximum exposure as at June 30, 2024 comprises of Government Securities of Rs.3,692.606 million

### Credit ratings

The fund balances with banks has the following credit ratings

	2024		2023	
	(Rupees in '000)	(%)	(Rupees in '000)	(%)
AAA	134,468	2%	270	0%
AA+	44,523	1%	12,826	1%
AA-	4,248,071	60%	15	0%
AA	165	0%	893,100	99%
A+	81	0%	223	0%
A-	179	0%	179	0%
A	2,627,327	37%	-	0%
Total balance including profit due	<u>7,054,815</u>	<u>100%</u>	<u>906,613</u>	<u>100%</u>

Above rated are on the basis of available ratings assigned by PACRA and VIS

For credit rating of debt instruments refer note 6.1.1.

### Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors affects the group of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio exposed to credit risk primarily consists of bank deposits and debt investments in financial and other institutions.



Details of Fund's concentration of credit risk of financial instruments by economic sectors are as follows:

	2024		2023	
	(Rupees in '000)	(%)	(Rupees in '000)	(%)
Commercial banks (including profit due)	7,054,815	33.17%	906,675	48.91%
National Clearing Company of Pakistan Limited (NCCPL) - security deposit	2,500	0.01%	-	0.00%
Pharmaceuticals	-	0.00%	43,233	2.33%
Central Depository Company of Pakistan Limited - security deposit	100	0.00%	100	0.01%
Profit receivable other than bank profit	14,208,091	66.81%	903,718	48.75%
Advances, deposits and prepayments	247	0.00%	84	0.00%
	<u>21,265,753</u>	<u>100%</u>	<u>1,853,810</u>	<u>100%</u>

#### Past due and impaired assets and collaterals held

None of the financial assets of the Fund are past due or impaired as at June 30, 2024. All financial assets of the Fund as at June 30, 2024 are unsecured.

#### Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honor its obligations to deliver cash, securities or other assets as contractually agreed on sale.

For the vast majority of transactions the Fund mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

### 20.3 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Fund's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation.

The Fund aims to maintain the level of cash and cash equivalents and other highly marketable securities at an amount in excess of expected cash outflows on financial liabilities. The Fund is exposed to cash redemptions of its units on a regular basis. Units are redeemable at the holder's 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 SECP.

#### Management of liquidity risk

The Fund's policy is to manage this risk by investing majority of its assets in investments and other financial instruments that are traded in an active market and can be readily disposed. As a result, the Fund may be able to liquidate quickly its investment in these instruments at an amount close to their fair value to meet its liquidity requirement.

The Fund has the ability to borrow, with prior approval of trustee, for meeting redemption. No such borrowings were made during the year. The maximum amount available to the Fund from borrowings is limited to the extent of 15% of net assets at the time of borrowing with repayment within 90 days of such borrowings.

In order to manage the Fund's overall liquidity, the Fund can also withhold daily redemption request in excess of ten percent of the units in issue and such requests would be treated as redemption request qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue.

**Maturity analysis for financial liabilities:**

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted:

	<b>Contractual cash flows</b>	
	<b>Carrying amount</b>	<b>Less than 3 months</b>
<b>June 30, 2024</b>	<b>----- (Rupees in '000) -----</b>	
<b>Financial liabilities</b>		
Payable to AWT Investment Limited - Management Company*	12,184	12,184
Payable to Central Depository Company of Pakistan Limited - Trustee	1,652	1,652
Accrued expenses and other liabilities**	1,007	1,007
Payable against redemption/conversion of units	11,412	11,412
	<u>26,255</u>	<u>26,255</u>
Net assets attributable to unitholders	<u>24,513,983</u>	<u>24,513,979</u>

\* - excluding Federal Excise Duty on remuneration of the Management Company

\*\* - excluding withholding tax payable and capital gain tax payable.

	<b>Contractual cash flows</b>	
	<b>Carrying amount</b>	<b>Less than 3 months</b>
<b>Financial liabilities</b>	<b>----- (Rupees in '000) -----</b>	
Payable to AWT Investment Limited - Management Company	1,685	1,685
Payable to Central Depository Company of Pakistan Limited - Trustee	170	170
Accrued expenses and other liabilities*	651	651
Payable against redemption/conversion of units	15,026	15,026
	<u>17,532</u>	<u>17,532</u>

**20.4 Market risk**

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices - will affect the Fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

**Management of market risks**

Management policies and investment guidelines have been approved by the Investment Committee and are as per the regulations laid down by the Securities and Exchange Commission of Pakistan. The maximum risk resulting from financial instruments equals their fair values.

The Fund is exposed to interest rate risk and equity price risks.

**20.4.1 Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Risk management procedures are the same as those mentioned in the credit risk management.

