



HALF YEARLY REPORT

DECEMBER 31, 2023

JS MICROFINANCE SECTOR FUND



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MISSION

To establish a leadership position in bringing more investable asset classes and innovative products, while managing them with prudence and excellence



COMPANY INFORMATION

Management Company

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

Board of Directors

Mr. Suleman Lalani	Non-Executive Director / Chairman
Ms. Iffat Zehra Mankani	Chief Executive Officer
Mr. Hasan Shahid	Non-Executive Director
Mr. Mirza M. Sadeed H. Barlas	Non-Executive Director
Mr. Atif Salim Malik	Non-Executive Director
Ms. Aisha Fariel Salahuddin	Non-Executive Independent Director
Ms. Mediha Kamal Afsar	Non-Executive Independent Director
Mr. Farooq Ahmed Malik	Non-Executive Independent Director

Chief Executive Officer

Ms. Iffat Zehra Mankani

Chief Financial Officer

Mr. Raheel Rehman

Chief Investment Officer

Mr. Syed Hussain Haider

Chief Operating Officer & Company Secretary

Mr. Muhammad Khawar Iqbal

Statutory Auditors

Grant Thornton Anjum Rahman, Chartered Accountants

Legal Advisors

Bawaney and Partners
3rd & 4th Floor, 68-C, Lane-13
Bokhari Commercial Area
Phase-VI DHA, Karachi

Audit Committee

Ms. Mediha Kamal Afsar (Chairperson)
Mr. Hasan Shahid (Member)
Mr. Mirza M. Sadeed H. Barlas (Member)

Trustee

Digital Custodian Company Limited
4th Floor, Perdesi House
2/1, R-Y-16, Old Queens Road,
Karachi - 75530

DIRECTORS' REPORT TO THE UNIT HOLDERS

The Board of Directors of JS Investments Limited has pleasure in presenting to you the un-audited Financial Statements of **JS Microfinance Sector Fund** (the Fund) for the half year ended December 31, 2023.

Economy Review:

During FY23, Pakistan's economy faced severe shocks from floods, Geo-political tensions escalating commodity prices, tightening financing conditions, and policy setbacks, leading to stalled growth, surging inflation, depleted reserves, and acute fiscal pressures. However, during 1HFY24 the country transitioned from a rhetoric of default with no visible solutions toward reform implementation, sustainable policies, and reinforcing external accounts. Guided by SIFC and IMF directives, this shift reoriented the outlook from potential default to sustained growth, signaling an optimistic turn and leaving the worst economic challenges behind.

Asset sales under SIFC are expected to help prevent a significant decline in FX reserves, supported by reforms in the energy sector and SOEs, creating fiscal space. Concurrently, the anticipated influx of FDI is poised to address the country's gross financing needs, bolstering Pakistan's economic stability and growth. In FY24, GDP growth is projected at 2.5%, driven by the post-flood recovery in the agriculture sector. Additionally, sustained policies, effective reforms, and substantial financial support remain pivotal to long-term growth.

The financial inflows under the SIFC asset sale and the IMF program will bolster exchange rate stability, playing a pivotal role in curbing inflation by maintaining a stable PKR. During 1HFY24, the average inflation was recorded at 28.8%, compared to 25.04% in the corresponding period last year. Moving forward monetary policy to remain tightly linked to the external account and inflation outlook while contractionary measures will remain the central theme on the fiscal side.

Income / Money Market Review:

Money managers strategically focused on the shorter end of the yield curve in 1HFY24, amid high inflation and the resultant tight monetary stance. However, towards the end of the period, the indications of easing inflationary pressures, a notable shift in strategy emerged, increasing exposure towards longer-term instruments in anticipation of prospective rate adjustments.

This shift in money managers' strategy aligns with the broader economic landscape, where monetary policy is poised to closely track the country's external accounts and inflation outlook. The inflation is expected to slow down towards the end of FY24, mainly due to the high base effect, contained aggregate demand, easing supply constraints, and moderation in international commodity prices. However, this slowdown could be countered by the potential currency devaluation and further increases in gas/energy tariffs. Looking ahead, the strategic approach would entail maximizing returns through greater allocation to longer-tenure instruments.

Review of Fund Performance

The Fund's annualized return was 24.02% for the half year ended December 31, 2023 against benchmark return of 22.53%. Net Assets moved from PKR 7.57 billion as at June 30, 2023 to PKR 7.79 billion as at December 31, 2023. The total expense ratio (TER) of the Fund is 1.10%, which includes 0.15% of government levies on the Fund.

