

Annual Report 2021



Tri-Star
Mutual Fund Limited

Vision Statement

Tri-Star Mutual Fund Limited is committed to strive for excellence in all areas of its activity.

Mission Statement

Our Mission is to provide superior results through investment in quality growth stocks based on their potential capital appreciation possibilities as well as dividend within the context of our overall objective of contributing to the nation's prosperity.

Company Information

Board of Directors:	Ms. Marium Ahmad	Non Executive Chairman
	Mr. Jawed Ahmed Siddiqui	Non Executive Director
	Mr. Tanvir Hasan	Non Executive Director
	Mr. M. Haroon Saeed	Non Executive Director
	Mr. Muhammad Zameer	Non Executive Director

Mr. Habib Jamal Independent Director

Mr. Asad Ahmad Chief Executive

Investment Adviser: Tri-Star Investments Ltd.
A/33, Central Commercial Area,
Block 7/8, Main Shahrah-e-Faisal,
KCHSU, Karachi.-75350.

Auditors: Feroze Sharif Tariq & Co.
Chartered Accountants

Audit Committee:	Mr. Habib Jamal	Chairman
	Mr. Muhammad Zameer	Member
	Mr. M. Haroon Saeed	Member

Bankers: Bank AL Habib Ltd.
Habib Metropolitan Bank Ltd.

Registrar & Certificate
Transfer Office: Hameed Majeed Associates (Pvt) Ltd.
4th Floor, Karachi Chambers,
Hasrat Mohani Road, Karachi.

Registered Office: A/33, Central Commercial Area,
Block 7/8, Main Shahrah-e-Faisal,
KCHSU, Karachi.-75350.

Notice of Meeting

Notice is hereby given that the Twenty Ninth Annual General Meeting of Tri-Star Mutual Fund Ltd., will be held on Thursday, October 28, 2021 at 10.00 am at F/538, S.I.T.E., Karachi to transact the following business:

1. Recitation from the HOLY QURAN.
2. To receive and adopt the audited accounts for the period ended June 30, 2021 together with the Directors' and Auditors' report thereon.
3. To appoint Auditors of the Company and fix their remuneration.
4. To transact any other business with the permission of the Chair.

By and on behalf of the Board

Fund Secretary

Karachi: October 5, 2021

NOTES:

1. The Share Transfer books of the Company will remain closed from 23.10.2021 to 28.10.2021 (both days Inclusive).

Participation in the AGM proceeding via the video Conference facility:

2. Due to current COVID-19 situation, the AGM proceeding can also be attended via video conference facility. Shareholders interested to participate in the meeting are requested to email their Name, Folio Number, Cell Number, CNIC Number, and Number of shares held in their name with subject "Registration for Tri-Star Mutual Fund Limited AGM" along with valid copy of both sides of Computerized National Identity Card (CNIC) at mutualfund@tristar.com.pk Video link and login credentials will be shared with only those members whose emails, containing all the required particulars, are received at least 48 hours before the time of AGM. Shareholders can also provide their comments and questions for the agenda items of the AGM at the email.
3. A member entitled to attend Annual General Meeting is entitled to appoint a proxy and vote in his place at the meeting. Proxy Forms in order to be effective must be received at the registered office of the Company at F/538, S.I.T.E, Karachi duly stamped, signed and witnessed, not later than 48 hours before the meeting.
4. CDC Shareholders or their Proxies are required to bring with them their Original Computerized National Identity Card (CNIC) or Passport along with the Participant's I.D. number and their account number at the time of attending Annual General Meeting in order to authenticate their identity.
5. Proxy form must be submitted with the Company within the stipulated time, duly witnessed by two persons whose names, addresses and CNIC number must be mentioned on the form, along with attested copies of the CNIC or passport of the beneficial owner and the proxy.
6. In case of corporate entity, the Board of Directors' resolution / power of attorney with the specimen signature of the proxy holder shall be submitted (unless it has been provided earlier) along with proxy form to the Company.
7. Members are requested to notify any change in their addresses immediately to our Shares Registrar M/s. Hameed Majeed Associates (Pvt) Ltd., 4th floor, Karachi Chamber, Hasrat Mohani Road, Karachi.

Directors' Report

The Board of Directors have pleasure in presenting the Twenty Ninth Report together with the audited Accounts of the Fund for the year ended June 30, 2021.

Financial Results:

Alhamdulillah during the period under review year Fund earned profit of Rs. 24,065,483 after consecutive losses in the past. The Financial results are summarized as follows:

	2021	2020
	Rupees	Rupees
Income/(Loss) from Operations	23,078,011	(1,156,708)
Less: Administrative Expense, Financial Cost and Remuneration of investment advisor	(2,156,713)	(1,903,713)
Profit/(Loss) for the Year	20,921,298	(3,060,421)
Other Comprehensive Income / (Loss) for the year	3,144,185	-
Total Comprehensive Income / (Loss) for the year	24,065,483	(3,384,745)
(Loss)/Earning per Share	4.18	(0.68)

Payout to Shareholders:

The Board of Directors has not recommended any dividend for the year.

Market Reviews:

Statement on Corporate and Financial Reporting Frame Work:

- a. The financial statements, prepared by the management of Fund, present fairly its state of affairs, the results of its operations, cash flows and change in equity.
- b. Proper books of accounts of the Fund have been maintained.
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. International Accounting Standards, as applicable in Pakistan , have been followed in preparation of financial statements and departure there from has been adequately disclosed.
- e. The system of internal control is sound in design and has been effectively implemented and monitored.
- f. There are no significant doubts upon the Fund's ability to continue as going concern.

- g. There has been no material departure from the best practices of Corporate governance, as detailed in the listing regulations.
- h. During the year 4 meeting of the Board of Directors were held, attendance by each Directors is as follows:

<u>Name of Director</u>	<u>No. of Meetings attended</u>
Mr. Asad Ahmad	4
Mr. Jawed Ahmed Siddiqui	4
Mr. Habib Jamal	4
Ms. Marium Ahmad	4
Mr. Tanvir Hasan	4
Mr. Mohammad Haroon Saeed	4
Mr. Mohammad Zameer	4

Statement of Compliance with Best Practices of Code of Corporate Governance:

As annexed on page 6 & 7.

