
CORPORATE INFORMATION

BOARD OF DIRECTORS

Tariq Kirmani
Chairman

Mir Muhammad Ali, CFA
Chief Executive

Muhammad Hanif Akhaj*
Director

Ali Sameer
Director

Saeed Iqbal
Director

Rayomond H. Kotwal
Director

Shabbir Hussain Hashmi
Director

AUDIT COMMITTEE

Shabbir Hussain Hashmi
Chairman

Rayomond H. Kotwal
Member

Saeed Iqbal
Member

RISK MANAGEMENT COMMITTEE

Ali Sameer
Chairman

Rayomond H. Kotwal
Member

Mir Muhammad Ali, CFA
Member

HR & COMPENSATION COMMITTEE

Tariq Kirmani
Chairman

Shabbir Hussain Hashmi
Member

Saeed Iqbal
Member

Mir Muhammad Ali, CFA
Member

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Muhammad Imran Khalil*

REGISTERED OFFICE

8th Floor, State Life Building
Number 1, I. I. Chundrigar Road,
Karachi, Pakistan

CORPORATE OFFICE

8th Floor, Executive Tower,
Dolmen City Building, Block-4,
Clifton, Karachi, Pakistan
Tel: (92-21) 35290080-95
Fax: (92-21) 35290070

OPERATIONS OFFICE

4th Floor, STSM Building,
Beaumont Road, Civil Lines,
Karachi, Pakistan
UAN: (92-21) 111-825-262
Fax: (92-21) 32214930

DATE OF INCORPORATION OF THE MANAGEMENT COMPANY

Incorporated in Pakistan on
3 April 2001 as a Public Limited
Company under the
Companies Ordinance, 1984

MANAGEMENT QUALITY RATING

AM2 'High Management
Quality' by JCR-VIS Credit Rating
Company

FUNDS UNDER MANAGEMENT

UBL Liquidity Plus Fund
Launch Date: 21 June 2009

UBL Government Securities Fund
Launch Date: 27 July 2011

UBL Savings Income Fund
Launch Date: 14 October 2010

United Growth & Income Fund
Launch Date: 2 March 2006

United Stock Advantage Fund
Launch Date: 4 August 2006

UBL Islamic Savings Fund
Launch Date: 07 November 2010

United Islamic Income Fund
Launch Date: 20 October 2007

United Composite Islamic Fund
Launch Date: 24 December 2006

UBL Capital Protected Fund-II
Launch Date: 23 May 2010

UBL Retirement Savings Fund
Launch Date: 10 May 2010

UBL Islamic Retirement
Savings Fund
Launch Date: 10 May 2010

INVESTMENT PLANS

UBL Principal Protected Plan-II
Conventional

Mahana Munafa Plan
Conventional & Islamic

Sarmaya Izafa Plan
Conventional & Islamic

Profit + Growth Plan
Conventional & Islamic

Mera Kal - Children Savings Plan
Conventional

* Appointed subsequent to year end.

Directors' Report

The Board of Directors of UBL Fund Managers Limited is pleased to present to you the Annual Reports of its UBL Liquidity Plus Fund (ULPF), UBL Savings Income Fund (USIF), United Growth and Income Fund (UGIF) and United Stock Advantage Fund (USF) for the year / period ended June 30, 2011.

Economy & Money Market Review - FY11

FY11 was expected to be the year of economic consolidation post the economic recovery recorded in FY10. However, the year turned out to be another period of economic strifes as the country was hit by massive floods at the beginning of the year. The floods led to large-scale crop and infrastructure losses which resulted in higher food prices fuelling another spike in inflation to over 15% during 1HFY11. The 2HFY11 was a period of relative economic improvement as healthy remittances (FY11: USD11.2bn) and higher exports driven by escalating commodity prices led to relative stability in budgetary deficits (fiscal deficit: 5.3% of GDP). The revised revenue collection target of PKR1.588tn was achieved during FY11, which is a significant jump from last year. However, despite better revenue collection and remittance inflows, the GoP had to resort to heavy borrowing (Total net borrowing FY11: PKR703bn | Central Bank borrowing FY11: PKR167bn) for deficit management. Flood damages and heavy Government borrowing curtailed GDP growth to 2.4% during FY11.

The State Bank of Pakistan's monetary policy makers tweaked monetary policy the policy throughout the year in response to the fluctuation in key economic indicators. The policy makers put an end to the 20-month long era of loose monetary policy in 1HFY11 to counter the rise in inflation - discount rate was raised from 12.5% to 14% during this period. The discount rate was kept static at 14% during 2HFY11 as key indicators signaled stability.

On the Global front, concerns regarding sustainability of economic recovery in the developed economies and debt management issues in smaller E.U. members surfaced early in the year. However, the Fed's 2-step quantitative easing in US, German commitment to supporting weaker E.U. partners and low policy rates (US: 0.25% | ECB: 1.25% | UK: 0.5%) kept the markets upbeat during the first half. Despite efforts from policy makers, the inherent weakness in these economies could not be ignored as cracks in the recovery started becoming evident in the form of weaker demand data in 2HFY11. Crude oil prices closed the year at USD95/bbl (+26%YoY) while demand for safe havens like gold resurged, leading to Gold price gaining 21%YoY to USD1,499/oz at year-end. India and China bucked the global trend as their economies continued to grow on the back of high domestic demand and their respective central banks were forced to tighten their monetary policies to avoid overheating.

Stock Market Review - FY'11

The KSE100 index closed the FY'11 at 12,496 points, up 28.5% - one of the best-performing markets during the year. The performance of Islamic equity index for Pakistan (KMI-30) outperformed the broad market and recorded 43.7% return during FY'11. The daily average trading volumes for KSE100 index during the period stood at 70mn shares. Majority of the gains (KSE100: 23.6% | KMI30: 30.9%) were made in the first-half of the year, despite the massive floods that hit the country during the period. The equity market performance was driven by attractive valuations and strong corporate fundamentals which resulted in improved participation from both local and foreign investors - the net foreign portfolio inflows during 1HFY11 stood at USD250mn. The 2HFY11 was a period of consolidation as foreign investor sentiment deteriorated due to concerns over global economic recovery - foreign portfolio inflows shrank to just USD30mn during the latter half of the year. The introduction of "Margin Trading System" was welcomed by the investors but failed to spark a rally.

The corporate sector is expected to report decent earnings for the year. Banking sector maintained impressive net interest margins of over 7.5% and recorded deposit growth of 14% during the year. The sector is also expected to report healthy fee-based income which will boost the bottom-line earnings although high NPL provisioning could still eat into the earnings. Refining sector earnings are expected to grow on the back of higher oil prices and improved gross-refining-margins. Deregulation of major products is also expected to be beneficial for the refiners. Oil & Gas exploration sector is likely to report healthy earnings on the back of higher oil prices which translate into higher well-head prices - although the production growth is expected to stay stagnant. OMC sector suffered from lower volumes due to floods during early part of the year and the prevailing liquidity crunch in the energy chain companies. However, the bottom-line earnings are likely record year-on-year growth due to higher product prices and inventory gains. Automobile manufacturing sector recorded lower production due to natural disasters in Pakistan and Japan which is likely to reflect on the bottom-line earnings as well. Textile sector is expected to record impressive earnings driven by record high cotton prices. Fertilizer sector will benefit from hikes in urea and DAP prices during the year, as well as spike in fertilizer offtake in the post flood period. However, the sector was plagued by gas shortage during 2HFY11 which took a toll on production of urea. Cement sector continues to suffer from excess supply and lower demand where exports have declined by 11% while local cement demand has fallen by 3%. The cement prices have improved significantly during the year which has allowed the

Directors' Report

manufacturers to pass-on the impact of higher coal prices. Power sector earnings are expected to be stagnant as the bonus components of US inflation and USD/PKR parity remained subdued during the period. The sector is also impacted by the circular debt issue which results in constricted cashflows for the power producers.

Global markets were volatile in FY11. Relaxed monetary policies led to sharp gains during 1HFY11 while the 2HFY11 was largely a period of correction and consolidation as sustainability of economic recovery and sovereign debt concerns of weaker European countries came into limelight. Despite the uncertainty, developed markets closed FY11 with impressive returns (MSCI-ACWI: 27% | DJI: 27% | FTSE: 21%). The growing shift of investors towards risk averse avenues hurt emerging markets as Chinese and Indian equity indices closed the year with subdued gains of 15% and 6% respectively. We have continued to state our view of a much more gradual / prolonged recovery in the global economy and therefore expect the global equity markets to reflect the same over the long-term.

Fund Performance and Announcements

UBL LIQUIDITY PLUS FUND(ULPF)

The Fund earned total income of PKR1,659.05 million for the year ended June 30, 2011 which mainly includes markup / interest income on bank balances, placements and government securities. After accounting for the expenses of PKR189.17 million, the Fund managed to earn a net income of PKR1,557.95 million. The net assets of the Fund were PKR15.588 million as at June 30, 2011 representing the net asset value of PKR100.2433 per unit. The Chief Executive under the authority granted by the Board of Directors approved total distribution of Rs. 11.1298 per unit to the unit holders during the year ended June 30, 2011.

JCR-VIS Credit Rating Company Limited (JCR-VIS) has reaffirmed the fund stability rating of AA+(f) to the Fund.

UBL SAVINGS INCOME FUND (USIF)

UBL Savings Income Fund (USIF) was launched in October 2010 to provide competitive returns, with moderate level of risk by investing in fixed income securities. The Fund earned a net income of PKR 177.14 million for the period. Net asset value per unit stood at PKR 100.1372 per unit. The Fund earned year to date yield of 12.05% p.a. after incorporating the impact of payout made during the period against the benchmark of 13.33% p.a. The Chief Executive under the authority of the Board on June 29, 2011 approved distribution in shape of bonus units of

PKR 8.30 per unit to the unit holders holding units at the close of business on June 28, 2011. JCR-VIS Credit Rating Company Limited (JCR-VIS) has assigned AA- (f) rating to the Fund.

UNITED GROWTH & INCOME FUND(UGIF)

The Fund incurred a net loss of PKR537.78 million for the year ended (includes PKR898.40 million against provision of non-performing assets) as compared to a net income of PKR 1,193.52 million (including 231 million against provision of non-performing assets) for the same period last year. The net assets value per unit at year end was PKR 87.4664 as against the opening NAV of PKR100.8203 which represents a decline of -10.38% on an annualized basis.

JCR-VIS Credit Rating Company Limited (JCR-VIS) has assigned BBB-(f) fund stability rating to the Fund.

UNITED STOCK ADVANTAGE FUND(USF)

The Fund managed to earn a net income of PKR308.18 million for the year ended 30 June 2011 (including an unrealized gain of PKR46.87 million on revaluation of investments) as compared to a net gain of PKR632 million (including an unrealized loss of PKR 31.1 million on revaluation of investments) during the last year. The earnings of the fund mainly include capital gains earned from sale of securities amounting to PKR 210.6 million (2010: capital gain amounting to PKR 467 million) and dividend income amounting to PKR 72.45 million (2010: PKR 82 million). Net assets value per units stood at PKR43.28 per unit as against the opening NAV of PKR80.36 per unit as on July 1, 2010 resulting in a positive yield of 35.58% against the benchmark KSE-100 index of 27.40%.

The Board of Directors in their meeting held on July 7, 2011 announced distribution of PKR8.66 per unit to the unit holder holding units at the close of business on June 30, 2011. JCR-VIS Credit Rating Company Limited (JCR-VIS) has assigned MFR-4-star ranking to the Fund.

Strategy, review and Outlook of Funds

For strategy, review and Outlook of funds, kindly review the respective section of the Fund Manager's report on page No. 09 of the annual report.

Code of Corporate Governance

The details as required by the Code of Corporate Governance regarding the pattern of holding are given in their respective financial statements.

Directors' Report

- Financial Statements present fairly the statement of affairs, the results of operations, cash flows and the changes in unit holder's fund;
- Proper books of accounts have been maintained by the Funds;
- Appropriate accounting policies have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgments;
- Relevant International Financial Reporting Standards, as applicable in Pakistan, provision of the Non Banking Finance Companies (Establishment & Regulation) Rules, 2003, Non Banking Finance Companies and Notified Entities Regulations, 2008, requirements of the respective Trust Deeds and directives issued by the Securities & Exchange Commission of Pakistan have been followed in the preparation of the financial statements;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- There are no significant doubts upon the Funds' ability to continue as going concern;
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations;
- Performance table of Funds covering the last six financial years (wherever applicable) is given on pages 12 the Annual report;
- The value of Staff Provident Fund and Staff Gratuity Fund based on their latest audited accounts are PKR 36.219 million and PKR 17.046 million, respectively;
- There have been no trades in the units of the Funds' carried out by the Directors, CEO, CFO / Company Secretary and their spouses except as disclosed below and in the notes to the accounts;

UBL LIQUIDITY PLUS FUND

Name	Designation	Beginning Units	Units issued	Units redeemed	Bonus Units	Closing Units
Tariq Kirmani	Chairman	-	-	-	-	-
Mir Muhammad Ali	Chief Executive	-	1,427	1,442	15	-
Aameer M. Karachiwalla	Director	14,737	78,325	13,697	6,719	86,084
Saeed Iqbal	Director	62,502	8,523	4,972	9,708	75,761
Ali Sameer	Director	269,416	-	24,583	38,056	282,889
Shabbir H. Hashmi	Director	-	-	-	-	-
Rayomond H. Kotwal	Director	-	-	-	-	-
Rahim Khakiani	CFO	21,167	78,850	48,566	4,646	56,097

UBL SAVINGS INCOME FUND

Name	Designation	Beginning Units	Units issued	Units redeemed	Bonus Units	Closing Units
Tariq Kirmani	Chairman	-	-	-	-	-
Mir Muhammad Ali	Chief Executive	-	11,363	11,363	-	-
Aameer M. Karachiwalla	Director	-	-	-	-	-
Saeed Iqbal	Director	-	60,093	-	4,983	65,076
Ali Sameer	Director	-	24,062	-	1,996	26,058
Shabbir H. Hashmi	Director	-	-	-	-	-
Rayomond H. Kotwal	Director	-	-	-	-	-
Rahim Khakiani	CFO	-	7,060	7,060	-	-

Directors' Report

UNITED GROWTH & INCOME FUND

Name	Designation	Beginning Units	Units issued	Units redeemed	Bonus Units	Closing Units
Tariq Kirmani	Chairman	-	-	-	-	-
Mir Muhammad Ali	Chief Executive	1,775	1,585	559	59	2,860
Aameer M. Karachiwalla	Director	25,032	-	25,858	826	-
Saeed Iqbal	Director	82,227	19	84,960	2,714	-
Ali Sameer	Director	-	-	-	-	-
Shabbir H. Hashmi	Director	-	-	-	-	-
Rayomond H. Kotwal	Director	-	-	-	-	-
Rahim Khakiani	CFO	-	-	-	-	-

UNITED STOCK ADVANTAGE FUND

Name	Designation	Beginning Units	Units issued	Units redeemed	Bonus Units	Closing Units
Tariq Kirmani	Chairman	-	-	-	-	-
Mir Muhammad Ali	Chief Executive	5,156	50,032	20,661	7,824	42,351
Aameer M. Karachiwalla	Director	-	-	-	-	-
Saeed Iqbal	Director	12,429	-	-	18,877	31,316
Ali Sameer	Director	-	39,779	-	-	39,779
Shabbir H. Hashmi	Director	-	-	-	-	-
Rayomond H. Kotwal	Director	-	-	-	-	-
Rahim Khakiani	CFO	6,578	27,138	43,698	9,982	-

- Meetings of the board of directors of the management company are held at least once in every quarter. During the period under review 7 meetings were held. Attendance of directors in these meeting is as follows:

Name	Total number of meetings eligible to attend	Number of meetings attended
* Mohammad Asghar	3	3
Mir Muhammad Ali	7	7
Aameer M. Karachiwalla	7	4
Saeed Iqbal	7	7
Ali Sameer Farooqui	7	6
Shabbir Hussain Hashmi	7	7
Tariq Kirmani	7	6
** Rayomond H. Kotwal	2	2

* Mr. Muhammad Asghar resigned from the Board of Directors on December 15, 2010.

** Mr. Rayomond H. Kotwal was inducted the Board of Directors on January 14, 2011.

Directors' Report

Auditors

M/s KPMG Taseer Hadi & Co. Chartered Accountants have completed their respective terms under the Non-Banking Finance Companies, Regulations, 2008 as being the statutory auditors of United Stock Advantage Fund. Accordingly, the Board on the recommendation of the Audit Committee rotated the auditors for the ensuing year which were consented by M/s A. F Ferguson, Chartered Accountants.

Furthermore M/s Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants are re-appointment as statutory auditors of UBL Liquidity Plus Fund, United Growth & Income Fund and UBL Savings Income Fund for the year ending June 30, 2012.

Acknowledgements

We would like to thank our valued unit holders for their confidence and trust in UBL Fund Managers Limited. In addition, we would like to acknowledge the Securities and Exchange Commission of Pakistan, State Bank of Pakistan and Central Depository Company of Pakistan Limited (Trustee) for their continued support, guidance and cooperation. The Board also likes to take this opportunity to express its appreciation to the employees for their dedication, commitment, enthusiasm and hard work.