Dividend

The Fund paid interim cash dividends accumulating to Rs. 11.20 per unit during the half year ended December 31, 2023

Asset Manager Rating

Pakistan Credit Rating Agency Limited (PACRA) has maintained Management Company's asset manager rating of 'AM2+' with a 'stable outlook' to JS Investments Limited. This rating underscores our dedication to maintaining high-quality management standards, reflecting positively on the overall performance and outlook of our operations. Further, PACRA has also maintained a Stability rating of 'A(f)' with stable outlook to the Fund.

Acknowledgment

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



Director

February 20, 2024
Karachi



Chief Executive Officer
Iffat Zehra Mankani

TRUSTEE REPORT TO THE UNIT HOLDERS



REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

JS MICROFINANCE SECTOR FUND

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

JS Micro Finance Sector Fund an open-end scheme established under a Trust Deed executed between JS Investments Limited, as the Management Company and Digital Custodian Company Limited, as the Trustee. The draft Trust Deed was approved by the Securities and Exchange Commission of Pakistan vide its letter dated December 27, 2021 consequent to which the Trust Deed was executed on January 7, 2022.

1. JS Investments Limited, the Management Company of JS Micro Finance Sector Fund has, in all material respects, managed JS Micro Finance Sector Fund during the period ended December 31st, 2023 in accordance with the provisions of the following:
 - (i) Investment limitations imposed on the Asset Management Company and the Trustee under the trust deed and other applicable laws;
 - (ii) the valuation or pricing is carried out in accordance with the deed and any regulatory requirement;
 - (iii) the creation and cancellation of units are carried out in accordance with the deed;
 - (iv) and any regulatory requirement
2. Statement on the shortcoming(s) that may have impact on the decision of the existing or the potential unit holders remaining or investing in the Collective Investment Scheme; and

Statement

No short coming has been addressed during the period ended December 31st, 2023.

3. Disclosure of the steps taken to address the shortcoming(s) or to prevent the recurrence of the short coming(s).

Disclosure of the steps

We have critically examine the fund in accordance with circular, directives, NBFC Regulations 2008 and its constitutive documents. However, no shortcoming has been addressed.

4. Trustee's opinion regarding the calculation of the management fee, CIS Monthly Fee Payable to the Commission and other expenses in accordance with the applicable regulatory framework.

Trustee Opinion

"The Management fee, CIS monthly fee payable to the Commission and other expenses has been accurately calculated in accordance with the NBFC Regulations, 2008 and its constitutive documents".



Dabeer Khan
Manager Compliance
Digital Custodian Company Limited

Karachi: February 21, 2024

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Perdesi House
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AUDITOR REPORT TO THE UNIT HOLDERS



INDEPENDENT AUDITORS' REVIEW REPORT TO THE UNIT HOLDERS' OF JS MICROFINANCE SECTOR FUND

**Grant Thornton Anjum
Rahman**

1st & 3rd Floor,
Modern Motors House,
Beaumont Road,
Karachi, Pakistan.

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Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of JS Microfinance Sector Fund ("the Fund") as at December 31, 2023 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement and together with the notes forming part thereof (here-in-after referred to as the "condensed interim financial statements") for the six months period then ended. Management Company (JS Investments Limited) is responsible for the preparation and presentation of the condensed interim financial statements in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