Financial Highlights:

As annexed on page 17.

Pattern of Share Holding:

As annexed on page 31.

Auditors:

The present Auditors M/s. Feroze Sharif Tariq & Co., Chartered Accountants, are due for retirement and being eligible offer themselves for reappointment.

Acknowledgements:

Yours directors would like to record their appreciation of the dedication and hard work of the staff and officers of the Fund and the shareholders for their confidence in the Fund.

By Order and on behalf of the Board

ASAD AHMAD
Chief Executive

Karachi: October 5, 2021

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

Year ended: June 30, 2021

The Company has applied the principles contained in the Code in the following manner.

1. The total number of directors are 7 as per the following:
 - a. Male: 6
 - b. Female: 1
2. The composition of board is as follows:

Independent Director	Mr. Habib Jamal
Non - Executive Directors	Mr. Jawed Ahmed Siddiqui Ms. Mariam Ahmad Mr. Mohammad Haroon Saeed Mr. Mohammad Zameer Mr. Tanvir Hasan
Executive Director	Mr. Asad Ahmad (CEO)
Female Director	Ms. Mariam Ahmad
3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this Fund.
4. The Fund has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board / shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Chief Executive and five Directors have the prescribed education and experience required for exemption under Clause 19(2) of Code of Corporate Governance (CCG) Regulations. Accordingly, they are exempt from attending directors' training program pursuant to the Clause 19(2) of the CCG Regulations. One director is yet to do the directors' training course.

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:
 - a) Audit Committee
Mr. Habib Jamal (Chairman)
Mr. Jawed Ahmed Siddiqui
Mr. Mohammad Haroon Saeed
 - b) The Fund has not formed an HR and Remuneration Committee as Fund has no employee.
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committee were as per following:
 - a) Audit Committee
Quarterly
15. The Board has set up an effective internal audit function/or has outsourced the internal audit function to who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, head of internal audit, Company Secretary or director of the Company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of the Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

Place: Karachi
Dated: October 5, 2021

Asad Ahmad
Chief Executive

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF TRI-STAR MUTUAL FUND LIMITED

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Tri-Star Mutual Fund Limited for the year ended June 30, 2021 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Following instance of Non-compliances with the requirements of the Code were observed which are not stated in the Statement of Compliance.

- a) The Company has not formed Human Resource Committee as required by the code.

Based on our review, except for the above instances of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2021.

sd/-

Feroze Sharif Tariq & Co.
Chartered Accountants

Audit Engagement Partner: Mohammad Tariq

Karachi

Dated: October 05, 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRI-STAR MUTUAL FUND LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Tri Star Mutual Fund (the Fund), which comprise the Statement of Assets and Liabilities as at June 30, 2021, and the Income Statement, Statement of Movement of Certificate Holders' Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying Financial Statements give a true and fair view of the state of the financial position of the Fund as at June 30, 2021 and of its financial performance, its cash flow and transactions for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Qualified 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 company 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 qualified opinion.

- a) No provision has been made in the accounts for the Foreign Exchange Bearer Certificates investments the recovery and realization of which are doubtful, the same has been explained in Note No. 7.1.1. to the financial statements and also the said investment have not been available for physical verification. Had the provision for doubtful investment been made in the accounts, the losses of the Company would have been increased by Rs.3,933,000 and the Investments-Held for trading would have been decreased by the same amount.
- b) The company has disclosed Investment in Associated companies First Tri star Modaraba Limited and Tri-Star Power Limited and as Financial Assets at fair value through other comprehensive income – quoted equity securities in Note 7.3 to the financial Statements. In our opinion, these investments have to be shown / valued at equity method in accordance with International Accounting standard 28 "Investment in associates". We are unable to quantify the effect of the same as latest audited accounts of First Tri Star Modarba Limited and Tri-Star Power Limited were not made available.
- c) Further, as disclosed in Note 12.2 of the financial statements, the Fund has failed to comply with the minimum equity requirement as prescribed under Regulation 3 of the Non Banking finance Companies (Establishment and Regulation) Rules 2003 and Non Banking Finance Companies and Notified Entities Regulations, 2008 as at June 30, 2021.

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 year. 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. In addition to the matters described in the Basis for Qualified Opinion section, we have determined the matters described below to the key audit matters to be communicated in our report.

Following are the Key Audit Matters:

S. No.	<u>Key Audit Matters</u>	<u>How the matter was addressed in our audit</u>
1.	<p><u>Net assets Value</u></p> <p>(Refer to Note 6 to the financial Statements)</p> <p>The investment constitutes the most significant component of the net assets value. The investment of the fund as at June 30, 2021 amounted to Rs.87.654 million (2020: Rs.61.527 million).</p> <p>The existence and proper valuation of the investment for determination of NAV of the Fund as at June 30, 2021 was considered as a high risk area and therefore we considered this as a Key audit matter.</p>	<p>We performed following audit procedures:</p> <ul style="list-style-type: none"> • Test and design operating effectiveness of the Key controls for the valuation of the investment. • Obtained independent Confirmations for verifying the existence of the investment portfolio as at June 30, 2021 and reconcile with the Books and Records of the Fund. • Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies.
2.	<p><u>Investments, valuation of Investments</u></p> <p>Refer Note 7.7.1 and 7.2 to the financial Statements for accounting policies and details of Investments.</p> <p>As at June 30, 2021 the company has investment classified as "Fair value through Profit or Loss" / other comprehensive Statement amounting to Rs.87.949 million (2020: Rs.61.789 million).</p> <p>We identified valuation of investments as key matter because of its significance in relation to the net assets of the Company.</p>	<p>Our Audit Procedures included the Following:</p> <ul style="list-style-type: none"> • Obtaining an understanding of and testing the design and operating effectiveness of the key controls over the valuation of investments: and • Assessing, whether investments were valued at fair value based on the rates quoted by the Pakistan Stock Exchange.

Information other than the Financial Statements and Auditor's Report thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's reports thereon.

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. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company'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 either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management'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 Company 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 finding, including any significant deficiencies in internal control that we identify during our audit.

We also provide 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 year 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.