**Exposure to interest rate risk**

Interest rate profile of the Fund's interest-bearing financial instruments is as follows:

	<b>2024</b>	<b>2023</b>
	<b>----- (Rupees in '000) -----</b>	
<b>Variable rate instruments</b>		
Financial assets (Bank balances)	6,947,381	895,413
Financial assets (Sukuk certificates)	9,605,599	482,708
Financial assets (Certificate of Musharika)	500,000	250,000
	<u>17,052,980</u>	<u>1,628,121</u>
<b>Fixed rate instrument</b>		
Financial assets (Bimualjal)	<u>6,823,547</u>	<u>148,488</u>

**Cash flow sensitivity analysis for variable rate instruments**

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / decreased unit holder fund and income statement by Rs. 170.53 million (2023: Rs. 1.628 million). The analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

## **Fair value sensitivity analysis for fixed rate instruments**

The Company does not account for term deposit receipts and commercial paper (fixed rate financial asset) at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect income statement of the fund.

Bank balances are repriced by the bank after changes in the State Bank of Pakistan's policy rate and do not have any contractual maturity.

None of the other assets and Fund's liabilities are subject to interest rate risk.

## **21. UNIT HOLDER'S FUND RISK MANAGEMENT**

Management's objective when managing unit holders' funds is to safeguard the Fund's ability to continue as a going concern so that it can continue to provide optimum returns to its unit holders' and to ensure reasonable safety of unit holders' funds.

The Fund manages its portfolio and other assets by monitoring return on net assets and makes adjustments to it in the light of changes in markets' conditions. Under the NBFC regulations 2008, the minimum size of an open end scheme shall be one hundred million rupees at all the times during the life of the scheme. The Fund size depends on the issuance and redemption of units.

In order to maintain or adjust the unit holders' fund structure, the Fund's policy is to perform the following:

- Monitors the level of daily issuance and redemptions relative to the liquid assets and adjusts the amount of distributions the Fund pays to unit holders;
- Redeem and issue units in accordance with the constitutive documents of the Fund, which include the ability to restrict redemptions and require certain minimum holdings and issuance; and
- The Fund Manager / Investment Committee members and Chief Executive of the Management Company critically track the movement of 'Assets under Management'. The Board of Directors is updated about the Fund yield and movement of NAV and total fund size at the end of each quarter.

## **22. FAIR VALUE OF FINANCIAL INSTRUMENTS**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between the market participants at the measurement date. Consequently, differences can arise between carrying 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 classified as at fair value through profit or loss, which are tradable in an open market is based on the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from the carrying value as the items are short-term in nature.

The Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1** - Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities ;
- Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) ;
- Level 2** - and
- Fair value measurements using inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs)
- Level 3**

The table below provides information on financial assets or liabilities carried at fair values, by valuation methods as at June 30, 2024.

On-balance sheet financial instruments	Note	Carrying amount			Fair value				
		Fair value through profit or loss	Loans and receivable	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)									
June 30, 2024									
Financial assets measured at fair value		16,929,146	-	-	16,929,146		16,929,146		16,929,146
Investments									
Financial assets not measured at fair value									
Bank balances	22.1	-	6,947,381	-	6,947,381	-	-	-	6,947,381
Mark-up receivable	22.1	-	664,404	-	664,404	-	-	-	664,404
Advance deposits and prepayments	22.1	-	2,847	-	2,847	-	-	-	2,847
		-	7,614,632	-	7,614,632	-	-	-	7,614,632
Financial liabilities not measured at fair value									
Payable to the Management Company	22.1	-	-	12,184	12,184	-	-	-	12,184
Remuneration payable to the Trustee	22.1	-	-	1,652	1,652	-	-	-	1,652
Payable against redemption/conversion of units	22.1	-	-	11,412	11,412	-	-	-	11,412
Accrued expenses and other liabilities	22.1	-	-	1,007	1,007	-	-	-	1,007
	22.1	-	-	26,255	26,255	-	-	-	26,255
June 30, 2023									
Financial assets measured at fair value		895,413	-	-	895,413	-	895,413	-	895,413
Investments									
Financial assets not measured at fair value									
Bank balances	22.1	-	895,413	-	895,413	-	-	-	895,413
Mark-up receivable	22.1	-	40,185	-	40,185	-	-	-	40,185
Advance deposits and prepayments	22.1	-	184	-	184	-	-	-	184
		-	935,782	-	935,782	-	-	-	935,782
Financial liabilities not measured at fair value									
Payable to the Management Company	22.1	-	-	1,685	1,685	-	-	-	1,685
Remuneration payable to the Trustee	22.1	-	-	170	170	-	-	-	170
Accrued expenses and other liabilities	22.1	-	-	651	651	-	-	-	651
Payable against redemption/conversion of units	22.1	-	-	15,026	15,026	-	-	-	15,026
		-	-	17,532	17,532	-	-	-	17,532

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

## 23. ADDITIONAL NON-FINANCIAL INFORMATION

The information regarding pattern of unit holding, list of top brokers, meetings of the Board of Directors of the Management Company and members of the Investment Committee are as follows:

### 23.1 Unit holding pattern of the Fund

Category	2024			
	Number of unit holders	Number of units held	Investment amount (Rs.) (Rupees in '000)	Percentage of total investments %
Individuals	1,991	91,499,287	9,654,566	39.38
Corporate	97	133,479,455	14,084,111	57.45
Associate's	6	6,079,290	641,458	2.62
Bank / DFIs	1	9	1	0.00
Retirement Funds	3	210,065	22,165	0.09
Trusts	2	1,058,449	111,682	0.46
	<u>2,100</u>	<u>232,326,555</u>	<u>24,513,983</u>	<u>100</u>

  

Category	2023			
	Number of unit holders	Number of units held	Investment amount (Rs.) (Rupees in '000)	Percentage of total investments %
Individuals	577	7,934,829	834,018	46.50
Corporate	22	5,517,333	579,917	32.33
Associates	5	3,479,062	365,678	20.39
Bank / DFIs	1	7	1	0.00
Associates	3	133,549	14,037	0.78
	<u>608</u>	<u>17,064,780</u>	<u>1,793,651</u>	<u>100</u>

### 23.2 List of top brokers by percent of the commission paid

The list of brokers by percentage of the commission paid during the year ended June 30, 2024 are as follows:

	Percentage of commission / brokerage --- (%) ---
Alfalah Securities Ltd	2.78
BMA Capital	3.64
JS Global Ltd	2.88
Next Capital Ltd	0.88
Optimus Management (pvt) Ltd	27.78
Paramount Securities Ltd	30.99
Pearl Securities Ltd	17.73
Summit Capital Ltd	10.79
Vector Securities Ltd	2.52

The list of brokers by percentage of the commission paid during the year ended June 30, 2023 are as follows:

	Percentage of commission / brokerage --- (%) ---
- Next Capital limited	66.00
- Summit Capital	34.00
	<u>100.00</u>

### 23.3 BRIEF PARTICULARS OF THE INVESTMENT COMMITTEE AND THE FUND MANAGER

S. No.	Name	Designation	Experience in years	Qualification
1	Mr. Sajjad Anwar	Chief Executive Officer	23	CFA & MBA
2	Mr. Wahaj Ahmed	Head of Fixed Income/ Fund Manager (23.4)	12	CFA (Level1)/MBA
3	Mr. Salman Hashmi	Chief Financial Officer	22	ACMA/ Masters in Economics and Management Sciences
4	Mr. Farrukh Yasin	Head of Risk	11	CFA & ACCA

23.4 This fund is managed by Fund manager Wahaj Ahmad. The other funds managed by the fund manager are as follows:

- AWT Money Market Fund
- AWT Income Fund
- AWT Financial Sector income Fund

#### 23.5 Directors meeting attendances

Following are the dates and name of persons who attended the meeting of the Board of Directors during the year:

For the year ended June 30, 2024

Name of directors	Number of Meetings Attended	Dates of meeting			
		September 25, 2023	October 24, 2023	February 21, 2024	April 29, 2024
Lt. Naveed Mukhtar (Retd.) *	2	1	1	N/A	N/A
AVM Muhammad Akhtar Shams	2	1	1	N/A	N/A
Lt. Gen. Nauman Mahmood (Retd.)	2	N/A	N/A	1	1
Maj Gen. Kamran Ali (Retd.) ****	1	N/A	N/A	N/A	1
Mr. Malik Riffat Mehmood	4	1	1	1	1
Mr. Raheel Qamer Ahmed	4	1	1	1	1
Ms. Maleeha Humayun Khan	4	1	1	1	1
Mr. Sajjad Anwar (CEO)	4	1	1	1	1
<b>Members attended</b>		<b>6</b>	<b>6</b>	<b>5</b>	<b>6</b>

\* Lt. Gen Naveed Mukhtar resigned w.e.f. 20 Feb 2024 from the Board

\*\* AVM Athar Shams resigned w.e.f. 04 March 2024 from the Board

\*\*\* Lt. Gen Nauman Mahmood was appointed as Director w.e.f. 21 Feb 2024

\*\*\*\*Maj Gen Kamran Ali was appointed as Director w.e.f. 04 March 2024

For the year ended June 30, 2023

Name of directors	Number of meeting	Dates of meeting			
		21 Sep 22	31 Oct 22	23 Feb 23	18 Apr 23
Lt. Naveed Mukhtar (Retd.)	4	1	1	1	1
AVM. Muhammad Akhtar Shams (Retd.)	4	1	1	1	1
Mr. Malik Riffat Mehmood	4	1	1	1	1
Mr. Raheel Qamer Ahmed	4	1	1	1	1
Ms. Maleeha Humayun Khan	4	1	1	1	1
Mr. Sajjad Anwar (CEO)	4	1	1	1	1
<b>Members attended</b>		<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>

#### 24 GENERAL

24.1 Certain prior year's figures have been re-arranged / re-classified, wherever necessary, to facilitate comparison in the presentation in the current year. However, there are no material re-arrangements / re-classifications to report.

#### 25. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 26 SEP 2024 by the Board of Directors of the Management Company.

For AWT Investments Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director