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

Conclusion

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

Other Matters

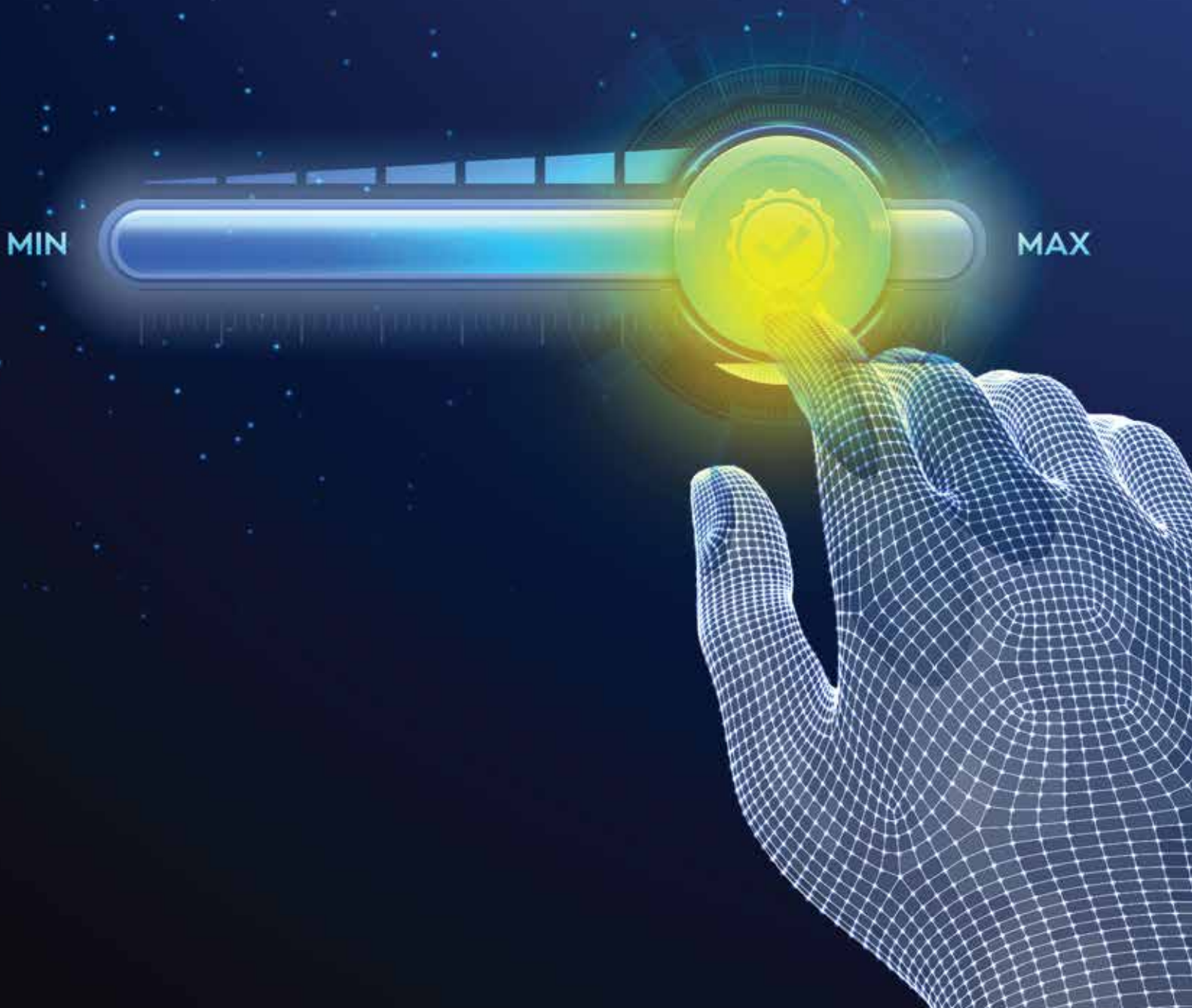
The figures of the condensed interim income statement and the condensed interim statement of comprehensive income for the three-months period ended December 31, 2023 and December 31, 2022 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2023.

Date: February 28, 2024
Karachi
UDIN: RR202310154kXd3NaMCU


Chartered Accountants
Muhammad Khalid Aziz
Engagement Partner



CONDENSED INTERIM FINANCIAL STATEMENTS



CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

AS AT DECEMBER 31, 2023

		December 31, 2023 (Unaudited)	June 30, 2023 (Audited)
	Note	Rupees	
Assets			
Balances with bank	7	7,601,421,842	7,399,261,415
Investments	8	100,000,000	-
Profit receivable	9	110,397,831	192,479,159
Deferred formation cost	10	470,983	541,611
Prepayments and other receivables	11	126,650	189,411
Total assets		7,812,417,306	7,592,471,596
Liabilities			
Payable to JS Investments Limited - Management Company	12	7,672,991	14,395,495
Payable to Digital Custodian Company Limited - Trustee	13	363,290	609,427
Annual fee payable to Securities and Exchange Commission of Pakistan	14	321,497	1,414,098
Accrued expenses and other liabilities	15	14,748,583	5,122,426
Total liabilities		23,106,361	21,541,446
Contingencies and commitments	17	-	-
Net assets		7,789,310,945	7,570,930,150
Unit holders' funds (as per statement attached)		7,789,310,945	7,570,930,150
		Number of units	
Number of units in issue		76,673,475	74,869,343
		Rupees	
Net assets value per unit		101.59	101.12

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director



CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)