Report on Other Legal and Regulatory Requirements

Based on our audit except for the matter discussed in basis for qualified opinion section, we further report that in our opinion, the financial Statements have been prepared 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 Mohammad Tariq.

sd/-

Feroze Sharif Tariq & Co.
Chartered Accountants

Karachi

Dated: October 5, 2021

STATEMENT OF ASSETS AND LIABILITIES

As at June 30, 2021

	Note	2021	2020 Rupees
<u>ASSETS</u>			
<u>NON CURRENT ASSETS</u>			
Long Term Deposits		12,500	12,500
<u>CURRENT ASSETS</u>			
Investments	6	87,653,832	61,527,272
Advance Income Tax		227,918	211,012
Other Receivables	7	5,422	5,422
Balances with Bank	8	49,029	32,956
		<u>87,936,201</u>	<u>61,776,662</u>
TOTAL ASSETS		87,948,701	61,789,162
<u>LIABILITIES</u>			
<u>CURRENT LIABILITIES</u>			
Payable to Investments Adviser- an associated co	9	11,552,929	9,447,325
Accrued expenses	10	4,928,990	4,940,538
Unclaimed Dividend		426,082	426,082
		<u>16,908,001</u>	<u>14,813,945</u>
NET ASSETS		<u>71,040,700</u>	<u>46,975,217</u>
<u>AUTHORISED SHARE CAPITAL</u>			
20,000,000 Certificates of Rs. 10/- each		<u>200,000,000</u>	<u>200,000,000</u>
<u>CERTIFICATE CAPITAL AND RESERVES</u>			
Certificate Capital	11	50,000,000	50,000,000
Unrealized Profit/(Loss) due to Change in Fair value of Investment		(5,838,171)	(8,982,355)
Unappropriated Profit		26,878,870	5,957,572
TOTAL CERTIFICATE HOLDERS' FUND		<u>71,040,700</u>	<u>46,975,217</u>
Net Assets value per certificate - Rupees	12	<u>14.21</u>	<u>9.40</u>
CONTINGENCIES & COMMITMENTS	13		

Note: The annexed notes 1 - 23 form an integral part of these accounts.

Chief Executive

Director

Chief Financial Officer

Income Statement

For the year ended June 30, 2021

	Note	2021	2020
		Rupees	
INCOME			
Profit/(Loss) from Operation	14	23,078,011	(1,156,708)
OPERATING EXPENSES			
Fee for Tri-Star Investments Ltd.-Investment Advisor		1,277,479	1,034,476
Annual Fee - CDC of Pakistan Ltd and Custodian fee		30,000	125,050
Annual Fee - SECP		47,905	38,793
Auditors' Remuneration		225,000	225,000
Registrar Fee		217,977	201,146
Annual Listing Fee		110,000	110,000
Fee and Subscription		20,200	17,045
Stationery & Printing		4,000	-
Postage		300	-
Advertisement Expenses		57,575	17,625
Bank Charges		205	95
Rates and Taxes - Sales tax		166,072	134,482
		2,156,713	1,903,712
Profit/(Loss) before taxation		20,921,298	(3,060,421)
Taxation	3.16	-	-
Profit/(Loss) after taxation		20,921,298	(3,060,421)
Other comprehensive Income/(Loss) for the year:	4.2	3,144,185	(324,324)
Total comprehensive Income/(Loss) for the year		24,065,483	(3,384,744)
Earning/(Loss) per certificate (Rupees)	16		
With net unrealized diminution on remeasurement of investments		4.81	(0.68)
Without net unrealized diminution on remeasurement of investments		4.18	(0.61)

Note: The annexed notes 1 - 23 form an integral part of these accounts.

Chief Executive

Director

Chief Financial Officer

Cash Flow Statement

For the year ended June 30, 2021

	2021	2020
	Rupees	
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) before Taxation	20,921,298	(3,060,421)
Adjustment for non-cash changes and other items:		
Profit on sale of Investments	-	-
Dividend Income	(112,700)	(45,351)
Unrealized diminution on re-measurement of investments classified as 'Financial Assets at fair value through profit or loss' - net	(22,965,311)	1,202,059
	(23,078,011)	1,156,708
Operating cash (outflow)/inflow before working capital changes	(2,156,713)	(1,903,712)
Decrease/(Increase) in assets		
Other receivables	-	2,845
(Decrease)/Increase in liabilities		
Due to Investment Advisor	2,105,603	1,182,856
Accrued Expenses and other Liabilities	(11,548)	620,185
Net cash (outflow) from operating activities	(62,658)	(97,826)
CASH FLOW FROM INVESTING ACTIVITIES		
Dividend Income	112,700	45,351
Purchase of Investments	(17,064)	-
Net cash (outflow)/inflow from investing activities	95,636	45,351
	32,978	(52,475)
CASH FLOW FROM FINANCING ACTIVITIES		
Income tax Paid	(16,906)	(6,790)
Net cash used in financing activities	(16,906)	(6,790)
Net increase/(decrease) in Cash and Cash Equivalent	16,072	(59,265)
Cash and Cash Equivalent at the beginning of the year	32,956	92,221
Cash and Cash Equivalent at the end of the year	8 49,028	32,956

Chief Executive

Director

Chief Financial Officer

Statement of Changes in Equity

For the year ended June 30, 2021

Particulars	Certificate Capital	Unrealized Gain/(Loss) due to Change in the value of Investments	Accumulated (Loss)/Unappropriated Profit	Total
(Rupees)			
Balance as at June 30, 2019	50,000,000	(8,658,032)	9,017,993	50,359,961
Total Comprehensive income for the year	-	(324,324)	(3,060,421)	(3,384,744)
Balance as at June 30, 2020	50,000,000	(8,982,355)	5,957,572	46,975,217
Total Comprehensive (Loss) for the year		3,144,185	20,921,298	24,065,483
Balance as at June 30, 2021	50,000,000	(5,838,171)	26,878,870	71,040,699