FOR & ON BEHALF OF THE BOARD

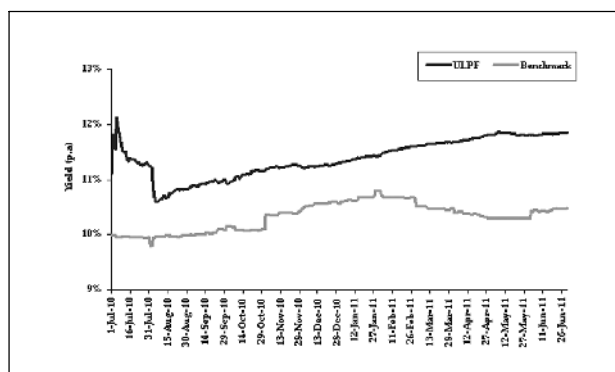


MIR MUHAMMAD ALI, CFA
CHIEF EXECUTIVE
Karachi, Dated: August 16, 2011

Fund Manager's Report

STRATEGY, REVIEW AND OUTLOOK OF UBL LIQUIDITY PLUS FUND (ULPF)

- i) **Description of the Collective Investment Scheme category and type**
Money Market / Open-end
- ii) **Statement of Collective Investment Scheme's investment objective**
ULPF is an open-end Money Market Fund, investing in a diversified portfolio of low risk assets. The Fund seeks to provide attractive daily returns while maintaining comparatively high liquidity.
- iii) **Explanation as to whether the Collective Investment Scheme achieved its stated objective**
The Collective Investment Scheme achieved its stated objective.
- iv) **Statement of benchmark(s) relevant to the Collective Investment Scheme**
50% 3M PKRV + 50% 3M TDR (with AA or better banks)
- v) **Comparison of the Collective Investment Scheme's performance during the period compared with the said benchmarks**



Monthly Yield	Jul10	Aug10	Sep10	Oct 10	Nov10	Dec10	Jan11	Feb11	Mar11	Apr11	May11	Jun11	YTD
ULPF	11.25%	10.43%	11.29%	11.72%	11.50%	11.72%	12.14%	12.94%	12.26%	13.06%	11.77%	12.26%	11.85%
Benchmark	9.96%	9.96%	10.03%	10.09%	10.38%	10.55%	10.67%	10.68%	10.47%	10.36%	10.31%	10.44%	10.32%
12 Month Rolling Yield													
ULPF	10.62%	10.69%	10.77%	10.87%	10.88%	10.96%	11.09%	11.31%	11.45%	11.63%	11.71%	11.85%	
Benchmark	10.26%	10.25%	10.21%	10.16%	10.16%	10.16%	10.20%	10.23%	10.25%	10.26%	10.28%	10.32%	

- vi) **Description of the strategies and policies employed during the period under review in relation to the Collective Investment Scheme's performance**

The Fund Manager maintained a heavy exposure (~80% of net assets) to treasury bills during the year, while cash and placements with Banks / DFIs made ~20% of net assets. The Fund size almost doubled during the year, closing at PKR15.6bn - maintaining its position as the largest money market fund in the country. The Fund Manager dynamically adjusted the duration of the portfolio throughout the year in response to the prevailing interest rate expectations. Shorter duration was preferred during 1HFY11 to benefit from opportunity offered by hikes in discount rate. Relatively longer duration was maintained during the 2HFY11 as policy rate was kept unchanged at 14%. Considering the liquid nature of the Fund, a high level of liquidity was maintained throughout the period. The intelligent management of portfolio duration help the fund generate a yield of 11.85% p.a. versus the benchmark yield of 10.32% p.a. during the year.

Fund Manager's Report

- vii) Disclosure of the Collective Investment Scheme's asset allocation as at the date of the report and particulars of significant changes in asset allocation since the last report (if applicable)

Asset Allocation (% of NAV)	Jun'10	Jun'11
Placements with Banks	24%	9%
Placements with DFIs	3%	4%
Placements with NBFCs	3%	0%
Reverse Repo	3%	0%
T-Bills	70%	84%
Cash	2%	4%
Others	-1%	0%

- viii) Analysis of the Collective Investment Scheme's performance

FY' 11 Return: 11.85%

Standard Deviation (12m trailing): 0.09%

Sharpe Ratio (12m trailing): -12.54

- ix) Changes in total NAV and NAV per unit since the last review period or since commencement (in case of newly established Collective Investment Schemes)

Net Asset Value			NAV per unit		
30 June 2011	30 June 2010	Change	30 June 2011	30 June 2010	Change
Rupees (000)			Rupees		
		%			%
15,588,177	7,839,890	98.83	100.2433	100.0104	0.23

- x) Disclosure on the markets that the Collective investment Scheme has invested in including - review of the market(s) invested in and performance during the period

The State Bank of Pakistan's monetary policy makers tweaked the policy throughout the year in response to the fluctuation in key economic indicators. The policy makers put an end to the 20-month long era of loose monetary policy in 1HFY11 to counter the rise in inflation - discount rate was raised from 12.5% to 14% during this period. The discount rate was kept static at 14% during 2HFY11 as key indicators signaled stability.

- xi) Disclosure on distribution (if any), comprising:-

- particulars of income distribution or other forms of distribution made and proposed during the period; and
- statement of effects on the NAV before and after distribution is made

Distribution			Per unit		
Declared on	Bonus	Cash	Per Unit	Cum NAV	Ex NAV
	Rupees (000)		----- Rupees -----		
07 July 2010	164,107	60,145	2.9449	102.9553	100.0104
30 September 2010	217,204	64,013	2.5119	102.6455	100.1336
30 December 2010	221,399	56,180	2.75	102.9144	100.1644
23 March 2011	310,931	81,878	2.75	102.9123	100.1623
23 June 2011	369,801	195,851	3.1179	103.1057	99.9878

Fund Manager's Report

xii) Description and explanation of any significant changes in the state of affairs of the Collective Investment Scheme during the period and up till the date of the manager's report, not otherwise disclosed in the financial statements

There were no significant changes in the state of affairs during the year under review.

xiii) Breakdown of unit holdings by size

Range of Units	Number of Investors
	ULPF
0.0001 - 9,999.9999	3,099
10,000.0000 - 49,999.9999	319
50,000.0000 - 99,999.9999	70
100,000.0000 - 499,999.9999	53
500,000.0000 & Above	45
Total	3,586

xiv) Disclosure on unit split (if any), comprising:-

There were no unit splits during the period.

xv) Disclosure of circumstances that materially affect any interests of unit holders

Investment are subject to market risk.

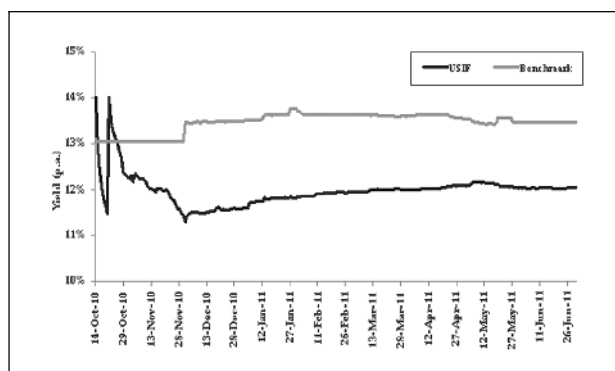
xvi) Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker(s) or dealer(s) by virtue of transactions conducted by the Collective Investment Scheme.

No soft commissions are received by the AMC from its brokers or dealers by virtue of transactions conducted by the Collective Investment Scheme.

Fund Manager's Report

STRATEGY, REVIEW AND OUTLOOK OF UBL SAVINGS INCOME FUND (USIF)

- i) **Description of the Collective Investment Scheme category and type**
Income / Open-end
- ii) **Statement of Collective Investment Scheme's investment objective**
UBL Savings Income Fund is an open-end Income fund which aims to provide a competitive rate of return, with a moderate level of risk to its investors by investing in fixed income securities / instruments.
- iii) **Explanation as to whether the Collective Investment Scheme achieved its stated objective**
The Fund achieved its stated objective.
- iv) **Statement of benchmark(s) relevant to the Collective Investment Scheme**
Average of 6M KIBOR
- v) **Comparison of the Collective Investment Scheme's performance during the period compared with the said benchmarks**



Monthly Yield	Jul10	Aug10	Sep10	Oct10	Nov10	Dec10	Jan11	Feb11	Mar11	Apr11	May11	June11	YTD
USIF	-	-	-	12.26%	10.95%	11.81%	12.42%	12.41%	12.18%	12.78%	11.76%	12.01%	12.05%
Benchmark	-	-	-	13.08%	13.10%	13.19%	13.30%	13.38%	13.43%	13.46%	13.47%	13.49%	13.33%
Since Inception Yield													
USIF	-	-	-	12.26%	11.44%	11.58%	11.82%	11.94%	11.98%	12.10%	12.06%	12.05%	
Benchmark	-	-	-	13.08%	13.09%	13.13%	13.18%	13.22%	13.26%	13.29%	13.31%	13.33%	

- vi) **Description of the strategies and policies employed during the period under review in relation to the Collective Investment Scheme's performance**
USIF was launched during the 2QFY11 as a medium-term income fund. The Fund has received exceptional interest from investors and closed the year with a fund size of PKR2.2bn. The portfolio generated a yield of 12.05% p.a. versus benchmark return of 13.33% p.a. during the period. The Fund Manager maintained a heavy exposure (over 80% of net assets) to Government Securities during the period, with the remaining assets being held as placements with banks / DFIs and cash.

Fund Manager's Report

- vii) Disclosure of the Collective Investment Scheme's asset allocation as at the date of the report and particulars of significant changes in asset allocation since the last report (if applicable)

Asset Allocation (% of NAV)	Jun'10	Jun'11
Commercial Papers	N/A	0%
Placements with Banks	N/A	10%
Placements with DFIs	N/A	9%
Placements with NBFCs	N/A	0%
Reverse Repo	N/A	0%
PIB / GOP Ijarah Sukuk	N/A	0%
T-Bills	N/A	82%
Cash	N/A	2%
Others	N/A	-3%
Leverage	N/A	0%

* Fund Inception Date: 14-Oct-2010

- viii) Analysis of the Collective Investment Scheme's performance

FY'11 Return: 12.05%

Standard Deviation (12m trailing): 0.11%

Sharpe Ratio (12m trailing): -9.65

- ix) Changes in total NAV and NAV per unit since the last review period or since commencement (in case of newly established Collective Investment Schemes)

Net Asset Value			NAV per unit		
30 June 2011	14 October 2010	Change	30 June 2011	14 October 2010	Change
Rupees (000)		%	Rupees		%
2,206,000	-	N/M	100.1372	100.0000	0.14

- x) Disclosure on the markets that the Collective investment Scheme has invested in including - review of the market(s) invested in and performance during the period

The State Bank of Pakistan's monetary policy makers tweaked the policy throughout the year in response to the fluctuation in key economic indicators. The policy makers put an end to the 20-month long era of loose monetary policy in 1HFY11 to counter the rise in inflation - discount rate was raised from 12.5% to 14% during this period. The discount rate was kept static at 14% during 2HFY11 as key indicators signaled stability.

- xi) Disclosure on distribution (if any), comprising:-

- particulars of income distribution or other forms of distribution made and proposed during the period; and
- statement of effects on the NAV before and after distribution is made

Distribution				Per unit	
Declared on	Bonus	Cash	Per Unit	Cum NAV	Ex NAV
Rupees (000)			----- Rupees -----		
29 June 2011	117,384	55,586	8.3	108.3768	100.0768

- xii) Description and explanation of any significant changes in the state of affairs of the Collective Investment Scheme during the period and up till the date of the manager's report, not otherwise disclosed in the financial statements
There were no significant changes in the state of affairs during the year under review.

Fund Manager's Report

xiii) Breakdown of unit holdings by size

Range of Units	Number of Investors
	USIF
0.0001 - 9,999.9999	850
10,000.0000 - 49,999.9999	199
50,000.0000 - 99,999.9999	48
100,000.0000 - 499,999.9999	16
500,000.0000 & Above	7
Total	1,120

xiv) Disclosure on unit split (if any), comprising:-

There were no unit splits during the period.

xv) Disclosures of circumstances that materially affect any interests of unit holders

Investment are subject to market risk.

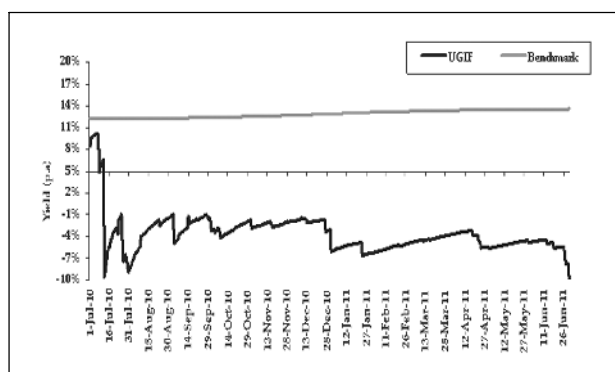
xvi) Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker(s) or dealer(s) by virtue of transactions conducted by the Collective Investment Scheme.

No soft commissions are received by the AMC from its brokers or dealers by virtue of transactions conducted by the Collective Investment Scheme.

Fund Manager's Report

STRATEGY, REVIEW AND OUTLOOK OF UNITED GROWTH AND INCOME FUND (UGIF)

- i) **Description of the Collective Investment Scheme category and type**
Aggressive Fixed Income / Open-end
- ii) **Statement of Collective Investment Scheme's investment objective**
UGIF is an open-end Aggressive Fixed Income Fund, investing in medium to long-term fixed income instruments as well as short-tenor money market instruments and seeks to generate superior, long-term, risk-adjusted returns while preserving capital over the long-term.
- iii) **Explanation as to whether the Collective Investment Scheme achieved its stated objective**
The Collective Investment Scheme has a long-term investment objective. Significant efforts were made during the year for the achievement of the long-term objective.
- iv) **Statement of benchmark(s) relevant to the Collective Investment Scheme**
6 Month Rolling Average of 6M KIBOR
- v) **Comparison of the Collective Investment Scheme's performance during the period compared with the said benchmarks**



Monthly Yield	Jul10	Aug10	Sep10	Oct10	Nov10	Dec10	Jan11	Feb11	Mar11	Apr11	May11	Jun11	YTD
UGF	-8.47%	6.23%	-1.58%	-3.00%	-2.94%	-23.27%	-8.09%	6.66%	5.49%	-20.68%	3.97%	-54.63%	-10.38%
Benchmark	12.21%	12.26%	12.34%	12.46%	12.61%	12.80%	13.01%	13.20%	13.34%	13.46%	13.53%	13.59%	12.90%
12 Month Rolling Yield													
UGF	6.99%	6.80%	5.65%	4.19%	2.36%	-0.20%	-1.53%	-1.63%	-0.13%	-3.14%	-3.25%	-10.38%	
Benchmark	12.44%	12.39%	12.36%	12.35%	12.35%	12.39%	12.44%	12.50%	12.59%	12.68%	12.79%	12.90%	

- vi) **Description of the strategies and policies employed during the period under review in relation to the Collective Investment Scheme's performance**

The Fund manager focused solely on maintaining the quality and liquidity of the portfolio at a comfortable level during the year, while working to resolve restructuring issues surrounding various corporate bonds. The concerns regarding corporate bond pricing have impacted all long-term fixed income funds in the market, leading to significant decline in AUM and weak performance across the entire fixed income mutual fund category. The Fund size of UGIF declined by 58% YoY to Pkr3,431mn and yield stood at a subdued -10.4% p.a. Despite the decline in Fund size, the Fund manager managed to keep the corporate bond allocation at a reasonable 52% (of net assets) and the cash position at a comfortable 32% (of net assets) at year end. A sizeable portion of corporate bonds have been \ restructured or are in the restructuring process - the long-term investors can expect impressive yields as accruals are opened up and the category is shifted out from the NPA status. The weighted-average time to maturity was also reduced gradually from 1.91 years to 1.27 years in order to improve the portfolio's liquidity.

Fund Manager's Report

- vii) Disclosure of the Collective Investment Scheme's asset allocation as at the date of the report and particulars of significant changes in asset allocation since the last report (if applicable)

Asset Allocation (% of NAV)	Jun'10	Jun'11
Term Finance Certificates / Sukuks	57%	52%
Placements with Banks	4%	0%
Placements with DFIs	0%	0%
Placements with NBFCs	4%	6%
Cash	23%	32%
T-Bills	12%	7%
PIBs / GoP Ijarah Sukuk	1%	0%
Others	0%	3%

- viii) Analysis of the Collective Investment Scheme's performance

FY'11 Return: -10.38%

Standard Deviation (12m trailing): 4.87%

Sharpe Ratio (12m trailing): -4.78

- ix) Changes in total NAV and NAV per unit since the last review period or since commencement (in case of newly established Collective Investment Schemes)

Net Asset Value			NAV per unit		
30 June 2011	30 June 2010	Change	30 June 2011	30 June 2010	Change
Rupees (000)		%	Rupees		%
3,431,304	8,230,647	-58.31	87.4664	97.5987	-10.38

- x) Disclosure on the markets that the Collective investment Scheme has invested in including - review of the market(s) invested in and performance during the period

The State Bank of Pakistan's monetary policy makers tweaked the policy throughout the year in response to the fluctuation in key economic indicators. The policy makers put an end to the 20-month long era of loose monetary policy in 1HFY11 to counter the rise in inflation - discount rate was raised from 12.5% to 14% during this period. The discount rate was kept static at 14% during 2HFY11 as key indicators signaled stability.

- xi) Disclosure on distribution (if any), comprising:-

- particulars of income distribution or other forms of distribution made and proposed during the period; and
- statement of effects on the NAV before and after distribution is made

Distribution			Per unit		
Declared on	Bonus	Cash	Per Unit	Cum NAV	Ex NAV
Rupees (000)			----- Rupees -----		
07 July 2010	110,678	152,323	3.2216	100.8203	97.5987

- xii) Description and explanation of any significant changes in the state of affairs of the Collective Investment Scheme during the period and up till the date of the manager's report, not otherwise disclosed in the financial statements
The Fund categorization was changed to "Aggressive Fixed Income" and the benchmark was changed to "6 Month Rolling Average of 6M KIBOR".

Fund Manager's Report

xiii) Breakdown of unit holdings by size

Range of Units	Number of Investors
	UGIF
0.0001 - 9,999.9999	1,088
10,000.0000 - 49,999.9999	36
50,000.0000 - 99,999.9999	10
100,000.0000 - 499,999.9999	6
500,000.0000 & Above	4
Total	1,144

xiv) Disclosure on unit split (if any), comprising:-

There were no unit splits during the period.

xv) Disclosure of circumstances that materially affect any interests of unit holders

Investment are subject to credit and market risk.