FOR THE SIX AND THREE MONTHS PERIOD ENDED DECEMBER 31, 2023

		Half year ended December 31,		Quarter ended December 31,		
		2023	2022	2023	2022	
Note		----- Rupees -----				
Income						
	Profit on bank balances	941,942,810	548,352,610	313,804,729	314,918,679	
	Profit on investments	5,402,414	-	5,402,414	-	
		947,345,224	548,352,610	319,207,143	314,918,679	
Expenses						
	Remuneration to the Management Company	12.1	18,464,952	11,506,111	7,896,648	6,371,596
	Sindh Sales tax on remuneration to the Management Company	12.2	2,400,445	1,495,792	1,026,564	828,306
	Remuneration to the Digital Custodian Company Limited - Trustee	13.1	2,974,603	2,471,132	1,005,599	1,408,516
	Sindh Sales tax on remuneration of the trustee	13.2	386,698	321,247	130,727	183,108
	Selling and marketing expense	12.4	11,593,844	1,150,000	3,339,621	1,150,000
	Accounting and operational charges	12.3	3,966,136	1,057,914	1,340,797	1,057,914
	Annual fee to the Securities and Exchange Commission of Pakistan		2,975,853	660,221	1,006,223	376,216
	Amortization of deferred formation costs		70,628	70,053	35,314	37,765
	Listing fee		12,500	12,500	6,250	6,250
	Mutual fund rating fee		79,761	93,790	56,780	53,284
	Bank and settlement charges		2,831	1,356	571	-
	Printing and stationary		51,011	50,942	25,505	31,660
	Professional tax		-	7,500	-	7,500
	Auditors' remuneration		402,167	401,420	201,083	200,710
			43,381,429	19,299,978	16,071,682	11,712,825
Net income for the period before taxation			903,963,795	529,052,632	303,135,461	303,205,854
	Taxation	16	-	-	-	-
Net income for the period after taxation			903,963,795	529,052,632	303,135,461	303,205,854
Allocation of net income for the period:						
	Net income for the period after taxation		903,963,795	529,052,632	303,135,461	303,205,854
	Income already paid on units redeemed		(267,550,061)	(53,971,493)	(60,102,075)	(40,445,539)
Accounting income available for distribution			636,413,734	475,081,139	243,033,386	262,760,315
	-Relating to capital gains		-	-	-	-
	-Excluding capital gains		636,413,734	475,081,139	243,033,386	262,760,315
			636,413,734	475,081,139	243,033,386	262,760,315

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.

Chief Financial Officer

Chief Executive Officer

Director



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE SIX AND THREE MONTHS PERIOD ENDED DECEMBER 31, 2023

	Half year ended December 31,		Quarter ended December 31,	
	2023	2022	2023	2022
	----- Rupees -----			
Net profit for the period after taxation	903,963,795	529,052,632	303,135,461	303,205,854
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	903,963,795	529,052,632	303,135,461	303,205,854

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director



CONDENSED INTERIM CASH FLOWS STATEMENT (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

	Half year ended December 31,	
	2023	2022
	Rupees	
Note		
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	903,963,795	529,052,632
Adjustments for:		
Amortization of deferred formation costs	70,628	70,053
Increase in assets		
Prepayments and other receivables	62,761	(970,398)
Investments- net	(100,000,000)	-
Profit receivable	82,081,328	(91,734,869)
	(17,855,911)	(92,705,267)
Increase in liabilities		
Payable to JS Investments Limited - Management Company	(6,722,504)	3,868,084
Payable to Digital Custodian Company Limited - Trustee	(246,137)	454,229
Annual fee payable to the Securities and Exchange Commission of Pakistan	(1,092,601)	635,411
Accrued expenses and other liabilities	9,626,157	(30,033)
	1,564,915	4,927,691
Net cash generated from operating activities	887,743,427	441,345,109
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received from issuance of units	22,586,771,683	16,664,527,286
Amount paid on redemption of units	(22,676,820,447)	(10,181,193,692)
Dividend paid	(595,534,236)	(441,565,140)
Net cash (used in) / generated from financing activities	(685,583,000)	6,041,768,454
Net increase in cash and cash equivalents	202,160,427	6,483,113,563
Cash and cash equivalents at the beginning of the period	7,399,261,415	2,213,232,206
Cash and cash equivalents at the end of the period	7,601,421,842	8,696,345,769

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.