Chief Executive

Director

Chief Financial Officer

Statement of Movement in Equity & Reserve - Per Certificate

For the year ended June 30, 2021

	2021	2020
	Rupees	
Net assets value per share at the beginning of the year	9.40	10.07
Movement in net assets value per certificate from operating activities		
Unrealized appreciation/(diminution) on re-measurement of investments classified as 'Financial Assets at fair value through profit or loss	4.59	(0.24)
Net realized gain on sale of investments	-	-
Profit/(Loss) for the year excluding unrealized gain	(0.41)	(0.37)
	4.18	(0.61)
Unrealized appreciation/(diminution) in value of investments classified as "Available for Sale"	0.63	(0.06)
Net Assets Value per Share at the end of the year	<u>14.21</u>	<u>9.40</u>

Chief Executive

Director

Chief Financial Officer

Financial Highlight

Summary of Key Operating Data for the Last Six Years at a Glance

Particulars	2021	2020	2019	2018	2017	2016
	Years					
<u>Financial Position:</u>						
Paid-up Capital	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000
Reserves	21,040,700	(3,024,784)	359,961	16,730,511	29,284,460	1,473,998
Inv. in Marketable Securities [‡]	87,653,832	61,527,272	63,053,655	76,943,445	88,166,363	60,887,847
Other Current Assets	282,369	249,390	304,710	252,920	235,959	355,458
Current Liabilities	16,908,001	14,813,946	13,010,904	10,478,355	9,130,362	9,781,807
Profit after taxation	24,065,483	(3,384,745)	(16,370,550)	(12,553,949)	27,810,463	(237,721)
Accumulated Profit/(Loss)	26,878,870	5,957,571	9,017,993	25,292,357	35,224,446	15,944,467
<u>Financial Indicators:</u>						
Current Ratio	5.20:1	4.17:1	4.87:1	7.37:1	9.68:1	6.26:1
Paid-up value per Share	10	10	10	10	10	10
Earning per Share	4.81	(0.68)	(3.27)	(2.51)	5.56	(0.05)
Dividend %	-	-	-	-	-	-
Break-up Value per Share	14.21	9.39	10.07	13.34	15.86	10.29

* Investment in Marketable Securities is stated at Market Value

Distribution Statement

For the year ended June 30, 2021

	2021 Rupees
Accumulated Profit brought forward	5,957,571
Profit / (Loss) after taxation for the year	20,921,298
Unappropriated profit carried forward	<u><u>26,878,869</u></u>

Chief Executive

Chief Financial Officer

Director

Karachi: October 05, 2021

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2021

1 Legal Status and Nature of Business

Tri-Star Mutual Fund Limited (Fund) was incorporated as public limited company on March 12, 1992 under Investment Companies and Investment Advisers Rules, 1971. The Investment Companies & Investments Advisor's Rules, 1971 have been repealed by the Non Banking Finance Companies (Establishment and Regulations) Rules, 2003 (NBFC Rules) and Companies Ordinance 1984 (Now the Companies Act, 2017) and its shares are listed in Pakistan Stock Exchange Limited. However, the said repeal does not affect the existing incorporation or registration or license of a company registered under any rules or notifications now repealed and Companies Ordinance 1984 (Now the Companies Act, 2017) and its shares are listed in Pakistan Stock Exchange Limited. The Fund has entered into an agreement with an associated company Tri-Star Investments Limited to act as its "Investment Adviser".

The registered office of the company is located at A/33, Central Commercial Area, Block 7/8, Main Shara-e-Faisal, KCHSU, Karachi.

The Fund is a closed end mutual fund and its certificates are listed on the Pakistan Stock Exchange. The principal activity of the Fund is to make investments in equity market.

2 Summary of significant events during the year

The coronavirus (COVID-19) outbreak situation emerged last year in March 2020, has caused governments around the world to implement measures to help control its spread, including, smart lock-downs, travel bans, quarantines, social-distancing closures or reduced operations for non-essential businesses, governmental agencies, schools and other institutions and vaccination.

General economic activities in Pakistan were although affected but continued since then. Stock markets and financial institutions remained open throughout the year. Activities of the Fund were operation during the year as staff of the Management Company were working without any disruption either from office or online remotely.

All significant transactions and events that have affected the Company's statement of financial position and performance during the year have been adequately disclosed either in the notes to these financial statements or in the Directors' report.

3 BASIS OF PREPARATION

3.1 STATEMENT OF COMPLIANCE

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) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

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

3.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for the investments which are stated at fair value.

3.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Fund. All amounts have been rounded off to the nearest of Rupee, unless otherwise indicated.

3.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised in the application of accounting policies are given below:

- (i) Classification and valuation of financial assets (note 4.2)
- (ii) Provision (note 4.4)

4 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO THE PUBLISHED APPROVED ACCOUNTING STANDARDS

4.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2021

The following standards, amendments and interpretations are effective for the year ended June 30, 2021. 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.

	Effective from accounting periods beginning on or after:
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions	June 1, 2020
Amendments to the conceptual framework for financial reporting, including amendments to references to the conceptual framework in IFRS	January 1, 2020
Amendments to IFRS 3 'Business Combinations' - Definition of a business	January 1, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of material	January 1, 2020
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - Interest rate benchmark reform	January 1, 2020
Certain annual improvements have also been made to a number of IFRSs.	

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

- 4.2.1** 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 Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

	Effective from accounting periods beginning on or after:
Amendments to the conceptual framework for financial reporting, including amendments to references to the conceptual framework in IFRS	January 1, 2021
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021	April 1, 2021
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework.	January 1, 2022

Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 1, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 1, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 1, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 1, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 1, 2023
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 1, 2023

Certain annual improvements have also been made to a number of IFRSs.

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

5 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2021.

5.1 Cash and cash equivalent

Cash comprises saving accounts with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to insignificant change in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

5.2 Financial instruments

5.2.1 Initial recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value or amortised cost as the case may be.

The Fund recognizes financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

Financial liabilities are not recognized unless one of the parties has performed its part of the contract or the contract is a derivative contract

5.2.2 Classification and measurement

5.2.2.1 Financial assets

There are three principal classification categories for financial assets:

- Measured at amortized cost ("AC"),
- Fair value through other comprehensive income ("FVTOCI") and
- Fair value through profit or loss ("FVTPL").

Financial asset at amortised cost

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

Financial asset at FVTOCI

A financial asset is measured at FVTOCI only if it meets both of the following conditions and is not designated as at 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.