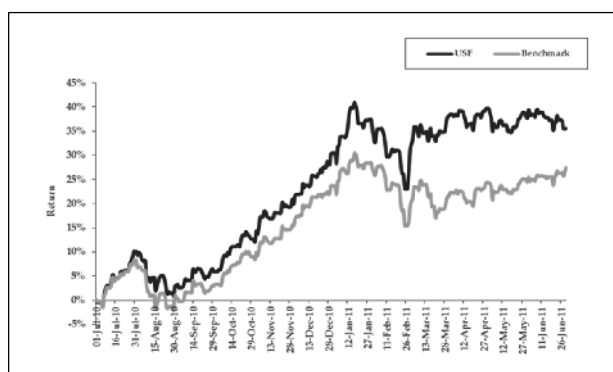
xvi) Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker(s) or dealer(s) by virtue of transactions conducted by the Collective Investment Scheme.

No soft commissions are received by the AMC from its brokers or dealers by virtue of transactions conducted by the Collective Investment Scheme.

Fund Manager's Report

STRATEGY, REVIEW AND OUTLOOK OF UNITED STOCK ADVANTAGE FUND (USF)

- i) **Description of the Collective Investment Scheme category and type**
Equity / Open-end
- ii) **Statement of Collective Investment Scheme's investment objective**
USF is an open-end Equity Fund, investing primarily in equities listed on the KSE. The Fund seeks to maximize total returns and outperform its benchmark by investing in a combination of securities offering long-term capital gains and dividend yield potential.
- iii) **Explanation as to whether the Collective Investment Scheme achieved its stated objective**
The Collective Investment Scheme achieved its stated objective.
- iv) **Statement of benchmark(s) relevant to the Collective Investment Scheme**
85% KSE-100 index + 15% MSCI-ACWI
- v) **Comparison of the Collective Investment Scheme's performance during the period compared with the said benchmarks**



Monthly Yield	Jul10	Aug10	Sep10	Oct10	Nov10	Dec10	Jan11	Feb11	Mar11	Apr11	May11	Jun11	YTD
USF	10.08%	-6.44%	2.80%	6.40%	7.35%	7.86%	3.64%	-6.33%	9.07%	1.13%	-1.37%	-1.57%	35.58%
Benchmark	8.18%	-6.69%	2.04%	5.84%	6.00%	7.01%	2.81%	-8.66%	4.61%	2.36%	0.10%	2.36%	27.40%
12 Month Rolling Yield													
USF	25.54%	6.43%	0.05%	8.81%	14.84%	22.77%	26.01%	18.13%	23.47%	24.35%	37.15%	35.58%	
Benchmark	36.12%	13.11%	7.09%	15.72%	24.65%	28.07%	28.55%	16.89%	16.03%	15.92%	29.75%	27.40%	

- vi) **Description of the strategies and policies employed during the period under review in relation to the Collective Investment Scheme's performance**
The Fund Manager maintained a heavy exposure (85% - 90% of net assets) to local equities for most part of the year in order to capture the opportunities offered by cheap valuations in the market. The exposure was reduced (80%-85% of net assets) during the last quarter in order to hedge the risk of uncertainty looming on the economic, political and security fronts. The exposure was largely concentrated in the Oil & Gas, Chemicals and Banking sector. Oil & Gas holdings were largely limited to exploration companies which benefited from higher international oil prices. Fertilizer manufacturers were the preferred holdings within the Chemicals sector - the fertilizer companies enjoyed high demand and prices which compensated for the gas shortages plaguing the sector. Banking sector exposure was limited to key large banks that provide a proxy to overall economic growth in the country.

Allocation to International investments was maintained in the 9%-10% range during the year. The exposure is diversified across developed and emerging markets mutual funds and ETFs. Strong rallies in global equity markets, especially during first half of the year, contributed to the portfolio's overall return.

Fund Manager's Report

The strategy of investing in quality blue chip companies paid-off as the portfolio returns (FY11: 35.6%) outperformed the benchmark index returns (FY11: 27.4%) during the year. The Fund size grew by 24% during the year to close at PKR1,293mn.

- vii) Disclosure of the Collective Investment Scheme's asset allocation as at the date of the report and particulars of significant changes in asset allocation since the last report (if applicable)

Asset Allocation (% of NAV)	Jun'10	Jun'11
Equities	85%	85%
International Investments	13%	9%
Cash & Equivalents	2%	6%
Leverage	-	-

- viii) Analysis of the Collective Investment Scheme's performance

FY'11 Return: 35.6%

Standard Deviation (12m trailing): 14.6%

Sharpe Ratio (12m trailing): 1.55

- ix) Changes in total NAV and NAV per unit since the last review period or since commencement (in case of newly established Collective Investment Schemes)

Net Asset Value			NAV per unit		
30 June 2011	30 June 2010	Change	30 June 2011	01 July 2010 (opening)	Change
Rupees (000)			Rupees		
		%			%
1,293,281	1,042,686	24.03	43.28	31.92	35.58

- x) Disclosure on the markets that the Collective investment Scheme has invested in including - review of the market(s) invested in and performance during the period

The KSE100 index closed the FY'11 at 12,496 points, up 28.5% - one of the best-performing markets during the year. The performance of Islamic equity index for Pakistan (KMI-30) outperformed the broad market and recorded 43.7% return during FY'11. The daily average trading volumes for KSE100 index during the period stood at 70mn shares. Majority of the gains (KSE100: 23.6% | KMI30: 30.9%) were made in the first-half of the year, despite the massive floods that hit the country during the period. The equity market performance was driven by attractive valuations and strong corporate fundamentals which resulted in improved participation from both local and foreign investors - the net foreign portfolio inflows during 1HFY11 stood at USD250mn. The 2HFY11 was a period of consolidation as foreign investor sentiment deteriorated due to concerns over global economic recovery - foreign portfolio inflows shrank to just USD30mn during the latter half of the year. The introduction of "Margin Trading System" was welcomed by the investors but failed to spark a rally.

Global markets were volatile in FY11. Relaxed monetary policies led to sharp gains during 1HFY11 while the 2HFY11 was largely a period of correction and consolidation as sustainability of economic recovery and sovereign debt concerns of weaker European countries came into limelight. Despite the uncertainty, developed markets closed FY11 with impressive returns (MSCI-ACWI: 27% | DJI: 27% | FTSE: 21%). The growing shift of investors towards risk averse avenues hurt emerging markets as Chinese and Indian equity indices closed the year with subdued gains of 15% and 6% respectively. The Fund's major International investments during the year included BRIC and Global Emerging Market funds by HSBC as well as ETFs being managed by iShares (IOO | MXI | EEM) and SPDR (DWX | GMF) - the Fund's international portfolio generated 31% return during the period.

Fund Manager's Report

- xi) Disclosure on distribution (if any), comprising:-
 - particulars of income distribution or other forms of distribution made and proposed during the period; and
 - statement of effects on the NAV before and after distribution is made

Declared on	Distribution			Per unit	
	Bonus	Cash	Per Unit	Cum NAV	Ex NAV
	Rupees (000)			----- Rupees -----	
07 July 2010	628,501	-	48.44	80.36	31.92
07 July 2011	258,800	-	8.66	43.28	34.62

- xii) Description and explanation of any significant changes in the state of affairs of the Collective Investment Scheme during the period and up till the date of the manager's report, not otherwise disclosed in the financial statements. The Benchmark of the Fund was changed to "85% KSE- 100 index + 15% MSCI-ACWI".

- xiii) Breakdown of unit holdings by size

Range of Units	Number of Investors
	USF
0.0001 - 9,999.9999	1,743
10,000.0000 - 49,999.9999	87
50,000.0000 - 99,999.9999	12
100,000.0000 - 499,999.9999	11
500,000.0000 & Above	16
Total	1,869

- xiv) Disclosure on unit split (if any), comprising:-

There were no unit splits during the period.

- xv) Disclosures of circumstances that materially affect any interests of unit holders

Investments are subject to market risk.

- xvi) Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker(s) or dealer(s) by virtue of transactions conducted by the Collective Investment Scheme.

No soft commissions are received by the AMC from its brokers or dealers by virtue of transactions conducted by the Collective Investment Scheme.

PERFORMANCE TABLE

UBL LIQUIDITY PLUS FUND

	2011	2010	2009
NET ASSETS AS AT 30 JUNE - Rupees in '000	15,588,276	7,839,890	1,287,114
NET ASSETS VALUE PER UNIT AT 30 JUNE - Rupees			
Class C units - Offer	100.2433	102.9553	100.0294
- Redemption	100.2433	102.9553	100.0294
RETURN OF THE FUND - %			
Total Return of the Fund	11.85	10.52	9.04
Capital Growth (per unit)	0.73	0.37	8.86
Date of Income Distribution	30 September 2010	01 October 2009	29 June 2009
Income Distribution	2.51	2.45	0.18
Date of Income Distribution	30 December 2010	01 January 2010	-
Income Distribution	2.75	2.38	-
Date of Income Distribution	23 March 2011	27 March 2010	-
Income Distribution	2.75	2.38	-
Date of Income Distribution	23 June 2011	07 July 2010	-
Income Distribution	3.12	2.94	-
AVERAGE ANNUAL RETURN - %			
One Year	11.85	10.52	9.07
Second Year	11.19	9.80	-
Third Year	10.48	-	-
OFFER / REPURCHASE DURING THE YEAR- Rupees			
Highest price per unit - Class C units - Offer	103.1057	102.9553	100.2247
Highest price per unit - Class C units - Redemption	103.1057	102.9553	100.2247
Lowest price per unit - Class C units - Offer	100.0222	100.0396	100.0000
Lowest price per unit - Class C units - Redemption	100.0222	100.0396	100.0000
PORTFOLIO COMPOSITION - %			
Percentage of Net Assets as at 30 June			
PORTFOLIO COMPOSITION BY CATEGORY - %			
Bank Balances	3.61	3.43	63.52
Placements & Term Deposit Receipts	12.83	26.61	9.73
Government securities	83.56	69.96	26.76
PORTFOLIO COMPOSITION BY MARKET - %			
Debt market	96.39	96.57	36.48
Weighted average portfolio duration (DAYS)	69	67	24

Note:

- The IPO of the Fund was held on 19-20 June 2009 and the Fund commenced its operations from 21 June 2009.

DISCLAIMER

Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up.

PERFORMANCE TABLE

UBL SAVINGS INCOME FUND

	2011
NET ASSETS AS AT 30 JUNE - Rupees in '000	2,206,000
NET ASSETS VALUE PER UNIT AT 30 JUNE - Rupees	
Class C units - Offer	101.1386
- Redemption	100.1372
RETURN OF THE FUND - %	
Total Return of the Fund	12.05
Capital Growth (per unit)	3.75
Date of Income Distribution	28 June 2011
Income Distribution	8.30
AVERAGE ANNUAL RETURN - %	
Since Launch/ One Year	12.05
OFFER / REPURCHASE DURING THE YEAR- Rupees	
Highest price per unit - Class C units - Offer	109.4606
Highest price per unit - Class C units - Redemption	108.3768
Lowest price per unit - Class C units - Offer	101.0363
Lowest price per unit - Class C units - Redemption	100.0359
PORTFOLIO COMPOSITION - %	
Percentage of Net Assets as at 30 June	
PORTFOLIO COMPOSITION BY CATEGORY - %	
Bank Balances	1.56
Placements and Term Deposit Receipts	18.54
Government securities	79.90
PORTFOLIO COMPOSITION BY MARKET - %	
Debt market	100.00
Weighted average portfolio duration	95 DAYS

Note:

- The IPO of the Fund was held from 12 October 2010 to 13 October 2010 and the Fund commenced its operations from 14 October 2010.

DISCLAIMER

Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up.

PERFORMANCE TABLE

UNITED GROWTH & INCOME FUND

	2011	2010	2009	2008
NET ASSETS AS AT 30 JUNE - Rupees in '000	3,431,304	8,230,647	15,858,781	14,625,935
NET ASSETS VALUE PER UNIT AT 30 JUNE - Rupees				
Income units - Offer *	88.7784	102.3326	99.4298	104.9543
- Redemption	87.4664	100.8203	97.9604	103.4033
Growth units - Offer	87.4664	100.8203	97.9604	103.4033
- Redemption **	84.8424	97.7957	95.0216	100.3012

* Front-end load @1.5% is applicable

** Back-end load as per applicable step-down structure

RETURN OF THE FUND - %

Total Return of the Fund	-10.38	9.26	6.43	9.46
Capital Growth (per unit)	-10.38	-0.05	-2.22	0.28
Date of Income Distribution		01 October 2009	17 October 2008	03 April 2008
Income Distribution		2.38	3.46	6.20
Date of Income Distribution		01 January 2010	09 February 2009	03 July 2008
Income Distribution		1.58	1.79	2.98
Date of Income Distribution		27 March 2010	15 April 2009	
Income Distribution		2.1	1.27	
Date of Income Distribution		07 July 2010	12 June 2009	
Income Distribution		3.25	2.13	

AVERAGE ANNUAL RETURN - %

One Year	-10.38	9.26	6.43	9.46
Second Year	-0.56	7.85	7.95	10.48
Third Year	1.77	8.38	9.13	10.28

OFFER / REPURCHASE DURING THE YEAR- Rupees

Highest price per unit - Income units - Offer	99.2518	103.2058	105.3206	108.7296
Highest price per unit - Income units - Redemption	97.7850	101.6806	103.7641	107.1228
Highest price per unit - Growth units - Offer	97.7850	101.6806	103.7641	107.1228
Highest price per unit - Growth units - Redemption	94.8515	98.6302	100.6512	10.9091
Lowest price per unit - Income units - Offer	88.7784	99.4770	95.1435	101.7471
Lowest price per unit - Income units - Redemption	87.4664	98.0069	93.7374	100.2434
Lowest price per unit - Growth units - Offer	87.4664	98.0069	93.7374	100.2434
Lowest price per unit - Growth units - Redemption	84.8424	95.0667	90.9253	97.2361

PORTFOLIO COMPOSITION - %

Percentage of Net Assets as at 30 June

PORTFOLIO COMPOSITION BY CATEGORY - %

Bank Balances	33.18	23.34	12.21	5.88
Continuous Funding System (CFS)	-	-	-	9.39
Placements & Term Deposit Receipts	5.97	7.21	22.99	30.90
TFCs, Sukuks, Government securities, Commercial papers	60.85	69.45	64.80	53.83

PORTFOLIO COMPOSITION BY MARKET - %

Debt market	100.00	100.00	100.00	100.00
Weighted average portfolio duration	464 DAYS	537 DAYS	169 DAYS	71 DAYS

Note:

- The Launch date of Fund is 02 March 2006.

DISCLAIMER

Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up.

PERFORMANCE TABLE

UNITED STOCK ADVANTAGE FUND

	2011	2010	2009	2008
NET ASSETS AS AT 30 JUNE - Rupees in '000	1,293,281	1,042,686	1,649,339	2,521,182
NET ASSETS VALUE PER UNIT AT 30 JUNE - Rupees				
Class A units - Offer *	44.3620	82.3700	66.3600	105.5800
- Redemption	43.2800	80.3600	64.7400	103.0100
* Front-end load @2.5% is applicable				
RETURN OF THE FUND - %				
Total Return of the Fund	35.59	24.13	-35.26	-4.11
Capital Growth (per unit)	8.46	-50.7	-35.26	-7.12
Date of Income Distribution	07 July 2011	07 July 2010	-	03 July 2008
Income Distribution	8.66	74.83	-	3.01
AVERAGE ANNUAL RETURN - %				
One Year	35.59	24.13	(35.26)	(4.11)
Second Year	29.86	-5.57	(19.69)	12.81
Third Year	8.15	-5.08	(3.21)	-
OFFER / REPURCHASE DURING THE YEAR- Rupees				
Highest price per unit - Class A units - Offer	46.1095	67.3900	102.1100	129.3800
Highest price per unit - Class A units - Redemption	44.9849	65.7500	99.6200	126.2200
Lowest price per unit - Class A units - Offer	32.3536	95.6200	42.7800	98.8500
Lowest price per unit - Class A units - Redemption	31.5645	93.2800	41.7400	96.4300
PORTFOLIO COMPOSITION - %				
Percentage of Net Assets as at 30 June				
PORTFOLIO COMPOSITION BY CATEGORY - %				
Bank Balances	9.29	6.42	71.00	31.63
Equity securities	90.71	93.58	92.90	68.37
PORTFOLIO COMPOSITION BY MARKET - %				
Equity market	100.00	100.00	163.90	100.00

Note:

- The Launch date of Fund is 04 August 2006.

DISCLAIMER

Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up.

TABLE OF CONTENTS

- 41 Fund Information
- 42 Report of the Trustee
- 43 Statement of Compliance with the best practices of Code of Corporate Governance
- 45 Review Report to the Unit holders on Statement of Compliance
- 46 Independent Auditors' Report to the Unit holders
- 47 Statement of Assets & Liabilities
- 48 Income Statement
- 49 Statement of Comprehensive Income
- 50 Distribution Statement
- 51 Cash Flow Statement
- 52 Statement of Movement in Unit holders' Funds
- 53 Notes to the Financial Statements

UBL LIQUIDITY PLUS FUND (ULPF)

INVESTMENT OBJECTIVE

ULPF is an open-end Money Market Fund, investing in a diversified portfolio of low risk assets. The Fund seeks to provide attractive daily returns while maintaining comparatively high liquidity.