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Chief Financial Officer



Chief Executive Officer



Director



CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

	Six Months Period Ended December 31, 2023			Six Months Period Ended December 31, 2022		
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
	(Rupees)			(Rupees)		
Net assets at beginning of the period	7,437,035,825	133,894,325	7,570,930,150	2,225,545,045	1,301,717	2,226,846,762
Issue of 222,998,976 units (2022: 165,817,571 units)	22,577,057,149	-	22,577,057,149	16,656,097,836	-	16,656,097,836
- Element of income	9,714,534	-	9,714,534	8,429,450	-	8,429,450
Total proceeds on issuance of units	22,586,771,683	-	22,586,771,683	16,664,527,286	-	16,664,527,286
Redemption of 221,194,844 units (2022: 100,653,294 units)	(22,353,573,548)	-	(22,353,573,548)	(10,096,906,981)	-	(10,096,906,981)
- Element of income	(55,696,838)	-	(55,696,838)	(30,315,218)	-	(30,315,218)
- Amount paid / payable on redemption of units	-	(267,550,061)	(267,550,061)	-	(53,971,493)	(53,971,493)
Total payments on redemption of units	(22,409,270,386)	(267,550,061)	(22,676,820,447)	(10,127,222,199)	(53,971,493)	(10,181,193,692)
Total comprehensive income for the period	-	903,963,795	903,963,795	-	529,052,632	529,052,632
Distributions during the period	-	(595,534,236)	(595,534,236)	-	(441,565,140)	(441,565,140)
Net assets at end of the period	7,614,537,122	174,773,823	7,789,310,945	8,762,850,132	34,817,716	8,797,667,848
Undistributed (loss) / income brought forward						
- Realised income		133,894,325			1,301,717	
- Unrealised (loss)		-			-	
		<u>133,894,325</u>			<u>1,301,717</u>	
Accounting income available for distribution						
- Relating to capital gains		-			-	
- Excluding capital gains		636,413,734			475,081,139	
		<u>636,413,734</u>			<u>475,081,139</u>	
Net income for the period after taxation						
Distribution during the period		(595,534,236)			(441,565,140)	
Undistributed income carried forward		<u>174,773,823</u>			<u>34,817,716</u>	
Undistributed income carried forward						
- Realised income		174,773,823			34,817,716	
- Unrealised income		-			-	
		<u>174,773,823</u>			<u>34,817,716</u>	
Net assets value per unit at beginning of the period		<u>101.12</u>			<u>100.09</u>	
Net assets value per unit at end of the period		<u>101.59</u>			<u>100.65</u>	

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.

Chief Financial Officer

Chief Executive Officer

Director

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

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** JS Microfinance Sector Fund ("the Fund") was established under the Trust Deed and the Sindh Trust Act, 2020 executed between JS Investments Limited as the Management Company and Digital Custodian Company Limited as the Trustee. The draft trust deed was approved by the Securities and Exchange Commission of Pakistan (the SECP) vide its letter dated December 27, 2021 consequent to which the Trust Deed was executed on January 7, 2022 in accordance with the requirement of Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules). The Trust Deed of the Fund has been registered under the Sindh Trust Act, 2020.
- 1.2** The Fund is an open end mutual fund categorised as "Income Scheme" and is listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on continuous basis and are transferrable and can be redeemed by surrendering them to the Fund. As per the offering document, the Fund shall invest in prime quality Microfinance sector products, Microfinance bank deposits and short-term Money Market instruments.
- 1.3** The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at The Centre, 19th Floor, Plot No.28 SB-5, Abdullah Haroon Road, Saddar, Karachi, Pakistan.
- 1.4** Title to the assets of the Fund is held in the name of Digital Custodian Company Limited as Trustee of the Fund.
- 1.5** Pakistan Credit Rating Agency Limited (PACRA) has maintained Management Company's asset manager rating of 'AM2+' with a 'stable outlook' to JS Investments Limited. This rating underscores our dedication to maintaining high-quality management standards, reflecting positively on the overall performance and outlook of our operations. Further, PACRA has also maintained a Stability rating of 'A(f)' with stable outlook to the Fund.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

- 2.1.1** This condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, 'Interim Financial Reporting', 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 along with part VIIIA of the repealed Companies Ordinance, 1984; 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, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ with the requirements of IAS 34, 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 the requirements of the Trust Deed have been followed.

- 2.1.2** The disclosures made in this condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard (IAS) 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2023.
- 2.1.3** In compliance with schedule V of the Non-Banking Finance Companies and Notied Entities Regulations, 2008, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2023.

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

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

2.3 Functional and presentation currency

This condensed interim 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 MATERIAL ACCOUNTING POLICIES INFORMATION AND ESTIMATES

3.1 The accounting policies, basis of accounting estimates applied and method of computation adopted in the preparation of these condensed interim financial statements and financial risk management objectives and policies are the same as those applied in the preparation of the annual financial statements of the Scheme for the year ended June 30, 2023.

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

The significant estimates, judgments and assumptions made by the management in applying the accounting policies and the key sources of estimation of uncertainty were the same as those that were applied in the audited annual financial statements as at and for the year ended June 30, 2023.

3.2 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current period

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2023. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

3.3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective

There are certain new amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after July 1, 2023. However, these will not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

3.4 Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP)

Further, certain IFRS have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

4 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the annual published audited financial statements of the Fund for the year ended June 30, 2023.

5 SIGNIFICANT EVENTS OR TRANSACTIONS

There are no significant events or transactions during the period.

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

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

6 TOTAL EXPENSE RATIO

The total expense ratio (TER) of the Fund for the six months period ended December 31, 2023 is 1.10% (June 30, 2023: 0.82%) which includes 0.15% (June 30, 2023: 0.08%) representing government levies and annual fee payable to the SECP. This ratio is within the maximum limit of 2.5% (excluding government levies) prescribed under the NBFC Regulations for a collective investment scheme categorised as a "Money Market" scheme.