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

Financial asset at FVTPL

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

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 FVTOCI 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.

Financial assets designated at fair value through profit or loss are subsequently carried at fair value, with gains and losses arising from changes in fair value recorded in the income statement.

Business model assessment

The business model is determined under IFRS 9 at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. It is not an instrument-by-instrument analysis; rather it can be performed at a higher level aggregation. It is typically observable through the activities that the entity undertakes to achieve the objective of the business model; all relevant evidence that is available at the date of the assessment (including history of sales of the financial assets) are considered. Following three business models are defined under the IFRS 9:

- 1) Hold to collect business model
- 2) Hold to collect and sell business model
- 3) FVTPL business model

Considering above, the Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The evaluation of the performance of the Fund has been performed on fair value basis for the entire portfolio, as reporting to the key management personnel and to the investors in the form of net asset value (NAV). The investment portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Consequently, all the investments are measured at fair value through profit or loss. For other financial assets which are held for collection continue to be measured at amortised cost.

5.2.2.2 Financial liabilities

The Company classifies its financial liabilities in the following categories:

- Measured at amortized cost ("AC"), or
- Fair value through profit or loss ("FVTPL").

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Fund has opted to measure them at FVTPL.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires as follows:

- The amount of change in The fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.
- Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss

5.2.3 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.

5.2.4 Impairment of financial assets

The SECP/Commission has 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. Therefore the Fund will not be subject to the impairment provisions of IFRS 9. Meanwhile, asset management companies shall continue to follow the requirements of Circular 33 of 2012.

For financial assets other than debt securities measured at amortised cost, IFRS 9 requires recognition of impairment based on expected credit loss (ECL) model. The Fund is required to measure loss allowance of an amount equal to lifetime ECL or 12 months ECL based on credit risk.

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.

However, majority of the assets of the Fund exposed to credit risk pertain to counter parties which have high credit rating or where credit risk has not been increased since initial recognition. Therefore, management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these financial statements.

5.2.5 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 Securities and Exchange Commission of Pakistan (SECP). In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded 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 a 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 securities.

Basis of valuation of equity securities

The fair value of shares of listed companies is based on their prices quoted on the Pakistan Stock Exchange Limited at the reporting date without any deduction for estimated future selling costs.

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

Basis of valuation of instruments at amortised cost

Subsequent to initial recognition, financial instruments classified as amortised cost are carried at amortised cost using the effective interest method.

Gains or losses are also recognised in the income statement when financial instruments carried at amortised cost are derecognised or impaired, and through the amortisation process.

5.2.6 Derecognition

Financial assets

The Fund derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity

Financial liabilities

The Fund derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired.

5.2.7 Offsetting of financial instruments

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.

5.3 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that day. The offer price represents the net 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 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 (if applicable), any duties, taxes, charges on redemption and any provision for transaction costs, if applicable. Redemption of units is recorded on acceptance of application for redemption.

5.4 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.

5.5 Taxation

The Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed in cash to the unit holders (excluding distribution made by issuance of bonus units).

The Fund is also exempt from the Provisions of Section 113 (minimum tax) and section 113C (Alternative Corporate Tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

The Fund does not account for deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing in cash at least 90% of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders.

5.6 Net assets value per unit

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

5.7 Distribution to the unit holders

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on the Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

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 and approved by the Board of Directors of the Management Company

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

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

Element of income / (loss) represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period.

Further, the element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net assets value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution.

On redemption of units, element of income is paid on units redeemed from element of income contributed by unit holders on issue of units (i.e. return of capital) or the element of income is paid from the income earned by the fund or the element of income is partly paid out of element of income contributed by unit holders (i.e. return of capital) and partly from the income earned by the fund.

5.9 Revenue recognition

- Gain / (loss) arising on sale of investments are included in the 'income statement' on the date at which the sale transaction takes place.
- Unrealised gain / (loss) 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 period in which they arise.
- Dividend income is recognized when the right to receive the dividend is established.
- Mark up / return on bank balances and government securities are recognised at effective profit rates based on a time proportion basis using the effective interest method.
- Profit on debt securities classified as non performing assets are recognised on receipt basis.

5.10 Expenses

All expenses including NAV based expenses (namely management fee, trustee fee, annual fee payable to the SECP, and selling and marketing expense) are recognised in the 'income statement' on an accrual basis.

	Note	2021	2020
		Rupees	
6 INVESTMENTS			
"Financial assets at fair value through profit and loss" - held for trading			
- Quoted equity securities - regular market trade	6.1	78,829,001	55,846,626
Available for sale			
- Quoted equity securities - associated companies	6.2	8,824,831	5,680,646
		<u>87,653,832</u>	<u>61,527,272</u>

6.1 Investments - financial assets at fair value through profit or loss - held for trading

Unless stated otherwise, the holdings are in ordinary shares / certificates of Rs.10/- each.