FUND INFORMATION

Management Company

UBL Fund Managers Limited

Trustee

Central Depository Company of Pakistan Limited
99-B, Block-B, S.M.C.H.S., Main Shakra-e-Faisal,
Karachi. Tel: (9221) 111-111-500

Distribution Company

United Bank Limited
(for detail of others, visit www.UBLFunds.com)

Auditors

Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants

Legal Advisor

Rasheed A. Akhund, Advocate

Bankers

United Bank Limited
Bank Al Falah Limited
Deutsche Bank A.G.
Allied Bank Limited
Habib Metropolitan Bank Limited
Standard Chartered Bank Limited, Pakistan
Faysal Bank Limited

UBL FUND MANAGERS LIMITED
CENTRAL DEPOSITORY COMPANY

UBL FUND MANAGERS LIMITED
C/O. HUBBARD BROS. BLDG. 13,
HEAD OFFICE

UBL FUND MANAGERS LIMITED
P.O. BOX 1000, KARACHI - 75
TEL: (92-21) 111-111-200
<mailto:info@cdcpak.com>
WWW.CDCP.COM

EMAIL: info@cdcpak.com
URL: www.cdcpak.com

TRUSTEE REPORT TO THE UNIT HOLDERS

UBL LIQUIDITY PLUS FUND

Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

The UBL Liquidity Plus Fund (the Fund), an open-end Fund was established under a trust deed dated May 07, 2011, executed between UBL Fund Managers Limited, as the Management Company and Central Depository Company of Pakistan Limited, as the Trustee.

In our opinion, the Management Company has in all material respects managed the Fund during the year ended June 30, 2011 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.



Muhammad Hanif Jakhura
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 30, 2011



COMPANY
DEPOSITORY
LIMITED

Statement of Compliance By

UBL LIQUIDITY PLUS FUND WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2011

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in chapter XI of Listing Regulations of Islamabad Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance. The Board of Directors (the Board) of UBL Fund Managers Limited (the Management Company), which is an unlisted public company, manages the affairs of UBL Liquidity Plus Fund (the Fund). The Fund being a unit trust open end scheme does not have its own Board of Directors. The Management Company has applied the principles contained in the Code to the Fund, whose units are listed as a security on the Islamabad Stock Exchange, in the following manner:

1. The Management Company encourages representation of independent non-executive directors. All the directors, except the Chief Executive Officer of the Management Company are non-executive directors, two of which are independent non-executive directors.
2. The existing directors have confirmed that none of them are serving as a director in more than ten listed companies, including the Management Company.
3. All the resident directors of the Management Company have confirmed that they are registered as taxpayers and none of them have defaulted in payment of any loan to a banking company, a DFI or an NBFC or, being a member of a stock exchange, have been declared as a defaulter by that stock exchange.
4. During the year one casual vacancy occurred on the Board, which was filled within 30 days thereof.
5. The Management Company has prepared a 'Statement of Ethics and Business Practices' which has been signed by all the directors and employees of the Management Company.
6. The Management Company has developed a vision / mission statement, corporate strategy and significant policies for the Fund that has been approved by the Board. A complete record of particulars of significant policies along with the dates on which these were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and terms and conditions of employment of the CEO has been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Management Company has an approved policy of related party transactions which states all necessary policy matters pertaining to related party transactions, separate consideration and maintenance of records and approval of transactions with related parties etc. All the related party transactions are carried out at arm's length and were placed before the Audit Committee and the Board of Directors for their review and approval on quarterly basis.
10. In order to apprise the directors on their duties and responsibilities and the requirements of the Code, the Management Company has a policy to conduct formal orientations for new directors. Furthermore, one director on the Board has completed all four parts of the certification "The Board Development Series" offered by the Pakistan Institute of Corporate Governance. The directors are conversant of the relevant laws applicable to the Management Company, its policies and procedures and provisions of Memorandum and Articles of Association and are aware of their duties and responsibilities.
11. No new appointments of CFO and Company Secretary were made during the year. However, Head of Internal audit was appointed for the newly formed internal audit department as mentioned in point 18. The Board has approved appointment on head of internal audit, including remuneration and terms and conditions of appointment, as determined by CEO.

Statement of Compliance By

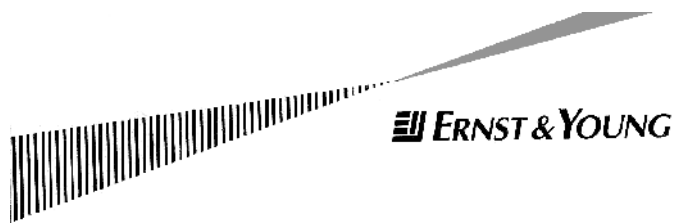
UBL LIQUIDITY PLUS FUND WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2010

12. The Directors' report relating to the Fund for the year ended 30 June 2011 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
13. The financial statements of the Fund were duly endorsed by the CEO and CFO of the Management Company before approval of the Board.
14. The Directors, CEO, and executives do not hold any interest in the units of the Fund and shares of the Management Company other than disclosed in the Directors' Report.
15. The Management Company has complied with all the applicable corporate and financial reporting requirements of the Code.
16. The Board has formed an audit committee. It comprises of three members, all of whom are non-executive directors of the Management Company including the chairman of the committee who is an independent non-executive director.
17. The meetings of the audit committee were held at least once in every quarter and prior to the approval of interim and final results of the Fund as required by the Code. The terms of reference have been approved in the meeting of the board of directors and the committee has been advised to ensure compliance with those terms of reference.
18. During the year, the Management Company has brought the internal audit function in-house, which was previously outsourced. The internal audit team is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Fund and they are involved in the internal audit function on full time basis.
19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Management Company or units of the Fund and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. We confirm that all other material principles contained in the Code have been complied with.



Mir Muhammad Ali, CFA
Chief Executive

Karachi, Dated: August 16, 2011



Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Progressive Plaza, Begumt Road
P.O. Box 15541, Karachi 75530, Pakistan
Tel: +9221 3565 0007
Fax: +9221 3568 1965
www.ey.com

REVIEW REPORT TO THE UNIT HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **UBL Fund Managers Limited** (the Management Company) of **UBL Liquidity Plus Fund** (the Fund) to comply with the Listing Regulation No. 35 (Chapter XI) of the Islamabad Stock Exchange where the Fund is listed.

The responsibility for compliance with the Code is that the Board of Directors of the Management Company of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement reflects the status of the Management Company's compliance with the provisions of the Code in respect of the Fund and report if it does not. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As part of our audit of 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's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

Further, Sub-Regulation (xiii a) of Listing Regulation 35 notified by the Islamabad Stock Exchange requires the Management Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedure to determine whether the related party transactions were undertaken at arm's length price or not.

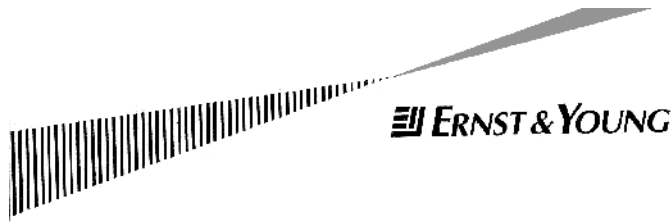
Based on our review, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Management Company's compliance, in all material respects, with the best practices contained in the Code in respect of the Fund for the year ended June 30, 2011.

A handwritten signature in black ink, appearing to be 'Ernst & Young' followed by some illegible characters.

Chartered Accountants

Date: August 16, 2011
Karachi

A member firm of Ernst & Young Global Limited



Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530, Pakistan
Tel: +9221 3565 0007
Fax: +9221 3568 1965
www.ey.com

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

We have audited the accompanying financial statements of **UBL Liquidity Plus Fund** (the Fund), which comprise the statement of assets and liabilities as at **June 30, 2011** and the related statements of income, comprehensive income, distribution, cash flows and movement in unit holders' fund for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

The Management Company of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations 2008 (the NBFC Regulations) and approved accounting standards as applicable in Pakistan. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Fund's affairs as at **June 30, 2011** and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

Other matters

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Trust Deed, NBFC Rules and NBFC Regulations, 2008.

A handwritten signature in black ink, appearing to read 'Omer Chughtai', written over a faint, stylized background graphic.

Chartered Accountants

Audit Engagement Partner: Omer Chughtai
August 16, 2011
Karachi

STATEMENT OF ASSETS AND LIABILITIES

AS AT JUNE 30, 2011

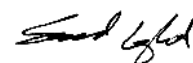
	Note	2011 (Rupees in '000)	2010
Assets			
Bank balances	8	562,760	270,371
Placements and term deposit receipts	9	2,000,000	2,100,000
Investments	10	13,023,650	5,521,250
Mark-up / interest receivable	11	27,282	6,519
Deposit and other receivables		107	210
Preliminary expenses and floatation costs	12	1,902	2,543
Total assets		15,615,701	7,900,893
Liabilities			
Payable to the management company	13	3,788	8,905
Remuneration payable to the trustee	14	1,122	793
Annual fee payable to Securities and Exchange Commission of Pakistan (SECP)	15	9,747	3,733
Payable against redemption of units		8,688	46,722
Accrued and other liabilities	16	4,080	850
Total liabilities		27,425	61,003
Net assets		15,588,276	7,839,890
Contingency	20		
Unit holders' fund (as per the statement attached)		15,588,276	7,839,890
Number of units in issue	17	155,504,455	76,148,453
Net asset value per unit – Rupees	5.6	100.2433	102.9553

The annexed notes from 1 to 26 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)



Mir Muhammad Ali, CFA
Chief Executive



Saeed Iqbal
Director

INCOME STATEMENT

FOR THE YEAR ENDED JUNE 30, 2011

	Note	2011 (Rupees in '000)	2010
Income			
Mark-up / interest income	18	1,664,983	593,790
Loss on sale of available-for-sale investments – net		(5,931)	(3,278)
Element of gain/(loss) and capital gain/(loss) included in prices of units sold less those in units redeemed – net	5.5	88,064	30,608
Total income		1,747,116	621,120
Expenses			
Remuneration of the management company	13.1	162,448	71,985
Remuneration of the trustee	14	12,146	5,975
Annual fee to SECP	15	9,747	3,733
Amortisation of preliminary expenses and floatation costs	12	641	654
Bank charges		755	1,710
Auditors' remuneration	19	552	447
Brokerage expense		1,310	473
Fee and subscription		781	680
Other expenses		788	252
Total operating expenses		189,168	85,909
Net income for the year		1,557,948	535,211

The annexed notes from 1 to 26 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)



Mir Muhammad Ali, CFA
Chief Executive



Saeed Iqbal
Director

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2011

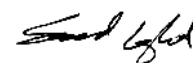
	2011 (Rupees in '000)	2010
Net income for the year	1,557,948	535,211
Other comprehensive income		
Net unrealised loss on available-for-sale investments arising during the year	(6,593)	(2,112)
Reclassification adjustments for gain / (losses) included in the income statement	2,112	(158)
	(4,481)	(2,270)
Total comprehensive income for the year	1,553,467	532,941

The annexed notes from 1 to 26 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)



Mir Muhammad Ali, CFA
Chief Executive



Saeed Iqbal
Director

DISTRIBUTION STATEMENT

FOR THE YEAR ENDED JUNE 30, 2011

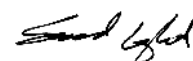
	2011 (Rupees in '000)	2010
Undistributed income brought forward (realized)	227,149	221
Distribution at the rate of Rs. 2.9449 per unit declared on July 07, 2010 (2010: Rs Nil)		
- Bonus units	(164,107)	-
- Cash	(60,145)	-
	(224,252)	-
Distribution at the rate of Rs. 2.5119 per unit declared on September 30, 2010 (2010: Rs. 2.4552 per unit declared on October 01, 2009)		
- Bonus units	(217,204)	(74,082)
- Cash	(64,013)	(3,703)
	(281,217)	(77,785)
Distribution at the rate of Rs. 2.7500 per unit declared on December 30, 2010 (2010: Rs. 2.3829 per unit declared on January 02, 2010)		
- Bonus units	(221,399)	(82,592)
- Cash	(56,180)	(16,385)
	(277,579)	(98,977)
Distribution at the rate of Rs. 2.7500 per unit declared on March 23, 2011 (2010: Rs. 2.3837 per unit declared on March 27, 2010)		
- Bonus units	(310,931)	(107,789)
- Cash	(81,878)	(23,732)
	(392,809)	(131,521)
Distribution at the rate of Rs. 3.1179 per unit declared on June 23, 2011 (2010: Nil)		
- Bonus units	(369,801)	-
- Cash	(195,851)	-
	(565,652)	-
Net income for the year	1,557,948	535,211
Undistributed income carried forward (realized)	<u>43,588</u>	<u>227,149</u>

The annexed notes from 1 to 26 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)



Mir Muhammad Ali, CFA
Chief Executive



Saeed Iqbal
Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2011

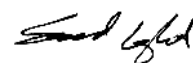
	2011 (Rupees in 000)	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year	1,557,948	535,211
Adjustments for:		
Mark-up / interest income	(1,664,983)	(593,790)
Element of gain /(loss) and capital gain/(loss) included in prices of units sold less those in units redeemed – net	(88,064)	(30,608)
Amortisation of preliminary expenses and floatation cost	641	654
	(1,752,406)	(623,744)
(Increase) / decrease in assets		
Investments	(7,506,881)	(5,179,591)
Deposit and other receivables	103	(110)
Preliminary expenses and floatation costs	-	(72)
	(7,506,778)	(5,179,773)
(Decrease) / increase in liabilities		
Payable to the management company	(5,117)	5,046
Remuneration payable to the Trustee	329	740
Annual fee payable to Securities and Exchange Commission of Pakistan	6,014	3,710
Accrued and other liabilities	3,230	700
	4,456	10,196
Mark-up / interest income received	1,644,220	590,298
Net cash used in operating activities	(6,052,560)	(4,667,812)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issuance of units	33,182,933	22,584,144
Payments against redemption of units	(26,479,917)	(16,443,259)
Dividend paid to unit holders	(458,067)	(44,098)
Net cash inflows from financing activities	6,244,949	6,096,787
Net increase in cash and cash equivalent	192,389	1,428,975
Cash and cash equivalent at beginning of the year	2,370,371	941,396
Cash and cash equivalent at end of the year	2,562,760	2,370,371
CASH AND CASH EQUIVALENT		
Bank balances	562,760	270,371
Placements and term deposit receipts	2,000,000	2,100,000
	2,562,760	2,370,371

The annexed notes from 1 to 26 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)



Mir Muhammad Ali, CFA
Chief Executive



Saeed Iqbal
Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND

FOR THE YEAR ENDED JUNE 30, 2011

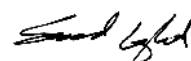
	2011 (Rupees in '000)	2010 (Rupees in '000)
Net assets as at the beginning of the year [Rs. 102.9553 (2010: Rs. 100.0294) per unit]	7,839,890	1,287,114
Cash received on issuance of units*	33,182,933	22,584,144
Cash paid / payable on redemption of units**	(26,441,883)	(16,489,881)
	6,741,050	6,094,263
	14,580,940	7,381,377
Element of (gain)/loss and capital (gain)/loss included in prices of units sold less those in units redeemed – net	(88,064)	(30,608)
Distribution to unit holders during the year – cash	(458,067)	(43,820)
Other comprehensive income - unrealised loss on available-for-sale Investments	(4,481)	(2,270)
Net income for the year	1,557,948	535,211
Total comprehensive income for the year	1,553,467	532,941
Net assets as at the end of the year [Rs. 100.2433 (2010: Rs. 102.9553) per unit]	15,588,276	7,839,890
	Number of units	
* Number of units issued [includes 12,823,105 (2010: 2,639,934) bonus units]	340,652,233	225,238,374
** Number of units redeemed	261,296,231	161,957,274

The annexed notes from 1 to 26 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)



Mir Muhammad Ali, CFA
Chief Executive



Saeed Iqbal
Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

1. LEGAL STATUS AND NATURE OF BUSINESS

UBL Liquidity Plus Fund (the Fund) was established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) as an open-end mutual fund. It was constituted under a Trust Deed, dated May 07, 2009 between UBL Fund Managers Limited (a wholly owned subsidiary of United Bank Limited) as the management company, a company incorporated under the Companies Ordinance, 1984 and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed has also been approved by the Securities and Exchange Commission of Pakistan (SECP). The registered office of the management company is situated at the 8th Floor, State Life Building No. 1, I.I. Chundrigar Road, Karachi, Pakistan.

The management company of the Fund is registered with the SECP as a Non-Banking Finance Company under the NBFC Rules.

The Fund is listed on the Islamabad Stock Exchange (Guarantee) Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering them to the Fund at the option of the unit holder. The Fund is categorized as open-end money market scheme in accordance with Circular 7 of 2009 issued by SECP.

As per the offering document, the Fund shall invest in a diversified portfolio of Government securities, investment grade debt securities issued by Government owned / controlled managed entities, rated corporate debts, certificates of investments (COIs) and other money market instruments.

Title to the assets of the Fund are held in the name of Central Depository Company Limited as a Trustee of the Fund.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the requirements of the said directives prevail.

3. BASIS OF MEASUREMENT

3.1 These financial statements have been prepared under the historical cost convention except for investments and derivatives which are accounted for as stated in note 5.1 below.

3.2 These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency.

4. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as follows:

The Fund has adopted the following new and amended IFRS and IFRIC interpretations which became effective during the year:

IFRS 2 - Group Cash-settled Share-based Payment Arrangement

IAS 32 - Financial Instruments: Presentation - Classification of Rights Issues (Amendment)

IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments

Improvements to various standards issued by IASB

Issued in 2009

IFRS 5 - Non-Current Assets Held for Sale and Discontinued Operations

IFRS 8 - Operating Segments

IAS 1 - Presentation of Financial Statements

IAS 7 - Statement of Cash flows Presentation of Financial Statements

IAS 17 - Leases

IAS 36 - Impairment of Assets

IAS 39 - Financial Instruments : Recognition and Measurement

Issued in April 2010

IFRS 3 - Business Combinations

IAS 27 - Consolidated and Separate Financial Statements

The adoption of the above standards, amendments and interpretations did not have any effect on the financial statements.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Investments

The investments of the Fund, upon initial recognition, are classified as investment at fair value through profit or loss or available-for-sale investment, as appropriate.

All investments are initially measured at fair value plus, in the case of investments not at fair value through profit or loss transaction costs that are directly attributable to acquisition.