		Un-audited December 31, 2023	Audited June 30, 2023
7	BALANCES WITH BANK	-----Rupees-----	
	Profit and loss sharing (PLS) accounts	6,401,421,842	6,824,261,415
	Term deposit receipts (TDRs)	1,200,000,000	575,000,000
		7,601,421,842	7,399,261,415

Note

7.1 These include a balance of Rs. 41.11 million (June 30, 2023: Rs. 22.83 million) maintained with JS Bank Limited (a related party) that carries profit at the rate of 20.82% (June 30, 2023: 19.60%) and Rs. 4.63 billion (June 30, 2023: Rs. 7.37 billion) maintained with U Microfinance Bank Limited that carries profit at the rate of 24.00% (June 30, 2023: 24.00%). Other profit and loss sharing accounts of the Fund carry profit rates ranging from 13.50% to 24.00% (June 30, 2023: 14.50% to 24.00%) per annum.

7.2 These represents term deposit receipts maintained with Mobilink Microfinance Bank Limited and Habib Microfinance Bank Limited (June 30, 2023: U-Microfinance Bank Limited) carrying interest rate of 23% (June 30, 2023: 24.00%). These will mature latest by December 2024.

		Un-audited December 31, 2023	Audited June 30, 2023
8	INVESTMENTS	-----Rupees-----	
	<i>At amortized cost</i>		
	Investments in Debt Securities	100,000,000	-

Note

8.1 These represents term finance certificates of Kashf Foundation Gender Bond carrying interest rate ranging from 23.85%. These will mature latest by October 10, 2026.

		Un-audited December 31, 2023	Audited June 30, 2023
9	PROFIT RECEIVABLE	-----Rupees-----	
	Profit receivable on PLS accounts	102,534,430	164,879,159
	Profit receivable on TDR	2,268,494	27,600,000
	Profit receivable on investments	5,594,907	-
		110,397,831	192,479,159
10	DEFERRED FORMATION COSTS		
	Preliminary Expenses and formation costs	541,611	683,326
	Less: amortization during the period	(70,628)	(141,715)
		470,983	541,611

Note

10.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund and are being amortised over a period of five years commencing from May 12, 2022 as per the requirements set out in the Trust Deed of the Fund.



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

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

		Un-audited December 31, 2023	Audited June 30, 2023	
		-----Rupees-----		
11	PREPAYMENTS AND OTHER RECEIVABLES			
	Prepaid annual listing fee	17,000	-	
	Mutual Fund Rating Fee Prepayment	109,650	189,411	
		126,650	189,411	
12	PAYABLE TO JS INVESTMENTS LIMITED - MANAGEMENT COMPANY			
		Note		
	Remuneration Payable to management company	12.1	3,320,366	2,901,639
	Sindh sales tax on management remuneration	12.2	431,652	377,611
	Accounting and Operational Charges payable	12.3	428,664	719,086
	Selling and Marketing Expenses payable	12.4	3,339,621	9,460,559
	Preliminary Expenses and formation costs Payable		-	740,525
	Printing charges payable		152,688	101,677
	Sales load payable to management company		-	94,398
			7,672,991	14,395,495

12.1 During the period, the Management Company has charged its remuneration at the rate of 0.00% to 1% (June 2023: 0.00% to 1%) on net assets, subject to floor and capping of 1% per annum of the average annual net assets. The remuneration is payable to the Management Company monthly in arrears.

12.2 The Provincial Government of Sindh has levied Sindh sales tax at the rate of 13% (June 30, 2023: 13%) on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.

12.3 This represents reimbursement of certain expenses to the Management Company. As per regulation 60(3) of the NBFC Regulations, fee and expenses related to registrar services, accounting, operation and valuation services related to Collective Investment Scheme shall be payable to Asset Management Company. During the period, such expenses have been charged at the rate of 0.1% (June 30, 2023: 0.1%) of net assets of the Fund.

12.4 The SECP has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds). Asset Management Company is required to set a maximum limit for charging of such expenses to the Fund and the same should be approved by the Board of Directors of the Management Company as part of annual plan. Accordingly, the Management Company based on its discretion has currently determined a capping of 0.1% (June 30, 2023: 0.1%) of the average annual net assets of the Fund for charging of selling and marketing expenses which has also been approved by the Board of Directors of the Management Company.

		Un-audited December 31, 2023	Audited June 30, 2023
13	PAYABLE TO DIGITAL CUSTODIAN COMPANY LIMITED - TRUSTEE	Note	-----Rupees-----
	Remuneration payable to the Trustees	13.1	321,497
	Sindh sales tax payable on Trustee's remuneration	13.2	41,793
			363,290
			539,314
			70,113
			609,427

13.1 During the period, the Trustee has charged its remuneration at the rate of 0.075% (June 30, 2023: 0.075%) per annum of the average annual net assets.