Name of Company	Number of Shares as on June 30, 2020	Cost of Shares as on June 30, 2020	Market value of Shares as on June 30, 2020	Shares received during the period	Bonus Shares Received during the period	Shares sold during the period	Balance as at June 30, 2021			Percentage in relation to	
							Number of Shares	At Cost (Rupees)	At Market Value (Rupees)	Investee Companies	
										Paid-up Capital	Number of Shares
COMMERCIAL BANKS, FINANCIAL SERVICES ETC.											
Askari Bank Ltd.	4,565	57,382	62,586	-	-	-	4,565	57,382	103,762	0.0009	0.0101
Bank Al-Habib Ltd.	104,619	50,255	5,471,574	-	-	-	104,619	50,255	7,335,884	0.0007	0.0143
JS Bank Ltd.	47,334	959,549	253,237	-	-	-	47,334	959,549	270,277	0.0157	0.0077
Foreign Exchange Bearer Certificates 6.1.1	36,000	3,933,000	3,636,000	-	-	-	36,000	3,933,000	3,636,000		
MCB Bank Ltd.	61,564	821,488	9,977,677	-	-	-	61,564	821,488	9,839,774	0.0108	0.0098
Soneri Bank Ltd.	8,655	27,994	96,071	-	-	-	8,655	27,994	84,819	0.0005	0.0021
Orix Leasing Pakistan Ltd Formerly Standard Chartered Leasing Ltd.	6,545	98,975	152,171	-	-	-	6,545	98,975	168,534	0.0101	0.0167
NONLIFE INSURANCE											
Adamjee Insurance Co.Ltd.	17,117	1,891,417	566,744	-	-	-	17,117	1,891,417	709,842	0.1529	0.0138
PERSONAL GOODS (TEXTILES)											
Faisal Spinning Mills Ltd.	74,000	2,206,265	18,574,000	-	-	-	74,000	2,206,265	31,080,000	2.2063	0.7400
Crescent Textile Mills Ltd.	383	14,119	7,974	-	-	-	383	14,119	10,452	0.0029	0.0008
Mian Textile Industries Ltd	90,000	701,170	633,600	-	-	-	90,000	701,170	2,226,600	0.3172	0.4071
CONSTRUCTION AND MATERIALS											
Lucky Cement Ltd.	15,000	2,083,824	6,923,700	-	-	-	15,000	2,083,824	12,951,600	0.0644	0.0046
OIL & GAS											
Oil & Gas Development Co. Ltd.	15,000	2,012,403	1,635,000	-	-	-	15,000	2,012,403	1,425,450	0.0047	0.0003
Pakistan State Oil Ltd.	5,702	1,525,057	901,828	-	-	-	5,702	1,525,057	1,278,674	0.0889	0.0033
Shell Pakistan Ltd.	158	11,889	28,848	158	-	-	316	28,953	55,363	0.0042	0.0006
TELECOMMUNICATION											
Pakistan Telecommunication Co.Ltd.	50,000	2,280,683	444,000	-	-	-	50,000	2,280,683	592,000	0.0060	0.0013
MULTI UTILITIES											
Sui Northern Gas Co. Ltd.	36,748	566,649	2,006,441	-	-	-	36,748	566,649	1,785,218	0.0103	0.0067
Sui Southern Gas Ltd.	1,312	26,150	17,502	-	-	-	1,312	26,150	17,450	0.0004	0.0002
CHEMICAL											
Dewan Salman Fibre Ltd. 6.1.2.	33,639	1,750,708	29,602	-	-	-	33,639	1,750,708	29,602	0.0478	0.0092
Engro Corporation Ltd.	2,887	153,917	845,660	-	-	-	2,887	153,917	850,539	0.0047	0.0015
Engro Fertilizer	288	0	17,361	-	-	-	288	-	17,361	-	0.0001
Fauji Fert Bin Qasim Ltd.	50,000	1,980,593	798,000	-	-	-	50,000	1,980,593	1,320,500	0.0212	0.0054
PHARMA AND BIOTECH											
Sanofi-Avantis Ltd.	3,300	469,937	2,767,050	-	-	-	3,300	469,937	3,039,300	0.4872	0.0342
		23,623,424	55,846,626					23,640,488	78,829,001		
Reversal of provision for Diminution in value of Investments		32,223,202						55,188,513			
		55,846,626						78,829,001			

6.1.1 In September 1996, the Income Tax Authorities raided the Company's premises and took away by force, all the records, documents, and valuable securities, including FEBC's/Bearer NIT units of all the Group companies, which included the FEBC's of the Fund; without lawful authority and without making any inventory. This raid caused a serious disruption in the company's business. The company filed a suit against the Income Tax Authorities in the Honorable High Court of Sindh, challenging the said act as being illegal. The Honorable High Court of Sindh, vide its Order dated July 31, 1998, held that the presence of irregularities and malafides in the act of the Income Tax Department cannot be ruled out. Further, the remaining two ingredients namely balance of convenience and causing irreparable loss and injury, also exists in favour of the company. Further, the Income Tax Department was directed to submit their report keeping in view the provisions of Section 146(C) of the Income Tax Ordinance, 1979, declaring how much more time they would need to return the impounded documents and records. In spite of the orders of the Hon'ble High Court of Sindh, the Income Tax Department has neither returned the records nor any of the FEBC's/valuables. The Fund has filed a contempt application against the Department and the matter is now in evidence stage.

6.1.2. Dewan Salman Fibre Limited's aggregate market value of investment based on last available quoted price as of February, 19 2018 sfter the same same date the transactions of the same company has been suspended till reporting date.

6.2. Available for sale - Quoted equity securities
Shares/ Certificates of associated companies

Name of Company	Number of Shares as on June 30, 2020	Cost of Shares as on June 30, 2020	Market value of Shares as on June 30, 2020	Shares Purchased during the year	Bonus Shares Received during the year	Shares sold during the year	Balance as at June 30, 2021			Percentage in relation to Investee Companies	
							Number of Shares	At Cost (Rupees)	At Market Value (Rupees)	Paid-up Capital	No. of Shares
EQUITY INVESTMENTS											
INSTRUMENTS											
First Tri-Star Modaraba	670,067	9,698,250	5,360,536	-	-	-	670,067	9,698,250	8,007,301	4.58	3.17
ELECTRICITY											
Tri-Star Power Ltd.	119,000	4,964,750	320,110	-	-	-	119,000	4,964,750	817,530	3.31	0.79
		14,663,000	5,680,646					14,663,000	8,824,831		
Provision for Diminution in value of Investments		(8,982,354)						(5,838,169)			
		5,680,646						8,824,831			

	Note	2021 Rupees	2020
7 OTHER RECEIVABLE			
Advance for Expenses		5,422	5,422
		<u>5,422</u>	<u>5,422</u>
8 CASH AND CASH EQUIVALENTS			
Balances with Banks		49,029	32,956
		<u>49,029</u>	<u>32,956</u>
9 PAYABLE TO INVESTMENT ADVISOR - unsecured An Associated Company - Tri-Star Investments Ltd.			
Opening balance		9,447,325	8,264,469
Add: Reimbursable Expenses		828,125	148,380
Add: Remuneration for the year	9.1	1,277,479	1,034,476
		<u>11,552,928.78</u>	<u>9,447,325</u>
Less: Paid during the year		-	-
		<u>11,552,929</u>	<u>9,447,325</u>