All regular way purchases and sales of investments are recognized on the trade date i.e. the date the Fund commits to purchase / sell the investment. Regular way purchases and sales of investments are those, the contract for which requires delivery of assets within the time frame generally established by regulation or market convention.

The Fund classifies investments in the following categories:

Investments at fair value through profit or loss

This category has two sub-categories, namely; financial instruments held for trading, and those designated at fair value through profit or loss upon initial recognition.

- Investments which are acquired principally for the purposes of generating profit from short term fluctuation in price or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held-for-trading. All derivatives are classified as held-for-trading. These are initially recorded at cost. Derivatives with positive fair values (unrealised gains) are included in assets and derivatives with negative fair values (unrealised losses) are included in liabilities in the statement of assets and liabilities.

- Investments designated at fair value through profit or loss upon initial recognition include those group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with the documented risk management / investment strategy.

After initial measurement, investment designated at fair value through profit or loss are carried at fair value and the gains or losses on revaluation are recognised in the income statement.

Available-for-sale

Investments which are not classified in the above category are classified as available for sale investments. After initial measurement, such investments are measured at fair value with unrealised gains or losses recognised directly in the statement of comprehensive income until the investment is derecognised or determined to be impaired, at which time the cumulative gain or loss previously recognised in the statement of comprehensive income is taken to the income statement.

Fair value of government securities is determined by reference to the quotations obtained from the PKRV rate sheet on the Reuters page.

5.2 Securities under repurchase / resale agreements

Transactions of purchase under resale (reverse-repo) of marketable and government securities, are entered into at contracted rates for specified periods of time. Securities purchased with a corresponding commitment to resell at a specified future date (reverse-repos) are not recognised in the statement of assets and liabilities. Amounts paid under these agreements are included in receivable in respect of reverse repurchase transactions. The difference between purchase and resale price is treated as income from reverse repurchase transactions and accrued over the life of the reverse-repo agreement on a time proportionate basis.

Transactions of sale under repurchase (repo) of marketable and government securities are entered into at contracted rates for specified periods of time. Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised in the statement of assets and liabilities and are measured in accordance with accounting policies for investment securities. The counterparty liabilities for amounts received under these transactions are recorded as liabilities. The difference between sale and repurchase price is treated as borrowing charges and accrued over the life of the repo agreement on a time proportionate basis.

5.3 Preliminary expenses and floatation costs

The Fund has recorded all expenses incurred in connection with the incorporation, registration, establishment and authorisation of the Fund as preliminary expenses and floatation costs which are to be amortised by the Fund over a period of five years commencing from June 19, 2009 in accordance with the Trust Deed.

5.4 Issue and redemption of units

Units are issued at the offer price prevalent on the day funds in respect of purchase of units are realised. The offer price represents the net asset value per unit as of the close of the previous business day.

Units redeemed are recorded at the redemption price, applicable to units for which the Fund receives redemption applications during business hours of that day. The redemption price represents the net asset value per unit as of the close of the previous business day less duties, taxes, charges on redemption and provision for transaction costs, if applicable. Redemption of units is recorded on acceptance of application for redemption.

5.5 Element of income / (loss) and capital gain / (loss) included in prices of units sold less those in units redeemed

To prevent the dilution of per unit income and distribution of income already paid out on redemption as dividend, an equalization account called "element of income / (loss) and capital gain / (loss) included in prices of units sold less those in units redeemed" is created.

The "element of income / (loss) and capital gain / (loss) included in prices of units sold less those in units redeemed" account is credited with the amount representing net income and capital gain accounted for in the announced net asset value and included in the sale proceeds of units. Upon redemption of units, the "element of income / (loss) and capital gain / (loss) included in prices of units sold less those in units redeemed" account is debited with the amount representing net income and capital gain accounted for in the last announced net asset value and included in the redemption price.

During the year, the Fund has revised its methodology for recognition of element of income / (loss) and capital gain / (loss) included in the prices of units sold less those in the units redeemed in the financial statements. As per the revised methodology, element of income / (loss) and capital gain / (loss) included in the prices of units sold less those in units redeemed is recognised in the income statement to the extent it is represented by increase in net income and capital gains earned during the year. Previously, the element of income / (loss) and capital gain / (loss) included in the prices of units sold less those in units redeemed represented by net income and capital gain carried forward from previous periods was also recognised in the income statement. The effect of revision in methodology has been incorporated in the current period.

Had the methodology not been changed, net income and other comprehensive income for the year would have been higher by Rs. 0.825 million. However, the change has no effect on the net assets of the Fund.

5.6 Net asset value per unit

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

5.7 Taxation

The Fund is exempt from taxation under clause 99 of Part I of the 2nd Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income excluding realised and unrealised capital gains for the year is distributed amongst the Fund's unit holders. The Fund has distributed an amount over 90% and complied with the above referred provision. Accordingly, no provision is made for current and deferred taxation in these financial statements.

5.8 Revenue recognition

Income on reverse repurchase lending arrangements, certificates of investment, placements, government securities and investments in debt securities are recognised at rate of return implicit in the instrument/ arrangement on a time proportionate basis.

Profit on bank balances and term deposits are recorded on accrual basis.

5.9 Financial instruments

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

5.10 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are only offset and net amount reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amount and the Fund intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

5.11 Impairment

Impairment loss on financial assets other than 'available for sale' investments, is recognized in the income statement whenever carrying amount of financial asset exceeds its recoverable amount. If in the subsequent period, the amount of an impairment loss recognized decreases the impairment is reversed through income statement.

In case of investment classified as 'available for sale', a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for 'available-for-sale' financial assets, the cumulative loss is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in income statement is removed from equity and recognized in the income statement.

5.12 Provision

A provision is recognised when the Fund has a legal or constructive obligation as a result of past events, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

5.13 Distribution to unit holders

Distribution to unit holders is recognised upon declaration and approval by the Board of Directors of the management company.

5.14 Cash and cash equivalent

Cash and cash equivalent comprise of bank balances, short term deposits and placements.

6. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgments, estimates and assumptions that effect the application of policies and 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 result of which form the basis of making judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

Judgments made by management in the application of accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment are explained in notes 5.1 and 5.11 respectively.

7. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

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

Standard, Interpretation or Amendment	Effective date (accounting periods beginning on or after)
IFRS 7 – Financial Instruments : Disclosures - Amendments enhancing disclosures about transfers of financial assets	July 01, 2011
IAS 1 – Presentation of Financial Statements - Amendments to revise the way other comprehensive income is presented	July 01, 2012
IAS 12 – Income Tax (Amendment) – Deferred Taxes : Recovery of Underlying Assets	January 01, 2012
IAS 19 – Employee Benefits - Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects	January 01, 2013
IAS 24 - Related Party Disclosures (Revised)	January 01, 2011
IFRIC 14 – Prepayments of a Minimum Funding Requirement (Amendment)	January 01, 2011

The Fund expects that the adoption of the above revisions, amendments and interpretations of the standards will not have a material affect the Fund's financial statements in the period of initial application, however certain amendments will result in increased disclosure requirements.

In addition to the above, amendments to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after January 01, 2011. The Fund expects that such improvements to the standards will not have any material impact on the Fund's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	Effective date (accounting periods beginning on or after)
IFRS 9 - Financial Instruments	January 01, 2013
IFRS 10 - Consolidated Financial Statements	January 01, 2013
IFRS 11 - Joint Arrangements	January 01, 2013
IFRS 12 - Disclosure of Interests in Other Entities	January 01, 2013
IFRS 13 - Fair Value Measurement	January 01, 2013

8. BANK BALANCES	Note	2011 (Rupees in '000)	2010
PLS saving accounts	8.1	512,759	95,371
Current account		50,001	175,000
		<u>562,760</u>	<u>270,371</u>

8.1 Profit rates on PLS saving accounts range between 5.50% and 13.50% (2010: 5.50% and 12.00%) per annum. This includes Rs. 58.937 million (2010: Rs. 5.697 million) with a related party on which return is earned at 5.50% to 11.00% (2010: 5.50% to 11.00%) per annum.

9.	PLACEMENTS AND TERM DEPOSIT RECEIPTS	Note	2011 (Rupees in '000)	2010 (Rupees in '000)
	Placements	9.1	600,000	250,000
	Term Deposit Receipts (TDRs)	9.2	1,400,000	1,850,000
			<u>2,000,000</u>	<u>2,100,000</u>

9.1 The placements carry profit rates ranging between 13.50% and 13.75% (2010: 12.60%) per annum with maturities of 1 to 2 months (2010: upto 2 months).

9.2 The TDRs carry profit rates ranging between 13.50% and 13.80% (2010: 12.40% and 12.55%) per annum with maturities of upto 3 months (2010: upto 2 months).

10 INVESTMENTS

10.1 Available for sale - Government Securities

Note	At the beginning of the year	Acquired during the year	Sold / Matured during the year	At the end of the year	Carrying value as at 30 June		% of investment
					2011 (Rupees in '000)	2010 (Rupees in '000)	
		No. of Holdings					
Market Treasury Bills- 1year	6,500	58,400	64,900	-	-	637,537	-
Market Treasury Bills- 6 months	29,250	218,042	149,092	98,200	9,515,127	2,823,307	73.06%
Market Treasury Bills- 3 months	20,950	540,387	525,712	35,625	3,508,523	2,060,406	26.94%
	<u>56,700</u>	<u>816,829</u>	<u>739,704</u>	<u>133,825</u>	<u>13,023,650</u>	<u>5,521,250</u>	<u>100%</u>

10.1.1 These represent Market Treasury Bills of a face value of Rs.9,820 Million (2010: Rs. 2,925 Million) and carrying purchase yield ranging between 13.00% and 13.74% (2010: 11.90% and 12.32%). These Market Treasury Bills have maturities ranging between 1 month and 6 months (2010: 1 month and 6 months).

10.1.2 These represent Market Treasury Bills of a face value of Rs. 3,563 Million (2010: Rs. 2,095 Million) and carrying purchase yield ranging between 13.07% and 13.49% (2010: 11.87% and 12.13%). These Market Treasury Bills have maturities ranging between 1 month and 3 months (2010: 1 month and 2 months).

10.2 The cost of investment amounts to Rs. 12,703 million (2010: Rs. 5,429 million).

10.3 The Market Treasury Bills have nominal value of Rs. 100,000 each

11.	MARK-UP / INTEREST RECEIVABLE	2011 (Rupees in '000)	2010 (Rupees in '000)
	On		
	- Bank balances	3,615	1,636
	- Placements and TDRs	23,667	4,883
		<u>27,282</u>	<u>6,519</u>

12. PRELIMINARY EXPENSES AND FLOATATION COSTS	Note	2011 (Rupees in '000)	2010
Balance at the beginning		2,543	3,125
Addition during the year		-	72
Amortisation during the year		(641)	(654)
Balance as at 30 June		<u>1,902</u>	<u>2,543</u>

13. PAYABLE TO THE MANAGEMENT COMPANY

Remuneration payable	13.1	3,506	8,905
Others		282	-
		<u>3,788</u>	<u>8,905</u>

13.1 Remuneration payable to the Management Company

The management company is entitled to remuneration for services rendered to the Fund under the provisions of the NBFC Regulations, of an amount not exceeding 3 percent of the average daily net assets of the Fund during first five years of the Fund's existence and thereafter an amount equal to 2 percent of such assets of the Fund. The management company charged remuneration at the rate of 1.25 percent per annum of the average daily net assets of the Fund during the year.

14. REMUNERATION PAYABLE TO THE TRUSTEE

The trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as follows:

From July 2010 to December 2010

On net assets:

- up to Rs. 1,000 million Rs. 0.7 million or 0.20% p.a. of NAV, whichever is higher.

- exceeding Rs. 1,000 million Rs. 2.0 million plus 0.10% p.a. of NAV exceeding Rs. 1,000 million.

From January 2011 onwards

On net assets:

- up to Rs. 1,000 million Rs. 0.6 million or 0.17% p.a. of NAV, whichever is higher.

- Rs. 1,000 million to Rs. 5,000 million Rs. 1.7 million plus 0.085% p.a. of NAV exceeding Rs. 1,000 million.

- exceeding Rs. 5,000 million Rs. 5.1 million plus 0.07% p.a. of NAV exceeding Rs. 5,000 million.

15. ANNUAL FEE PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents annual fee payable to SECP in accordance with the NBFC Regulations whereby the Fund is required to pay SECP an amount equal to 0.075% of the average daily net assets.

16. ACCRUED AND OTHER LIABILITIES

	2011 (Rupees in '000)	2010
Auditors' remuneration	341	300
Printing expense payable	282	200
Brokerage expense payable	216	160
Custody fee payable	206	40
Rating fee payable	145	-
Capital Gains Tax payable	878	-
Zakat deducted at source payable	1,963	-
Others	49	150
	<u>4,080</u>	<u>850</u>

17. CLASSES OF UNITS IN ISSUE

The units in issue as at 30 June in each class were as follows:

Class	Note	2011 (Number of units)	2010	2011 (Rupees in '000)	2010
Class A	17.1	1,000,000	1,000,000	100,243	102,955
Class B	17.2	53,860	3,287,046	5,399	338,419
Class C	17.3	139,581,976	51,466,338	13,992,155	5,298,735
Class D	17.4	-	-	-	-
Class E	17.5	14,868,619	20,395,069	1,490,479	2,099,781
Class F	17.6	-	-	-	-
Total		<u>155,504,455</u>	<u>76,148,453</u>	<u>15,588,276</u>	<u>7,839,890</u>

- 17.1 Class "A" (Core Units) issued to the Core Investors with no Front-end and Back-end load. The par value of each unit is Rs. 100. The Core Investor has subscribed to Core Units representing the seed capital of the Scheme aggregating to one hundred million Rupees (PKR 100 million), out of which at least fifty million Rupees (PKR 50 million) shall remain invested in the Scheme for at least two years from the date of issue of such Units
- 17.2 Class "B" Units being offered and issued during the private placement and Initial Period to investors (except Financial Institutions) with no Front-end Load and Back-end Load.
- 17.3 Class "C" Units being offered and issued after the Initial Period with no Front-end Load and Back-end Load.
- 17.4 Class "D" Units being offered and issued after the Initial Period with only Front-end Load which shall not exceed 5% of the Net Asset Value of the Fund. However, the management company does not intend to initially offer Class "D" Units at the Initial Offer but they may be offered at its discretion at a subsequent stage.
- 17.5 Class "E" Units being offered and issued to Financial Institutions without Front-end load during the Initial Period. After the Initial Period, Back-end load not exceeding 5% may be charged at the discretion of the management company on redemption of fresh investment from time to time at a subsequent stage.
- 17.6 Class "F" Units being offered and issued after the Initial Period with a Front-end and a Back-end load (such load shall not exceed 5% of the Net Asset Value of the Fund). However, the management company does not intend to initially offer Class "F" Units at the Initial Offer but they may be offered at its discretion at a subsequent stage.

18. MARK-UP / INTEREST INCOME	Note	2011 (Rupees in '000)	2010
On			
- Bank balances	18.1	33,586	83,234
- Placements and TDRs		240,327	84,982
- Reverse repurchase agreements		23,816	334
- Government Securities		1,367,254	425,240
		<u>1,664,983</u>	<u>593,790</u>

- 18.1 This includes Rs. 4.93 million (2010: Rs. 5.59 million) earned from a related party.

19. AUDITORS' REMUNERATION	2011 (Rupees in '000)	2010
Audit fee	275	250
Review and other services	195	168
Out of pocket expenses	82	29
	552	447

20. CONTINGENCY - PROVISION FOR CONTRIBUTION TO WORKERS' WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it is alleged that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh, challenging the applicability of WWF to the CISs, which is pending adjudication.

During the year, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. This clarification was forwarded by Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) vide its letter dated October 06, 2010 to its members for necessary action. Based on this clarification, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF. However, the FBR vide its letter dated January 04, 2011 have cancelled its earlier letter dated October 06, 2010 ab initio and issued show cause notices to certain mutual funds for collecting WWF. In respect of such show cause notices, certain mutual funds have been granted stay by Honorable High Court of Sindh on the basis of the pending constitutional petition in the said court as referred above.

In view of the afore mentioned developments during the period, the management company now believes that there is no compelling reason to make provision on account of WWF contribution in the financial statements. Further, the management company also expects that the constitutional petition pending in the Honorable High Court of Sindh on the subject as referred above will be decided in favour of the mutual funds. The aggregate unrecognised amount of WWF as at June 30, 2011 amounted to Rs. 41.915 million.

21. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Related parties / connected persons include UBL Fund Managers Limited (the management company), United Bank Limited (holding company of the management company), United Growth & Income Fund (UGIF), United Stock Advantage Fund (USF), United Composite Islamic Fund (UCIF), United Islamic Income Fund (UIIF), UBL Capital Protected Fund - I (UCPF-I), UBL Capital Protected Fund - II (UCPF-II), UBL Retirement Savings Fund (URSF), UBL Islamic Retirement Savings Fund (UIRSF), UBL Islamic Savings Fund (UISF), and UBL Savings Income Fund (USIF) (funds managed by the management company), Central Depository Company of Pakistan Limited (CDC) as Trustee, Deutsche Bank as sub-custodian, UBL Insurers Limited, UBL Fund Managers Limited Employees Provident Fund, UBL Fund Managers Limited Gratuity Fund, UBL Employees Provident Fund Trust, UBL Employees Gratuity Fund Trust, UBL Staff General Provident Fund Trust, UBL Officers / Non-Officers Benefits Fund, Pakistan Petroleum Limited, Engro Corporation Pakistan Limited, Engro Fertilizers Limited, Engro Polymer & Chemical Limited, Engro Powergen Qadirpur Limited (Formerly Engro Energy Limited), Sindh Engro Coal Mining Company Limited, National Bank of Pakistan, Byco Petroleum Limited, Byco Oil Pakistan Limited, Central Insurance Company Limited, United Executors & Trustee Co. Ltd, key management personnel of the management company, etc, (refer below for details)

Remuneration payable to the management company and the trustee is determined in accordance with the provisions of NBFCs Regulations, 2008 and the Trust Deed respectively. Transactions with related parties are at arm's length prices. Details of transactions with related parties during the year and balances with them at the year end, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	2011 (Units in '000)	2010	2011 (Rupees in '000)	2010
Units sold to:				
- Directors and executives of the management company	243	844	24,631	86,183
- UBL Fund Managers Limited	3,892	3,623	394,715	367,945
Entities having directors in common with the management company				
- United Bank Limited	56,312	14,678	5,675,745	1,500,000
- UBL Insurers Limited	1,371	4,860	138,649	494,910
- Engro Corporation Pakistan Limited	5,044	12,165	510,000	1,235,250
- Engro Polymer and Chemical Limited	996	988	100,000	100,000
- Engro Fertilizers Limited	15,617	1,889	1,585,000	192,277
- Engro Powergen Qadirpur Limited (Formerly Engro Energy Limited)	592	-	60,000	-
- Central Insurance Company Limited	3,077	-	310,069	-
Others				
- UBL Employees' Provident Fund	435	494	43,679	50,000
- UBL Fund Managers Limited Employees' Gratuity Fund	-	23	-	2,400
- UBL Fund Managers Limited Employees' Provident Fund	-	22	-	2,300
- UBL Staff General Provident Fund Trust	435	-	43,679	-
- Pakistan Petroleum Limited	10,006	3,922	1,021,620	400,133
Units redeemed by:				
- Directors and executives of the management company	192	442	19,790	51,143
- UBL Fund Managers Limited	3,497	4,663	353,616	470,634
Entities having directors in common with the management company				
- United Bank Limited	44,709	4,874	4,504,628	499,816
- UBL Insurers Limited	2,305	3,432	233,885	350,213
- Engro Corporation Pakistan Limited	5,782	10,870	579,858	1,099,530
- Engro Polymer and Chemical Limited	996	1,013	101,377	101,441
- Engro Fertilizers Limited	8,947	917	915,549	92,305
- Engro Powergen Qadirpur Limited (Formerly Engro Energy Limited)	303	-	30,898	-
- Central Insurance Company Limited	3,076	-	312,035	-
Others				
- UBL Employees' Provident Fund	521	-	53,317	-
- UBL Fund Managers Limited Employees' Gratuity Fund	9	34	950	3,449
- UBL Fund Managers Limited Employees' Provident Fund	22	44	2,190	4,384
- UBL Staff General Provident Fund Trust	-	18,995	-	1,941,969
- Pakistan Petroleum Limited	4,853	-	500,000	-
Bonus units distributed to:				
- Directors and executives of the management company	66	11	6,567	1,079
- UBL Fund Managers Limited	70	47	6,929	4,755
Entities having directors in common with the management company				
- United Bank Limited	202	-	20,296	-
- UBL Insurers Limited	120	15	12,054	1,500
- Engro Corporation Pakistan Limited	279	166	28,015	16,596
- Engro Polymer and Chemical Limited	-	24	-	2,427
- Engro Fertilizers Limited	316	-	31,573	-
- Engro Powergen Qadirpur Limited (Formerly Engro Energy Limited)	24	-	2,504	-
Others				
- UBL Employees' Provident Fund	65	12	6,537	1,178
- UBL Fund Managers Limited Employees' Gratuity Fund	-	1	-	56
- UBL Fund Managers Limited Employees' Provident Fund	-	1	-	53
- UBL Staff General Provident Fund Trust	50	-	5,046	-
- Pakistan Petroleum Limited	26	117	2,498	11,777
Other transactions				
United Bank Limited – holding company of the management company				
- Bank charges			318	1,324
- Dividend Paid			155,380	16,491
- Securities purchased during the year			2,884,423	-
- Profit earned on bank balances			4,925	5,593
Remuneration to the management company			162,448	71,985
Remuneration to the trustee			12,146	5,975
United Growth & income Fund				
- Securities sold during the year			745,178	-

	2011 (Units in '000)	2010	2011 (Rupees in '000)	2010 (Rupees in '000)
UBL Savings Income Fund				
- Securities purchased during the year			1,032,729	-
- Securities sold during the year			291,460	-
UBL Retirement Savings Fund				
- Securities purchased during the year			694	-
Inter Board Committee of Chairman				
- Securities purchased during the year			24,175	-
National Bank of Pakistan				
- Securities purchased during the year			4,339,846	1,988,590
- Securities sold during the year			861,146	1,189,739
Deutsche Bank A.G.				
- Custody Charges			485	588
- Profit on deposit account			9	-
Units held by:				
- Directors and executives of the management company	543	428	54,432	44,051
- UBL Fund Managers Limited	470	5	47,114	531
Entities having directors in common with the management company				
- United Bank Limited	22,438	10,813	2,249,259	1,113,222
- UBL Insurers Limited	630	-	63,153	-
- Engro Corporation Pakistan Limited	1,002	1,461	100,444	150,412
- Engro Fertilizers Limited	7,958	972	797,736	100,073
- Engro Powergen Qadirpur Limited (Formerly Engro Energy Limited)	313	-	31,376	-
- Central Insurance Company Limited	1	-	100	-
Others				
- UBL Employees' Provident Fund	485	506	48,618	52,095
- UBL Fund Managers Limited Employees' Gratuity Fund	2	10	200	1,030
- UBL Fund Managers Limited Employees' Provident Fund	3	22	301	2,265
- UBL Staff General Provident Fund Trust	485	-	48,618	-
- Pakistan Petroleum Limited	13,087	7,908	1,311,884	814,171
Balances with Related Parties- Unsecured:				
United Bank Limited – holding company of the management company				
- Bank Balances			58,937	5,697
- Profit receivable on bank balances			100	-
- UBL Fund Managers Limited (the management company)				
Remuneration payable to the management company			3,506	8,905
Payable to the management company			282	-
- Trustee				
Payable to the trustee			1,122	793
Security Deposit			100	100
- Deutsche Bank A.G.				
Bank balance			102	129
Custody fee payable			206	40

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

- 22.1 The Fund's objective in managing risks is the creation and protection of Unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the management company, Fund's constitutive documents and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that Fund is willing to accept. The Board of Directors of the management company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk (which includes interest rate risk and currency risk), credit risk and liquidity risk arising from the financial instruments it holds.

22.2 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and debt security prices.

(i) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the present values of financial instruments. As of June 30, 2011, the Fund is exposed to such risk in respect of Government securities. The term deposits and placements carry fixed interest rates and will mature by September 16, 2011. The bank balances are subject to interest rates as declared by the respective bank on periodic basis.

As at June 30, 2011 the funds that may be exposed to interest rate risk are as follows:

	2011	2010
	Rupees in '000	
Variable rate instruments		
Bank balances	512,759	95,371
Fixed rate instruments		
Placements and term deposits receipts	2,000,000	2,100,000
Government securities	13,023,650	5,521,250

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Fund's income and other comprehensive income.

	Increase / (decrease) in basis points	Effect on interest income Increase / (Decrease) ----- (Rupees in '000)	Effect on other comprehensive income -----
2011	100 (100)	5,128 (5,128)	(120,806) 146,844
2010	100 (100)	954 (954)	(12,068) 11,794

(ii) Foreign currency risk

Foreign 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 does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) Equity price risk

The risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Fund is not exposed to the risk as its constitutive documents prohibit it from investing in equity securities.

22.3 Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities earlier than expected. The Fund is exposed to cash redemptions of its redeemable units on a regular basis. Units are redeemable at the unit holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive documents.

In order to manage the Fund's overall liquidity, the Fund has the ability to withhold daily redemption requests in excess of ten percent of the units in issue and such request would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any significant redemption during the year.

The table below summarizes the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity date.

2011	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
Rupees in '000					
Financial Assets					
Bank balances	562,760	-	-	-	562,760
Placements and term deposit receipts	1,150,000	850,000	-	-	2,000,000
Investments	1,491,287	6,583,848	4,948,515	-	13,023,650
Mark-up / interest receivable	18,942	8,340	-	-	27,282
Deposit and other receivables	-	-	-	107	107
Total assets	3,222,989	7,442,188	4,948,515	107	15,613,799
Financial Liabilities					
Payable to the management company	3,788	-	-	-	3,788
Remuneration payable to the trustee	1,122	-	-	-	1,122
Annual fee payable to the SEC P	-	9,747	-	-	9,747
Payable against redemption of units	8,688	-	-	-	8,688
Accrued and other liabilities	4,080	-	-	-	4,080
Total liabilities	17,678	9,747	-	-	27,425
Net financial assets	3,205,311	7,432,441	4,948,515	107	15,586,374
2010	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
Rupees in '000					
Financial Assets					
Bank balances	270,371	-	-	-	270,371
Placements and term deposit receipts	500,000	1,600,000	-	-	2,100,000
Investments	559,918	2,655,263	2,306,069	-	5,521,250
Mark-up / interest receivable	1,978	4,541	-	-	6,519
Deposit and other receivables	-	-	-	210	210
Total assets	1,332,267	4,259,804	2,306,069	210	7,898,350
Financial Liabilities					
Payable to the management company	8,905	-	-	-	8,905
Remuneration payable to the trustee	793	-	-	-	793
Annual fee payable to the SEC P	-	3,733	-	-	3,733
Payable against redemption of units	46,722	-	-	-	46,722
Dividend Payable	-	-	-	-	-
Accrued and other liabilities	850	-	-	-	850
Total liabilities	57,270	3,733	-	-	61,003
Net financial assets	1,274,997	4,256,071	2,306,069	210	7,837,347

22.4 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation. The Fund's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines, offering document and regulatory requirements. The table below analyses the Fund's maximum exposure to credit risk:

	2011	2010
	(Rupees in '000)	
Bank Balances	562,760	270,371
Placements and term deposit receipts	2,000,000	2,100,000
Mark-up / interest receivable	27,282	6,519
Deposit and other receivables	107	210

The analysis below summarizes the credit quality of the Fund's portfolio in total as on June 30, 2011:

Rating by Rating Category

	2011	2010
Government Securities / AAA	83.9%	72.4%
AA- to AA+	16.1%	27.6%
	100%	100%

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

22.5 Capital management

The Fund's objective when managing unit holder's funds is to safeguard the Fund's ability to continue as a going concern so that it can continue to provide optimum returns to its unit holders and to ensure reasonable safety of capital. The Fund manages its investment portfolio and other assets by monitoring return on net assets and makes adjustments to it in the light of changes in market conditions. The capital structure depends on the issuance and redemption of units.

23. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

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 value

The following table shows financial instruments recognised at fair value, analysed between those whose fair value is based on:

Level 1 : Quoted prices in active markets for identical assets or liabilities.

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	June 30, 2011			30 June 2010		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	----- (Rupees in '000) -----					
Available-for-sale investments						
- Government securities	-	13,023,650	-	-	5,521,250	-
	-	13,023,650	-	-	5,521,250	-

24. SUPPLEMENTARY NON FINANCIAL INFORMATION

The information regarding unit holding pattern, top ten brokers, members of the Investment Committee, fund manager, meetings of the Board of Directors of the management company and rating of the Fund and the Management Company has been disclosed in Annexure I to the financial statements.

25. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the management company on August 16, 2011.

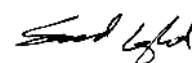
26. GENERAL

Figures have been rounded off to the nearest thousand rupees.



Mir Muhammad Ali, CFA
Chief Executive

For UBL Fund Managers Limited
(Management Company)



Saeed Iqbal
Director

Annexure – I

**SUPPLEMENTARY NON FINANCIAL INFORMATION
AS REQUIRED UNDER SECTION 6(D), (F), (G), (I) AND (J)
OF THE FIFTH SCHEDULE TO THE NBFC REGULATIONS**

(i) UNIT HOLDING PATTERN OF THE FUND

Category	As at June 30, 2011			
	Number of unit holders	Number of units held	Amount (Rupees in '000)	% of Total
Individuals	3,463	21,931,175	2,198,453	14%
Associated companies / directors	16	35,202,978	3,528,863	23%
Insurance companies	8	8,596,746	861,766	6%
Banks / DFIs	4	20,097,754	2,014,661	13%
Retirement funds	21	2,972,287	297,952	2%
Public limited companies	73	66,357,759	6,651,921	41%
Others	1	345,756	34,660	1%
	3,586	155,504,455	15,588,276	100%

Category	As at June 30, 2010			
	Number of unit holders	Number of units held	Amount (Rupees in '000)	% of Total
Individuals	2,274	13,568,047	1,396,902	18%
Associated companies / directors	16	38,135,271	3,926,228	50%
Insurance companies	5	519,277	53,462	1%
Banks / DFIs	5	2,916,006	300,218	4%
Retirement funds	13	746,916	76,899	1%
Public limited companies	13	13,832,058	1,424,084	18%
Others	22	6,430,878	662,097	8%
	2,348	76,148,453	7,839,890	100%

(ii) LIST OF TOP TEN BROKERS BY PERCENT OF THE COMMISSION PAID

S. No.	Name	2011 %	-
1	JS Global Capital Ltd.	30%	
2	Invest Capital Markets Ltd.	28%	
3	KASB Securities Limited	14%	
4	Al-Falah Securities Private Ltd.	8%	
5	Invest & Finance Securities Ltd.	7%	
6	BMA Capital Management Ltd.	4%	
7	IGI Finex Securities Ltd.	3%	
8	Invisor Securities (Pvt) Ltd.	2%	
9	Global Securities Pakistan Ltd.	2%	
10	Summit Capital (Pvt) Ltd	2%	

S. No.	Name	2010 %
1	KASB Securities Limited	26 %
2	Invest Capital Investment Bank Ltd.	21 %
3	IGI Finex Securities Ltd.	15 %
4	BMA Capital Management Ltd.	14 %
5	JS Global Capital Ltd.	11 %
6	Global Securities Pakistan Ltd.	9 %
7	Invisor Securities (Pvt) Ltd.	2 %
8	Atlas Capital Markets (Pvt) Ltd.	1 %
9	Al-Falah Securities Private Ltd.	1 %

(iii) THE MEMBERS OF THE INVESTMENT COMMITTEE

Following are the members of the Investment Committee of the Fund:

Mr. Mir Muhammad Ali
 Mr. Hasnain Raza Nensey
 Mr. Rahim Khakiani
 Mr. Junaid Qamar
 Mr. Syed Ali Turab

Name	Mir Muhammad Ali, CFA
Designation	Chief Executive
UBL Fund Managers	<p>Job Responsibilities & Accomplishments</p> <ul style="list-style-type: none"> Setting up of UBL Fund Managers Ltd. in 2001-02 and launched the first money market fund: United Money Market Fund (UMF) Turnaround initiated at UBL Fund Managers resulting in enhanced market image Actively participates as Vice Chairman of Mutual Funds Association of Pakistan (MUFAP) and Director on board of directors of CFA Association of Pakistan (CFAAP)
Prior to joining UBL Fund Managers	<p>No. of years of experience: over 15-20 years</p> <ul style="list-style-type: none"> Asian Development Bank - Investment Officer Pakistan Kuwait Investment Company (Private) Limited - SVP, Head of Corporate Finance and Marketing United Bank Limited - Head of Corporate Finance and Investment Banking
Education	<ul style="list-style-type: none"> CFA Charter Holder MBA - Institute of Business Administration (IBA), Karachi Gold Medal for an overall first position in 1988-89 MSc - University of Strathclyde, Glasgow, Scotland

Name	Hasnain Raza Nensey
Designation	Chief Investment Officer
UBL Fund Managers	<p>Job Responsibilities & Accomplishments</p> <ul style="list-style-type: none"> Overseeing of all Funds and Specialized Investment Vehicles under Management Member of Investment Committee and Management Committee
Prior to joining UBL Fund Managers	<p>No. of years of experience: over 17 years</p> <ul style="list-style-type: none"> JS Investments Limited - Chief Investment Officer
Education	<ul style="list-style-type: none"> MBA - Babson College, USA BSBA - Boston University, USA

Name	Rahim Khakiani
Designation	Chief Financial Officer & Company Secretary
UBL Fund Managers	<p>Job Responsibilities & Accomplishments</p> <ul style="list-style-type: none"> Accounting and Financial Reporting Corporate Taxation Corporate Governance and other secretarial functions Member Investment Committee, Management Committee etc.
Prior to joining UBL Fund Managers	<p>No. of years of experience: over 12 years</p> <ul style="list-style-type: none"> UBL Fund Managers Ltd - CFO & Company Secretary JS Investments Limited - Head of Finance KPMG Taseer Hadi & Co - Manager, Audit & Assurance Ford Rhodes Sidat Hyder - From Audit trainee to Audit Senior
Education	<ul style="list-style-type: none"> CFA Level 1 - CFA Institute, USA Chartered Accountant - ICAP Cost & Management Accountant - ICMAP Corporate Secretary - ICSP Masters in Economics - Karachi University

Name	Junaid Qamar
Designation	Head of Fixed Income Funds Manager
UBL Fund Managers	<p>Job Responsibilities & Accomplishments</p> <ul style="list-style-type: none"> • Handles and looks after all investments and redemptions made in the money market fund • Fund Manager for UBL Liquidity Plus Fund and United Growth & Income Fund • Portfolio strategy, design and allocation
Prior to joining UBL Fund Managers	<p>No. of years of experience: over 11 years</p> <ul style="list-style-type: none"> • Arif Habib Investments - Dealer, Debt and Money Market Funds • Corporate Treasury of Pearson Inc. (USA) - Managed Commercial Paper Portfolio
Education	<ul style="list-style-type: none"> • MBA - Wagner College, New York, USA • BS - City University, New York, USA

Name	Syed Ali Turab Alavi
Designation	Head of Risk Management
UBL Fund Managers	<p>Job Responsibilities & Accomplishments</p> <ul style="list-style-type: none"> • Risk Management Analysis • Led the In-house Research team in the past
Prior to joining UBL Fund Managers	<p>No. of years of experience: over 7 years</p> <ul style="list-style-type: none"> • AKD Investment Management Ltd
Education	<ul style="list-style-type: none"> • Bachelors in Computer Science and Electrical Engineering (Cornell University, NY, US) • Series 7, Series 63 certification (NASD, US)

(iv) MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Following are the names of directors who attended the meetings of the board of directors during the year along with the dates of the meetings.