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

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

13.2 Sindh sales tax at the rate of 13% (June 30, 2023: 13%) is charged on Trustee remuneration.

14	PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	Un-audited December 31, 2023	Audited June 30, 2023
			-----Rupees-----	
	Annual fee payable to Securities and Exchange Commission of Pakistan	14.1	321,497	1,414,098

14.1 In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP). The Fund has charged the SECP fee at the rate of 0.075% (June 30, 2022: 0.02%) per annum of the average annual net assets during the current period.

15	ACCRUED EXPENSES AND OTHER LIABILITIES	Un-audited December 31, 2023	Audited June 30, 2023
		-----Rupees-----	
	Auditors' remuneration payable	278,317	291,950
	Withholding tax payable	12,850,366	235,523
	Other liabilities	1,619,900	4,594,953
		14,748,583	5,122,426

16 TAXATION

The Fund is exempt from taxation under clause 99 of the Part I of the 2nd Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income as reduced by the realized and unrealised capital gain for the year is distributed amongst the Fund's unit holders. Since the management intends to distribute the income earned by the Fund during the year to the unit holders in the manner as explained above, no provision for taxation has been made in these condensed interim financial statements.

The Fund is exempt from provisions of section 113 (Minimum Tax) under the clauses IIA of Part IV of the second schedule of the Income Tax Ordinance, 2001.

17 CONTINGENCIES AND COMMITMENTS

The Fund has no contingencies or commitment at the period end (June 30, 2023: Nil).

18 EARNING PER UNIT

Earnings Per Unit (EPU) has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

19 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Connected persons / related parties include JS Investments Limited (JSIL) being the Management Company of the Fund, Digital Custodian Company Limited being the Trustee of the Fund, JS Bank Limited (JSBL) being the Holding Company of JSIL (Holding 84.56% shares of JS Investment Limited), Jahangir Siddiqui and Co. Limited (JSCL) (Holding 71.20% shares of JS Bank Ltd.) being the Holding Company of JSBL, BankIslami Pakistan Limited (BIPL) (75.12% shares held by JS Bank) being the fellow subsidiary of JSBL, JS Global Capital Limited (JSGCL) (92.90% shares held by JS Bank) being the fellow subsidiary of JSBL, and other associated companies of JSBL, JSIL and its subsidiaries, Key Management Personnel of the above entities and other funds being managed by JSIL and includes entities holding 10% or more in the units of the Fund as at December 31, 2023. It also includes staff retirement benefit funds of the above related parties / connected persons.

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

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

19.1 Details of transactions with related parties / connected persons during the period

Note

Six months period ended December 31	
2023	2022
-----Rupees-----	
JS Investments Limited - Management Company	
Remuneration to the Management Company	11,506,111
Sindh sales tax on remuneration of the Management Company	1,495,792
Issue of units: 3,943,343 units (2022: 17,598,800 units)	1,790,223,145
Redemption of units: 6,158,601 units (2022: 19,147,406 units)	1,947,284,339
Units refunded as Capital : 45,627 units (2022: 164,771 units)	-
Reinvest in lieu of Dividend paid : 1,492 units (2022: 4,012 units)	403,060
Sales load	205,599
Accounting and operating expenses	1,057,914
Selling and marketing expenses	1,150,000
Amortization of deferred formation costs	70,053
Printing Charges	50,942
Digital Custodian Company Limited - Trustee	
Remuneration of the Trustee	2,471,132
Sindh sales tax on Trustee remuneration	321,247
JS Fund of Funds	
(Fund Under JSIL Management)	
Issue of units: 5,722,986 units (2022: 6,762,398 units)	684,376,503
Redemption of units: 8,609,679 units (2022: 5,488,256 units)	554,584,292
Reinvest in lieu of Dividend paid : 17,059 units (2022: 58,433 units)	5,866,832
Units refunded as Capital : 45,435 (2022: 39,933 units)	-
EFU Life Assurance Ltd.	
(Common Directorship of Ultimate Parent Company)	
Redemption of units: 626,783 units (2022: Nil units)	-
Reinvest in lieu of Dividend paid : 33,636 units (2022: 39,414 units)	3,957,209
Jahangir Siddiqui & Co. Limited	
(Ultimate Parent Company - JSIL)	
Issue of units: 13,735,384 units (2022: 1,983,020 units)	200,000,000
Redemption of units: 21,075,438 units (2022: Nil units)	-
Units refunded as Capital : 123,207 (2022: 8,326 units)	-
Dividend given by the Fund	5,529,945
Jahangir Siddiqui & Sons Limited	
(Common ownership of the substantial shareholder)	
Issue of units: 881,792 units (2022: Nil units)	-
Redemption of units: 5,839,488 units (2022: Nil units)	-
Units refunded as Capital : 8,370 (2022: Nil units)	-
Reinvest in lieu of Dividend paid : 87,255 (2022: Nil units)	-