- 9.1 Under the Provision of NBFC Regulations, the management company is entitled to a remuneration of an amount not exceeding three percent of the average annual net assets of the fund during the first five year of the fund's existence, and thereafter, of an amount equal to two percent of such assets of the fund. The remuneration of the management company has been charged at the rate of two percent per annum of the average annual net assets of the fund. The remuneration of the Investment Advisor has been determined as follows:

Average Annual Net Assets	63,873,966	51,723,822
Remuneration at 2% of average annual net assets	1,277,479	1,034,476

	Note	2021 Rupees	2020
10 ACCRUED EXPENSES			
Custodian and CDC Fee		1,015,092	985,092
Listing Fee		155,000	155,000
Auditors' remuneration		450,000	790,000
Professional Tax		439,123	410,866
With holding tax deducted		146,801	146,801
Bilal Associates		89,118	32,900
SECP Annual Fee		588,532	540,627
Sales tax and FED on remuneration of Investment Advisor	10.1	2,045,324	1,879,252
		<u>4,928,990</u>	<u>4,940,538</u>

10.1. The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13 percent (2017: 13 percent) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

The company had not filed the Sales tax returns as the Company has not obtained the Sales tax registration as required by the Sindh Sales tax Ordinance 2012 passed by the Provincial Assembly of Sindh and Sindh Revenue Board (SRB).

As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Investment advisor Company has been applied effective from June 13, 2013. The investment advisor Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED results in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan along-with Central Depository Company of Pakistan Limited with the Sindh High Court (SHC) on September 04, 2013.

While disposing the above petition through order dated June 30, 2016, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from July 01, 2011. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for the decision.

The Finance Act, 2016 excluded the mutual funds from the levy of FED with effect from July 01, 2016.

11 CERTIFICATE CAPITAL

Issued, subscribed and paid-up certificate capital

2021	2020	Fully paid ordinary		
Number of Certificates		certificates of Rs. 10/- each		
5,000,000	5,000,000	Issued for cash	50,000,000	50,000,000
			50,000,000	50,000,000

11.1 Tri-Star Investments Ltd., hold 500,000 and Tri-Star Industries (Pvt) Ltd., hold 99,900 (June 30, 2016: 500,000 and 99,900 shares respectively) of Rs. 10/- each as at June 30, 2017

11.2 Under the provision of NBFC Regulations, 2007, minimum equity requirement to undertake the business of Asset Management Company was Rs. 30 million and to be raised to Rs. 100 million by June 30, 2008. As per SRO # 764 of 2009, the date to extend the equity requirement to Rs. 100 million has been extended up to June, 2011.

	Note	2021	2020
			Rupees
12 NET ASSET VALUE PER CERTIFICATE			
Total net assets		46,975,217	46,949,709
Total certificate in issue		5,000,000	5,000,000
Net asset value per certificate - Rupees		9.40	9.39

13 CONTINGENCIES & COMMITMENTS

As fully disclosed in note 5.1.1 to the Financial Statements.

		2021	2020
			Rupees
14 INCOME FROM OPERATION			
Securities classified as 'financial assets at fair value through profit or loss' - net	5.1.	22,965,311	(1,202,059)
Sale of marketable securities		-	-
Capital Gain		22,965,311	(1,202,059)
Dividend Income		112,700	45,351
Income from operations		23,078,011	(1,156,708)

15 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed to the unit holders in cash. 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. Subsequent to year end on July 4, 2018, Accordingly, no provision for taxation has been recognised in these financial statements.

16 (LOSS)/EARNING PER CERTIFICATE

Net loss after taxation (with net unrealised appreciation/ diminution on investments classified as held for trading)	24,065,483	(3,384,744)
Net income after taxation (without net unrealised appreciation/diminution on investments classified as held for trading)	20,921,298	(3,060,421)
Weighted average number of certificates	5,000,000	5,000,000
Basic earning/(loss) per certificate (with net unrealised appreciation/ diminution on investments classified as held for trading)	4.81	(0.68)
Basic earning/(loss) per certificate (without net unrealised appreciation/diminution on investments classified as held for trading)	4.18	(0.61)

16.1 There were no convertible dilutive potential ordinary certificates in issue as at June 30, 2021 and 2020.

	Note	2021	2020
		Rupees	
17 TRANSACTIONS WITH RELATED PARTIES			
17.1 Transactions during the year			
Tri-Star Investments Ltd.			
Management Fee/Advisory Fee		1,277,479	1,034,476
Payments made during the year		-	-

18 FINANCIAL INSTRUMENTS BY CATEGORY

As at June 30, 2021				
Held to maturity	Loans & receivables	Assets at fair value through profit or loss	Available for sale	Total
Rupees				
Assets				
Current assets				
Balances with banks	-	32,956	-	32,956
Investments	-	-	8,824,831	87,653,832
Other receivables	-	5,422	-	5,422
Non-current assets				
Long-term Deposits	12,500	-	-	12,500
Total assets	12,500	38,378	8,824,831	87,704,710

As at June 30, 2021		
Liabilities at fair value through profit or loss	Other financial liabilities	Total
Rupees		
Liabilities		
Current Liabilities		
Payable to Investment advisor-an associated co.	-	9,447,325
Accrued Expenses	-	4,940,538
Unclaimed Dividend	-	426,082
	-	14,813,945

As at June 30, 2020				
Held to maturity	Loans & receivables	Assets at fair value through profit or loss	Available for sale	Total
Rupees				
Assets				
Current assets				
Balances with banks	-	32,956	-	32,956
Investments	-	-	5,680,646	61,527,272
Other receivables	-	5,422	-	5,422
Non-current assets				
Long-term Deposits	12,500	-	-	12,500
Total assets	12,500	38,378	5,680,646	61,578,150

As at June 30, 2020		
Liabilities at fair value through profit or loss	Other financial liabilities	Total
Rupees		
Liabilities		
Current Liabilities		
Payable to Investment advisor-an associated co.	-	9,447,325
Accrued Expenses	-	4,940,538
Unclaimed Dividend	-	426,082
	-	14,813,945

19 FINANCIAL RISK MANAGEMENT

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

19.1 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

19.2 Currency Risk

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

19.3 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 market interest rates. At present, is not exposed to currency risk in its operations.