Name of Director	Meeting held on						
	07 July 2010	30 August 2010	25 October 2010	29 December 2010	26 February 2011	21 March 2011	19 April 2011
Mr. Mir Muhammad Ali	☞	☞	☞	☞	☞	☞	☞
Mr. Aamir Karachiwala	-	☞	-	☞	☞	-	☞
* Mr. Muhammad Asghar	☞	☞	☞	-	-	-	-
Mr. Ali Sameer Farooqui	☞	☞	☞	-	☞	☞	☞
Mr. Saeed Iqbal	☞	☞	☞	☞	☞	☞	☞
Mr. Shabbir Hussain Hashmi	☞	☞	☞	☞	☞	☞	☞
Mr. Tariq Kirmani	-	☞	☞	☞	☞	☞	☞
** Mr. Rayomond H. Kotwal	-	-	-	-	-	☞	☞

*Mr. Muhammad Asghar resigned from the Board of directors on December 15, 2010.

**Mr. Rayomond H. Kotwal was inducted in the Board of Directors on January 14, 2011.

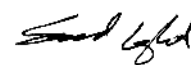
(v) RATING OF THE FUND AND MANAGEMENT COMPANY

JCR-VIS Credit Rating Company Limited (JCR-VIS) has assigned an 'AA+(f)' fund stability rating to the Fund. JCR-VIS has assigned an 'AM2' management quality rating to the Management Company.

For UBL Fund Managers Limited
(Management Company)



Mir Muhammad Ali, CFA
Chief Executive



Saeed Iqbal
Director

THIS PAGE HAS BEEN LEFT BLANK INTENTIONALLY

TABLE OF CONTENTS

- 75 Fund Information
- 76 Report of the Trustee
- 77 Statement of Compliance with the best practices of Code of Corporate Governance
- 79 Review Report to the Unit holders on Statement of Compliance
- 80 Independent Auditors' Report to the Unit holders
- 82 Statement of Assets & Liabilities
- 83 Income Statement
- 84 Statement of Comprehensive Income
- 85 Distribution Statement
- 86 Cash Flow Statement
- 87 Statement of Movement in Unit holders' Funds
- 88 Notes to the Financial Statements

UBL Savings Income Fund (USIF)

INVESTMENT OBJECTIVE

UBL Savings Income Fund is an open-end income Fund, which aims to provide a competitive rate of return, with a moderate level of risk to its investors by investing in fixed income securities / instruments.

FUND INFORMATION

Management Company

UBL Fund Managers Limited

Trustee

Central Depository Company of Pakistan Limited
99-B, Block-B, S.M.C.H.S., Main Shahra-e-Faisal,
Karachi. Tel: (+9221) 111-111-500

Distribution Company

United Bank Limited
(for detail of others, please visit our website: www.UBLFunds.com)

Auditors

Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants

Legal Advisor

Mohsin Tayebaly & Co.

Bankers

United Bank Limited
Bank Alfalah Limited
Deutsche Bank A.G.
Faysal Bank Limited
Standard Chartered Bank Limited, Pakistan
Barclays Bank

UBL BANKING LIMITED
CENTRAL DEPOSITORY COMPANY

UBL BANKING LIMITED
CENTRAL DEPOSITORY COMPANY
Head Office

UBL BANKING LIMITED
CENTRAL DEPOSITORY COMPANY
Head Office

Email: info@cdcpbk.com
URL: www.cdcpbk.com

TRUSTEE REPORT TO THE UNIT HOLDERS

UBL SAVINGS INCOME FUND

Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

The UBL Savings Income Fund (the Fund), an open-end Fund was established under a trust deed dated August 10, 2010, executed between UBL Fund Managers Limited, as the Management Company and Central Depository Company of Pakistan Limited, as the Trustee.

In our opinion, the Management Company has in all material respects managed the Fund during the period from October 14, 2010 to June 30, 2011 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations) and the constitutive documents of the Fund.



Muhammad Hanif Jakhura
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 30, 2011



СОВИТА
ДЕПОЗИТОВА
СЕРВИС

Statement of Compliance By

UBL SAVINGS INCOME FUND WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE FOR THE PERIOD ENDED 30 JUNE 2011

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in chapter XI of Listing Regulations of Islamabad Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance. The Board of Directors (the Board) of UBL Fund Managers Limited (the Management Company), which is an unlisted public company, manages the affairs of UBL Savings Income Fund (the Fund). The Fund being a unit trust open end scheme does not have its own Board of Directors. The Management Company has applied the principles contained in the Code to the Fund, whose units are listed as a security on the Islamabad Stock Exchange, in the following manner:

1. The Management Company encourages representation of independent non-executive directors. All the directors, except the Chief Executive Officer of the Management Company are non-executive directors, two of which are independent non-executive directors.
2. The existing directors have confirmed that none of them are serving as a director in more than ten listed companies, including the Management Company.
3. All the resident directors of the Management Company have confirmed that they are registered as taxpayers and none of them have defaulted in payment of any loan to a banking company, a DFI or an NBFC or, being a member of a stock exchange, have been declared as a defaulter by that stock exchange.
4. During the year one casual vacancy occurred on the Board, which was filled within 30 days thereof.
5. The Management Company has prepared a 'Statement of Ethics and Business Practices' which has been signed by all the directors and employees of the Management Company.
6. The Management Company has developed a vision / mission statement, corporate strategy and significant policies for the Fund that has been approved by the Board. A complete record of particulars of significant policies along with the dates on which these were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and terms and conditions of employment of the CEO has been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Management Company has an approved policy of related party transactions which states all necessary policy matters pertaining to related party transactions, separate consideration and maintenance of records and approval of transactions with related parties etc. All the related party transactions are carried out at arm's length and were placed before the Audit Committee and the Board of Directors for their review and approval on quarterly basis.
10. In order to apprise the directors on their duties and responsibilities and the requirements of the Code, the Management Company has a policy to conduct formal orientations for new directors. Furthermore, one director on the Board has completed all four parts of the certification "The Board Development Series" offered by the Pakistan Institute of Corporate Governance. The directors are conversant of the relevant laws applicable to the Management Company, its policies and procedures and provisions of Memorandum and Articles of Association and are aware of their duties and responsibilities.
11. No new appointments of CFO and Company Secretary were made during the year. However, Head of Internal audit was appointed for the newly formed internal audit department as mentioned in point 18. The Board has approved appointment on head of internal audit, including remuneration and terms and conditions of appointment, as determined by CEO.

Statement of Compliance By

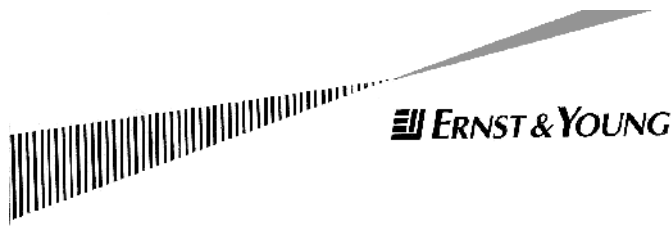
UBL SAVINGS INCOME FUND WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE FOR THE PERIOD ENDED 30 JUNE 2011

12. The Directors' report relating to the Fund for the year ended 30 June 2011 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
13. The financial statements of the Fund were duly endorsed by the CEO and CFO of the Management Company before approval of the Board.
14. The Directors, CEO, and executives do not hold any interest in the units of the Fund and shares of the Management Company other than disclosed in the Directors' Report.
15. The Management Company has complied with all the applicable corporate and financial reporting requirements of the Code.
16. The Board has formed an audit committee. It comprises of three members, all of whom are non-executive directors of the Management Company including the chairman of the committee who is an independent non-executive director.
17. The meetings of the audit committee were held at least once in every quarter and prior to the approval of interim and final results of the Fund as required by the Code. The terms of reference have been approved in the meeting of the board of directors and the committee has been advised to ensure compliance with those terms of reference.
18. During the year, the Management Company has brought the internal audit function in-house, which was previously outsourced. The internal audit team is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Fund and they are involved in the internal audit function on full time basis.
19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Management Company or units of the Fund and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. We confirm that all other material principles contained in the Code have been complied with.



Mir Muhammad Ali, CFA
Chief Executive

Karachi, Dated: August 16, 2011



Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 13541, Karachi 75530, Pakistan
Tel: +9221 3565 0007
Fax: +9221 3568 1965
www.ey.com

REVIEW REPORT TO THE UNIT HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **UBL Fund Managers Limited** (the Management Company) of **UBL Savings Income Fund** (the Fund) to comply with the Listing Regulation No. 35 (Chapter XI) of the Islamabad Stock Exchange where the Fund is listed.

The responsibility for compliance with the Code is that the Board of Directors of the Management Company of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement reflects the status of the Management Company's compliance with the provisions of the Code in respect of the Fund and report if it does not. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As part of our audit of 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's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

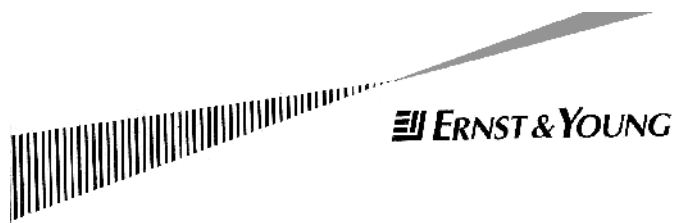
Further, Sub-Regulation (xiii a) of Listing Regulation 35 notified by the Islamabad Stock Exchange requires the Management Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedure to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Management Company's compliance, in all material respects, with the best practices contained in the Code in respect of the Fund for the period ended June 30, 2011.

A handwritten signature in black ink, appearing to be "Ernst & Young" followed by some illegible characters.

Chartered Accountants

Date: August 16, 2011
Karachi



Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530, Pakistan
Tel: +9221 3566 0007
Fax: +9221 3568 1965
www.ey.com

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

We have audited the accompanying financial statements of **UBL Savings Income Fund** (the Fund), which comprise the statement of assets and liabilities as at **June 30, 2011** and the related statements of income, comprehensive income, distribution, cash flows and movement in unit holders' fund for the period from **October 14, 2010 to June 30, 2011**, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

The Management Company of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations 2008 (the NBFC Regulations) and approved accounting standards as applicable in Pakistan. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

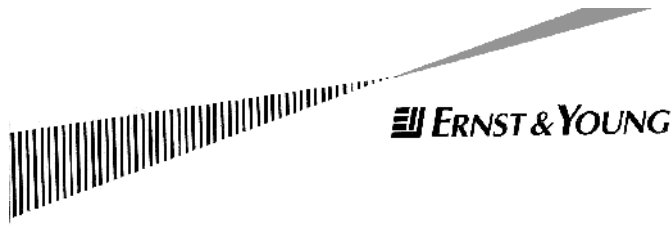
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Fund's affairs as at **June 30, 2011** and of its financial performance, cash flows and transactions for the period then ended in accordance with approved accounting standards as applicable in Pakistan.



Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Other matters

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Trust Deed, NBFC Rules and NBFC Regulations, 2008.

A handwritten signature in black ink, appearing to read "Omer Chughtai".

Chartered Accountants

Audit Engagement Partner: Omer Chughtai
August 16, 2011
Karachi

STATEMENT OF ASSETS AND LIABILITIES

AS AT JUNE 30, 2011

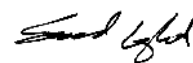
	Note	2011 (Rupees in '000)
Assets		
Bank balances	7	35,350
Placements and term deposit receipts	8	420,000
Investments	9	1,810,578
Mark-up / interest receivable	10	3,250
Deposit and other receivables		109
Preliminary expenses and floatation costs	11	4,288
Total assets		<u>2,273,575</u>
Liabilities		
Payable to the management company	12	1,569
Remuneration payable to the Trustee	13	227
Annual fee payable to Securities and Exchange Commission of Pakistan (SECP)	14	727
Payable against redemption of units		8,362
Dividend payable		55,586
Accrued and other liabilities	15	1,104
Total liabilities		<u>67,575</u>
Net assets		<u><u>2,206,000</u></u>
Contingency	19	
Unit holders' fund (as per the statement attached)		<u><u>2,206,000</u></u>
Number of units in issue	18	<u><u>22,029,769</u></u>
Net asset value per unit – Rupees	4.6	<u><u>100.1372</u></u>

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

For UBL Fund Managers Limited
(Management Company)



Mir Muhammad Ali, CFA
Chief Executive



Saeed Iqbal
Director

INCOME STATEMENT

FOR THE PERIOD FROM OCTOBER 14, 2010 TO JUNE 30, 2011

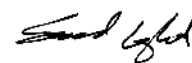
	Note	2011 (Rupees in '000)
Income		
Mark-up / interest income	17	127,664
Gain on sale of available-for-sale investments – net Element of gain and capital gain included in prices of units sold less those in units redeemed – net		314
Total income		<u>65,478</u>
Expenses		
Remuneration of the management company	12.1	12,118
Remuneration of the Trustee	13	1,490
Annual fee to Securities and Exchange Commission of Pakistan	14	727
Amortisation of preliminary expenses and floatation costs	11	712
Bank and settlement charges		141
Auditors' remuneration	18	460
Brokerage expense		187
Printing expense		123
Custody fee		180
Other expenses		176
Total operating expenses		<u>16,314</u>
Net income for the period		<u><u>177,142</u></u>

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

For UBL Fund Managers Limited
(Management Company)



Mir Muhammad Ali, CFA
Chief Executive



Saeed Iqbal
Director

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM OCTOBER 14, 2010 TO JUNE 30, 2011

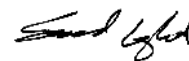
	2011 (Rupees in '000)
Net income for the period	177,142
Other comprehensive income	
Net unrealised loss on available for sale investments arising during the period	(1,150)
Total comprehensive income for the period	<u>175,992</u>

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

For UBL Fund Managers Limited
(Management Company)



Mir Muhammad Ali, CFA
Chief Executive



Saeed Iqbal
Director

DISTRIBUTION STATEMENT

FOR THE PERIOD FROM OCTOBER 14, 2010 TO JUNE 30, 2011

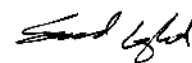
	2011 (Rupees in '000)
Net income for the period	177,142
Distribution at the rate of Rs. 8.3000 per unit declared on June 29, 2011	
- Bonus units	(117,384)
- Cash	(55,586)
	(172,970)
Undistributed income carried forward (realized)	<u>4,172</u>

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

For UBL Fund Managers Limited
(Management Company)



Mir Muhammad Ali, CFA
Chief Executive



Saeed Iqbal
Director

CASH FLOW STATEMENT

FOR THE PERIOD FROM OCTOBER 14, 2010 TO JUNE 30, 2011

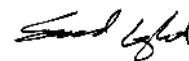
	2011 (Rupees in '000)
CASH FLOWS FROM OPERATING ACTIVITIES	
Net income for the period	177,142
Adjustments for:	
Mark-up / interest income	(127,664)
Element of gain and capital gain included in prices of units sold less those in units redeemed – net	(65,478)
Amortization of preliminary expense and floatation cost	712
	(192,430)
Increase in assets	
Investments	(1,811,728)
Deposit and other receivable	(109)
Preliminary expenses and floatation costs	(5,000)
	(1,816,837)
Increase in liabilities	
Payable to the management company	1,569
Remuneration payable to the Trustee	227
Annual fee payable to Securities and Exchange Commission of Pakistan	727
Accrued and other liabilities	1,104
	3,627
Mark-up/ interest income received	124,414
Net cash used in operating activities	(1,704,084)
CASH FLOWS FROM FINANCING ACTIVITIES	
Receipts from issuance of units	3,138,734
Payments against redemption of units	(979,300)
Net cash inflows from financing activities	2,159,434
Net cash inflow during the period	455,350
Cash and cash equivalent at end of the period	455,350
CASH AND CASH EQUIVALENT	
Bank balances	35,350
Placements and term deposit receipts	420,000
	455,350

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

For UBL Fund Managers Limited
(Management Company)



Mir Muhammad Ali, CFA
Chief Executive



Saeed Iqbal
Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND

FOR THE PERIOD FROM OCTOBER 14, 2010 TO JUNE 30, 2011

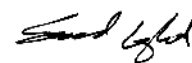
	2011 (Rupees in '000)
Cash received on issuance of units*	3,138,734
Cash paid / payable on redemption of units**	<u>(987,662)</u>
	2,151,072
Element of gain and capital gain included in prices of units sold less those in units redeemed – net	(65,478)
Distribution to unit holders during the period – cash	(55,586)
Other comprehensive income – unrealised loss on available-for-sale investments	(1,150)
Net income for the period	177,142
Total comprehensive income for the period	175,992
Net assets as at the end of the period (Rs. 100.1372 per unit)	<u><u>2,206,000</u></u>
	Number of units
* Number of units issued (includes 1,172,935 bonus units)	<u>31,612,591</u>
** Number of units redeemed	<u><u>9,582,822</u></u>

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

For UBL Fund Managers Limited
(Management Company)



Mir Muhammad Ali, CFA
Chief Executive



Saeed Iqbal
Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM OCTOBER 14, 2010 TO JUNE 30, 2011

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 UBL Savings Income Fund (the 'Fund') was established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations) as an open-end mutual fund. It was constituted under a Trust Deed dated August 10, 2010 executed between UBL Fund Managers Limited (a wholly owned subsidiary of United Bank Limited), as the management company and Central Depository Company of Pakistan Limited, as the trustee. The Trust Deed has also been approved by the Securities and Exchange Commission of Pakistan (SECP). The registered office of the management company is situated at the 8th Floor, State Life Building No. 1, I.I. Chundrigar Road, Karachi, Pakistan.
- 1.2 The management company of the Fund is registered with the SECP as a Non-Banking Finance Company under the NBFC Rules.
- 1.3 The Fund was listed on the Islamabad Stock Exchange (Guarantee) Limited on October 27, 2010. Units are offered for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering them to the Fund at the option of the unit holder. The Fund is categorized as open-end income scheme in accordance with Circular 7 of 2009 issued by SECP.
- 1.4 The principal activity of the Fund is to make investment in fixed income securities / instruments which provide a competitive rate of return with a moderate level of risk. Authorized investments as per the offering document include Government securities, commercial papers, spread transactions, funding under Margin Trading System, letters of placement and other money market instruments.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the NBFC Rules, and directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the requirements of the said directives prevail.