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

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

JS Infocom Limited

(Fully owned by JSCL)

Issue of units: 195,332 units (2022: 498,206 units)

Redemption of units: 294,410 units (2022: Nil units)

Dividend given by the Fund

U Microfinance Bank Limited

(Entities holding 10% or more of units)

Issue of units: 94,527,428 units (2022: Nil units)

Redemption of units: 94,617,427 units (2022: Nil units)

Units refunded as Capital : 409,281 (2022: Nil units)

Reinvest in lieu of Dividend paid : 4,037,172 (2022: Nil units)

Interest income on bank balances

JS Bank Limited

(Parent Company of JSIL)

Interest income on bank balances

Issue of units: Nil units (2022: 16,834,713 units)

Redemption of units: Nil units (2022: 11,919,742 units)

Reinvest in lieu of Dividend paid : Nil units (2022: 18,086 units)

Units refunded as Capital : Nil (2022: 57,679 units)

Energy Infrastructure Holding (Private) Limited

(Fully owned by JSCL)

Issue of units: 390,663 units (2022: 1,989,060 units)

Redemption of units: 390,663 (2022: Nil units)

Jahangir Siddiqui Securities Services Limited

(Common ownership of the substantial shareholder)

Redemption of units: 8,453 (2022: Nil units)

Reinvest in lieu of Dividend paid: 295 (2022: Nil units)

Key management personnel of the Management Company

Issue of units: 4,496,604 (2022: 45,774 units)

Redemption of units: 4,623,885 (2022: 22,210 units)

Units refunded as Capital : 51,148 (2022: 354 units)

Reinvest in lieu of Dividend paid: 5,916 (2022: 3,852 units)

Six months period ended December 31	
2023	2022
-----Rupees-----	
20,000,000	50,000,000
30,201,355	-
306,975	2,550,816
9,600,000,000	-
9,700,000,000	-
-	-
408,509,131	-
903,248,488	513,325,822
5,996,618	616,773
-	1,700,000,000
-	1,204,103,184
-	1,818,539
-	-
40,000,000	200,000,000
40,144,545	-
863,252	-
29,832	-
460,856,439	4,619,455
475,943,381	2,240,101
-	-
598,437	386,740

19.2 Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of NBFC Regulations, and the Trust Deed respectively.

19.3 Purchase and redemption of the Fund's units by related parties/connected persons are recorded at the applicable net asset value per unit. Other transactions are at agreed rates.

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

Un-audited December 31, 2023	Audited June 30, 2023
-----Rupees-----	
3,320,366	2,901,639
431,652	377,611
428,664	719,086
-	740,525
152,688	101,677
3,339,621	9,460,559
-	94,398
-	219,242,292
321,497	539,314
41,793	70,113
4,627,312,739	7,371,297,836
86,237,566	191,091,193
4,265,930,570	3,805,669,886
41,108,566	22,832,133
758,918	317,518
-	285,582,983
-	59,979,030
-	729,767,561
-	491,652,647
-	824,945

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

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

JS Infocom Limited

(Fully owned by JSCL)

Units held: Nil (June 30, 2023: 99,079)

Entities holding 10% or more of units

Units held: 19,714,145 (June 30, 2023: Nil)

Key management personnel of the Management Company

Units held: 27,853 (June 30, 2023: 98,069)

Un-audited December 31, 2023	Audited June 30, 2023
-----Rupees-----	
-	10,018,825
2,002,759,980	-
2,829,563	9,916,731

* Paid / payable to the Management Company for onward payment to the Government

** Paid / payable to the Trustee for onward payment to the Government.

20 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

Financial assets which are tradeable in an open market are revalued at market prices prevailing on the reporting date. The estimated fair value of all other financial assets and financial liabilities is considered not to be significantly different from the respective book values as the items are either short-term in nature or repriced periodically.

20.1 Fair value hierarchy

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted prices in active markets for identical assets.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable.

	Level 1	Level 2	Level 3	Total
As at December 31, 2023 (Un-audited)	-----Rupees-----			
Investments	-	-	-	-
	-	-	-	-

The Fund has not disclosed the fair values for the financial assets and financial liabilities, as their carrying amounts are reasonable approximation of their fair values.

21 GENERAL

21.1 Figures has been rounded off to the nearest rupee.

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

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

22 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial statements were authorised for issue on February 20, 2024 by Board of Directors of the Management Company.



Chief Financial Officer



Chief Executive Officer



Director





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