19.4 Price Risk

The Fund is exposed to equity securities price risk because of investments held by the Fund and classified on the balance sheet as financial assets at fair value through 'profit or loss' and 'available for sale'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks.

19.5 Credit Risk**19.5.1 Credit Risk Management**

Credit risk represents the risk of a loss if the counterparties fail to perform as contracted. The Fund's credit risk is primarily attributable to its Bank Balances with banks. The company is not exposed to Credit risk as the company not made investments in the interest based investments. Investment guidelines (approved by Investment Committee) have been established in which the fund can invest its resources.

19.5.2 Concentration of Credit Risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentration of credit risk.

19.6 Liquidity Risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous. The Fund is not materially exposed to liquidity risk as all obligations/commitments of the Fund are short term in nature and are restricted to the extent of available liquidity and all assets of the Fund are readily disposable in the market.

The maturity profile of the Fund's liabilities based on contractual maturities is given below:

As at June 30, 2021				
Total	Upto three months	More than three months and upto one year	More than one year	
Rupees				
Current Liabilities				
Payable to Investment advisor - an associated company	11,552,929	1,277,479	10,275,450	-
Accrued Expenses	4,928,990	(11,548)	4,940,538	-
Unclaimed Dividend	426,082	-	426,082	-
	16,908,001	1,265,931	15,642,070	-

As at June 30, 2020				
Total	Upto three months	More than three months and upto one year	More than one year	
Rupees				
Current Liabilities				
Payable to Investment advisor - an associated company	9,447,325	681,083	8,766,242	-
Accrued Expenses	4,940,538	139,823	4,800,715	-
Unclaimed Dividend	426,082	-	426,082	-
	14,813,945	820,906	13,993,039	-

19.7 Capital Risk Management

The Fund's objectives when managing capital are to safeguard its ability to continue as a going concern so that it can continue to provide returns for certificate holders and to maintain a strong capital base to meet unexpected losses or opportunities.

The Fund has a limited number of certificates sold at the Fund's inception. However, in order to maintain or adjust the capital structure the Fund may issue new certificates. The Fund's certificates are not redeemable directly with the Fund. Instead the certificates are traded on the stock exchanges at a price that is either at a premium or discount to the certificate's net asset value.

19.8 Fair Value of Financial Instruments

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book values as the items are either short term in nature or periodically re-priced.

According to Amendments to International Financial Reporting Standard 7, Financial Instruments: Disclosure -Improving disclosures about financial instruments, an entity shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)

inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2) ; and

inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

Investments of the Fund carried at fair value are categorized in the level 1 category.

20 Remuneration of Chief Executive, Directors and Executives

No. remuneration or Benefit paid to Chief Executive, Director and Executives of the company due Investment Advisor maintaining the operations of the Company .

21 Date of Authorization for issue

These financial statements were authorized for issue on October 05, 2021 by the Board of Directors of the Investment Adviser.

22 NUMBER OF EMPLOYEES

Number of persons employed as at year end were nil (2020: nil).

23 General

Corresponding figures have been rearranged and reclassified, whenever necessary, for the purposes of comparison. During the year there were no major reclassifications to report.

Figures have been rounded off to the nearest decimal places unless otherwise specified.

The bifurcation of undistributed income into realized and unrealized income at the beginning and end of the year as required by the NBFC Regulations has not been disclosed as such bifurcation is not practicable.

Chief Executive

Chief Financial Officer

Director

Pattern of Shareholding As at June 30, 2021

Number of Shareholders	Shareholding			Shares Held	Percentage
	From		To		
275	1	-	100	25,852	0.52
1,592	101	-	500	726,991	14.54
361	501	-	1,000	355,844	7.12
289	1,001	-	5,000	717,974	14.36
34	5,001	-	10,000	257,141	5.14
12	10,001	-	15,000	156,500	3.13
4	15,001	-	20,000	72,200	1.44
3	20,001	-	25,000	73,500	1.47
3	25,001	-	30,000	82,500	1.65
1	45,001	-	50,000	46,500	0.93
1	65,001	-	70,000	67,700	1.35
1	75,001	-	80,000	78,000	1.56
1	85,001	-	90,000	90,000	1.80
1	90,001	-	95,000	94,000	1.88
3	95,001	-	100,000	294,800	5.90
1	125,001	-	130,000	129,498	2.59
1	225,001	-	230,000	228,500	4.57
1	240,001	-	245,000	244,000	4.88
1	495,001	-	500,000	500,000	10.00
1	755,001	-	760,000	758,500	15.17
2,586				5,000,000	100.00

CATEGORIES OF SHAREHOLDERS

As at June 30, 2021

Categories of Shareholders	No. of Shares Held	Percentage
Directors, Chief Executive Officer and their spouses and Minor Children	5,398	0.11
Associated Companies, Undertakings and Related Parties	500,000	10.00
NIT & ICP	98,300	1.97
Banks, Development Finance Institutions, Non- Banking Financial Institutions	21,200	0.42
Mutual Fund & Investment Company	7,003	0.14
General Public (Local)	4,344,598	86.89
Other Companies	3,001	0.06
Joint Stock Companies	20,500	0.41
	5,000,000	100.00

Proxy Form

I, _____ of
_____ being a member of Tri-Star
Mutual Fund Ltd., Karachi and holder of _____ Shares as per R.F. No.
_____ and/or CDC Participant I.D. No. _____ and Sub Account No.
_____ hereby appoint _____ of _____ or failing him
_____ of _____ as my proxy to attend
and vote for me and on my behalf at the Annual General Meeting of the Company to be held on October 28,
2021 at F/538, S.I.T.E., Karachi and at any adjournment thereof.

As witness my hand this _____ day of _____, 2021.

Signed by the said _____

Please affix Rs. 5/- Revenue Stamp

To be signed over Revenue Stamp

- IMPORTANT:**
- a) This form of proxy duly completed must be received at the office of the Company at F/538, S.I.T.E., Karachi, not later than 48 hours before the time of holding the meeting.
 - b) CDC Shareholders and their Proxies must each attach an attested photocopy of their National Identity Card or Passport with their proxy form.
 - c) A proxy should also be a share holder of the Company.