3. BASIS OF MEASUREMENT

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Investments

The investments of the Fund, upon initial recognition, are classified as investment at fair value through profit or loss or available-for-sale investment, as appropriate.

All investments are initially measured at fair value plus, in the case of investments not at fair value through profit or loss, transaction costs that are directly attributable to acquisition.

All regular way purchases and sales of investments are recognized on the trade date i.e. the date the Fund commits to purchase / sell the investment. Regular way purchases and sales of investments are those, the contract for which requires delivery of assets within the time frame generally established by regulation or market convention.

4.1.1 The Fund classifies investments in the following categories:

Investments at fair value through profit or loss

This category has two sub-categories, namely; financial instruments held-for-trading, and those designated at fair value through profit or loss upon initial recognition.

-Investments which are acquired principally for the purposes of generating profit from short term fluctuation in price or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held-for-trading. All derivatives are classified as held-for-trading. These are initially recorded at cost. Derivatives with positive fair values (unrealised gains) are included in assets and derivatives with negative fair values (unrealised losses) are included in liabilities in the statement of assets and liabilities.

- Investments designated at fair value through profit or loss upon initial recognition include those group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with the documented risk management / investment strategy.

After initial measurement, investment designated at fair value through profit or loss are carried at fair value and the gains or losses on revaluation are recognised in the income statement

Available-for-sale

Investments which are not classified in the above category are classified as available-for-sale investments. After initial measurement, such investments are measured at fair value with unrealised gains or losses recognised directly in the statement of comprehensive income until the investment is derecognised or determined to be impaired, at which time the cumulative gain or loss previously recognised in the statement of comprehensive income is taken to the income statement.

4.1.2 Fair value of Government securities is determined by reference to the quotations obtained from the PKRV rate sheet on the Reuters page.

4.2 **Securities under repurchase / resale agreements**

Transactions of purchase under resale (reverse-repo) of government securities, are entered into at contracted rates for specified periods of time. Securities purchased with a corresponding commitment to resell at a specified future date (reverse-repos) are not recognised in the statement of assets and liabilities. Amounts paid under these agreements are included in receivable in respect of reverse repurchase transactions. The difference between purchase and resale price is treated as income from reverse repurchase transactions and accrued over the life of the reverse-repo agreement on a time proportionate basis.

Transactions of sale under repurchase (repo) of marketable and government securities are entered into at contracted rates for specified periods of time. Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised in the statement of assets and liabilities and are measured in accordance with accounting policies for investment securities. The counterparty liabilities for amounts received under these transactions are recorded as liabilities. The difference between sale and repurchase price is treated as borrowing charges and accrued over the life of the repo agreement on a time proportionate basis.

4.3 **Preliminary expenses and floatation costs**

The Fund has recorded all expenses incurred in connection with the incorporation, registration, establishment and authorisation of the Fund as preliminary expenses and floatation costs which are to be amortised by the Fund over a period of five years commencing from October 14, 2010 in accordance with the Trust Deed. These expenses were paid for by the management company and will be reimbursed to them by the Fund subject to the audit of the expense.

4.4 Issue and redemption of units

Units are allocated at the offer price prevalent on the day on which applications for purchase of units are received (however, units are issued on the receipt of cash / realization of cheques). The offer price represents the net asset value per unit at the end of the business day plus allowable sales load, if applicable. Issue of units is recorded on acceptance of application for sale.

Units redeemed are recorded at the redemption price, applicable to units for which the Fund receives redemption applications during business hours of that day. The redemption price represents the net asset value per unit at the end of the business day less duties, taxes, charges on redemption and provision for transaction costs, if applicable. Redemption of units is recorded on acceptance of application for redemption.

4.5 Element of income / (loss) and capital gain / (loss) included in prices of units sold less those in units redeemed

To prevent the dilution of per unit income and distribution of income already paid out on redemption as dividend, an equalization account called "element of income / (loss) and capital gain / (loss) included in prices of units sold less those in units redeemed" is created.

The "element of income / (loss) and capital gain / (loss) included in prices of units sold less those in units redeemed" account is credited with the amount representing net income and capital gain accounted for in the announced net asset value and included in the sale proceeds of units. Upon redemption of units, the "element of income / (loss) and capital gain / (loss) included in prices of units sold less those in units redeemed" account is debited with the amount representing net income and capital gain accounted for in the last announced net asset value and included in the redemption price.

During the period, the Fund has revised its methodology for recognition of element of income / (loss) and capital gain / (loss) included in the prices of units sold less those in the units redeemed in the financial statements. As per the revised methodology, element of income / (loss) and capital gain / (loss) included in the prices of units sold less those in units redeemed is recognised in the income statement to the extent it is represented by increase in net income and capital gains earned during the year. Previously, the element of income / (loss) and capital gain / (loss) included in the prices of units sold less those in units redeemed represented by net income and capital gain carried forward from previous periods was also recognised in the income statement. The effect of revision in methodology has been incorporated in the current period.

The revision in methodology does not have any effect on the net income, comprehensive income and net asset value of the Fund in the current period.

4.6 Net asset value per unit

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

4.7 Taxation

The Fund is exempt from taxation under clause 99 of Part I of the 2nd Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income excluding realised and unrealised capital gains for the year is distributed amongst the Fund's unit holders. The Fund has distributed an amount over 90% and complied with the above referred provision. Accordingly, no provision is made for current and deferred taxation in these financial statements.

4.8 Revenue recognition

Gains / (losses) arising on sale of investments are accounted for in the period in which they arise.

Unrealized gains / (losses) arising on revaluation of securities classified as financial assets 'at fair value through profit or loss' are included in the income statement in the period in which they arise.

Unrealized gains / (losses) arising on the revaluation of securities classified as 'available-for-sale' are included in the statement of comprehensive income in the period in which they arise.

Income on reverse repurchase lending arrangements, certificates of investment, placements, government securities and commercial papers are recognised at rate of return implicit in the instrument / arrangement on a time proportionate basis.

Profit on bank balances and term deposits are recorded on accrual basis.

4.9 Financial instruments

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

4.10 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are only offset and net amount reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amount and the Fund intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

4.11 Impairment

Impairment loss on financial assets other than 'available for sale' investments is recognized in the income statement whenever carrying amount of financial asset exceeds its recoverable amount. If in the subsequent period, the amount of an impairment loss recognized decreases the impairment is reversed through income statement.

In case of investment classified as 'available-for-sale', a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for 'available-for-sale' financial assets, the cumulative loss is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in income statement is removed from equity and recognized in the income statement.

4.12 Provision

A provision is recognised when the Fund has a legal or constructive obligation as a result of past events, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

4.13 Distribution to unit holders

Distribution to unit holders is recognised upon declaration and approval by the Board of Directors of the management company.

4.14 Cash and cash equivalent

Cash and cash equivalent comprise of bank balances, placements and short term deposits.

5. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Judgments made by management in the application of accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment are explained in notes 4.1 and 4.11 respectively.

6. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

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

Standard, Interpretation or Amendment	Effective date (accounting periods beginning on or after)
IFRS 7 - Financial Instruments : Disclosures - Amendments enhancing disclosures about transfers of financial assets	July 01, 2011
IAS 1 - Presentation of Financial Statements - Amendments to revise the way other comprehensive income is presented	July 01, 2012
IAS 12 - Income Tax (Amendment) - Deferred Taxes : Recovery of Underlying Assets	January 01, 2012
IAS 19 - Employee Benefits - Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects	January 01, 2013
IAS 24 - Related Party Disclosures (Revised)	January 01, 2011
IFRIC 14 - Prepayments of a Minimum Funding Requirement (Amendment)	January 01, 2011

The Fund expects that the adoption of the above revisions, amendments and interpretations of the standards will not have a material affect the Fund's financial statements in the period of initial application, however certain amendments will result in increased disclosure requirements.

In addition to the above, amendments to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after January 01, 2011. The Fund expects that such improvements to the standards will not have any material impact on the Fund's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	Effective date (accounting periods beginning on or after)
IFRS 9 - Financial Instruments	January 01, 2013
IFRS 10 - Consolidated Financial Statements	January 01, 2013
IFRS 11 - Joint Arrangements	January 01, 2013
IFRS 12 - Disclosure of Interests in Other Entities	January 01, 2013
IFRS 13 - Fair Value Measurement	January 01, 2013

7. BANK BALANCES

These represent cash at banks in local currency kept in PLS saving accounts. Profit rates on the same ranging between 5.50% and 12.90% per annum. This includes Rs. 4.207 million with a related party on which return is earned at 5.50% per annum.

8. PLACEMENTS AND TERM DEPOSIT RECEIPTS	Note	2011 (Rupees in '000)
-Placements	8.1	200,000
-Term deposit receipt (TDRs)	8.2	220,000
		<u>420,000</u>

The placements carry profit rates ranging between 13.50% and 13.75% per annum with maturities of 1 month to 2 months.

The TDRs carry profit rates ranging between 13.50% and 13.70% per annum with maturities of 1 month to 3 months.

9. INVESTMENTS

9.1 Available for sale Government Securities

	Note	Acquired during the period	Sold / Matured during the period	As at June 30, 2011	Carrying value as at June 30, 2011 (Rupees in '000)	% of investment
		-----	No. of Holdings -----			
Market Treasury Bills - 1 year	9.1.1	4,201	3,951	250	22,511	1.24%
Market Treasury Bills - 6 months	9.1.2	36,290	19,850	16,440	1,584,562	87.52%
Market Treasury Bills - 3 months	9.1.3	42,506	40,456	2,050	203,505	11.24%
		<u>82,997</u>	<u>64,257</u>	<u>18,740</u>	<u>1,810,578</u>	<u>100.00%</u>

9.1.1 These represent Market Treasury Bills of a face value of Rs. 25 million and carrying a purchase yield of 13.87% per annum. These Market Treasury Bills will mature on April 19, 2012.

9.1.2 These represent Market Treasury Bills of a face value of Rs. 1,644 million and carrying purchase yields ranging between 13.35% and 13.69% per annum. These Market Treasury Bills have maturities ranging between 1 month and 5 months.

9.1.3 These represent Market Treasury Bills of a face value of Rs. 205 million and carrying purchase yields ranging between 13.07% and 13.25% per annum. These Market Treasury Bills have maturities of upto 1 month.

9.1.4 The cost of above investments amounts to Rs. 1,769.22 million.

9.1.5 The nominal value of each Market Treasury Bill is Rs. 100,000 each.

10. MARK-UP / INTEREST RECEIVABLE	Note	2011 (Rupees in '000)
On		
- Bank balances	10.1	318
- Placements and TDRs		2,932
		<u>3,250</u>

10.1 This includes Rs. 6,163 due from a related party.

11. PRELIMINARY EXPESNES AND FLOATATION COSTS

Preliminary expenses and floatation costs	5,000
Amortisation during the period	(712)
Balance as at 30 June	<u>4,288</u>

12. PAYABLE TO THE MANAGEMENT COMPANY

Remuneration payable	12.1	461
Preliminary expenses and floatation costs		1,073
Others		35
		<u>1,569</u>

12.1 REMUNERATION PAYABLE TO THE MANAGEMENT COMPANY

The management company is entitled to remuneration for services rendered to the Fund under the provisions of the NBFC Regulations, of an amount not exceeding 3 percent of the average daily net assets of the Fund during first five years of the Fund's existence and thereafter an amount equal to 2 percent of such assets of the Fund. The management company charged remuneration at the rate of 1.25 percent per annum of the average daily net assets of the Fund during the period.

13. REMUNERATION PAYABLE TO THE TRUSTEE

The trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as follows:

From October 2010 to December 2010

On net assets:

- up to Rs. 1,000 million Rs. 0.7 million or 0.20% p.a. of NAV, whichever is higher.
- exceeding Rs. 1,000 million Rs. 2.0 million plus 0.10% p.a. of NAV exceeding Rs. 1,000 million.

From January 2011 to June 2011

On net assets:

- up to Rs. 1,000 million Rs. 0.6 million or 0.17% p.a. of NAV, whichever is higher.
- Rs. 1,000 million to Rs. 5,000 million Rs. 1.7 million plus 0.085% p.a. of NAV exceeding Rs. 1,000 million.
- exceeding Rs. 5,000 million Rs. 5.1 million plus 0.07% p.a. of NAV exceeding Rs.5,000 million.

14. ANNUAL FEE PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents annual fee payable to SECP in accordance with the NBFC Regulations whereby the Fund is required to pay SECP an amount equal to 0.075% of the average daily net assets.

15. ACCRUED AND OTHER LIABILITIES		2011 (Rupees in '000)
Auditors' remuneration		286
Printing expense payable		114
Brokerage expense payable		35
Custody fee payable		109
Capital gains tax payable		523
Others		37
		<u>1,104</u>

16. NUMBER OF UNITS IN ISSUE

The units in issue as at 30 June in each class were as follows:

Class	Note	2011 (Number of units in issue)	2011 (Rupees in '000)
Class A	16.1	1,000,000	100,137
Class B	16.2	1,099,084	110,060
Class C	16.3	19,930,685	1,995,803
Total		<u>22,029,769</u>	<u>2,206,000</u>

16.1 Class "A" (Core Units), were issued to the Core Investors at par value with no Front- end Load and Back-end Load. The par value of each unit is Rs. 100. The Core Investor had subscribed to Core Units representing the seed capital of the Fund aggregating to Rs. 100 million, out of which at least Rs. 50 million shall remain invested in the Fund for at least two years from the date of issue of such Units.

16.2 Class "B" (Pre-IPO Units), were issued at par value with no Front-end Load and Back-end Load.

16.3 Class "C" Units, being offered and issued to investors during and after the Initial Offering Period and may be charged a Front-end Load, and / or Back-end Load each not exceeding 5% of Net Asset Value at the discretion of the management company as specified in the Offering Document.

17. MARK-UP / INTEREST INCOME	Note	For the period from October 14, 2010 to June 30, 2011 (Rupees in '000)
On		
- Bank balances	17.1	5,207
- Placements		2,973
- TDRs		14,370
- Government Securities		99,367
- Commercial papers		5,747
		<u>127,664</u>

17.1 This includes Rs. 0.270 million earned from a related party.

For the period from
October 14, 2010 to
June 30, 2011
(Rupees in '000)

18. AUDITORS' REMUNERATION

Audit fee	200
Other services	220
Out of pocket expenses	40
	<u>460</u>

19. **CONTINGENCY - PROVISION FOR CONTRIBUTION TO WORKERS' WELFARE FUND**

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it is alleged that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh, challenging the applicability of WWF to the CISs, which is pending adjudication.

During the year, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. This clarification was forwarded by Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) vide its letter dated October 06, 2010 to its members for necessary action. Based on this clarification, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF. However, the FBR vide its letter dated January 04, 2011 have cancelled its earlier letter dated October 06, 2010 ab initio and issued show cause notices to certain mutual funds for collecting WWF. In respect of such show cause notices, certain mutual funds have been granted stay by Honorable High Court of Sindh on the basis of the pending constitutional petition in the said court as referred above.

In view of the aforementioned developments during the period, the management company believes that there is no compelling reason to make provision on account of WWF contribution in the financial statements. Further, the management company also expects that the constitutional petition pending in the Honorable High Court of Sindh on the subject as referred above will be decided in favour of the mutual funds. The unrecognised amount of WWF as at June 30, 2011 amounted to Rs. 3.542 million.

20. **TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS**

Related parties / connected persons include UBL Fund Managers Limited (the management company), United Bank Limited (holding company of the management company), United Growth & Income Fund (UGIF), United Stock Advantage Fund (USF), United Composite Islamic Fund (UCIF), United Islamic Income Fund (UIIF), UBL Capital Protected Fund - I (UCPF-I) and UBL Capital Protected Fund - II (UCPF-II), UBL Retirement Savings Fund (URSF), UBL Islamic Retirement Savings Fund (UIRSF), UBL Islamic Savings Fund (UISF), UBL Liquidity Plus Fund (ULPF) (funds managed by the management company), Central Depository Company of Pakistan Limited (CDC) as Trustee, Deutsche Bank as sub-custodian, UBL Insurers Limited, UBL Fund Managers Limited Employees Provident Fund, UBL Fund Managers Limited Gratuity Fund, UBL Employees Provident Fund Trust, UBL Employees Gratuity Fund Trust, UBL Staff General Provident Fund Trust, UBL Officers / Non-Officers Benefits Fund, Pakistan Petroleum Limited, Engro Corporation Pakistan Limited, Engro Fertilizers Limited, Engro Polymer & Chemical Limited, Engro Powergen Qadirpur Limited (Formerly Engro Energy Limited), Sindh Engro Coal Mining Company Limited, National Bank of Pakistan, Byco Petroleum Limited, Byco Oil Pakistan Limited, Central Insurance Company Limited, United Executors & Trustee Co. Ltd, key management personnel of the management company, etc, (refer below for details)

Remuneration payable to the management company and the trustee is determined in accordance with the provisions of NBFCs Regulations, 2008 and the Trust Deed respectively. Transactions with related parties are at arm's length prices. Details of transactions with related parties during the period and balances with them at the period end, other than those which have been disclosed elsewhere in these financial statements, are as follows:

For the period from October 14,
2010 to June 30, 2011

	(Units in '000)	(Rupees in '000)
<u>Units sold to:</u>		
- Directors and executives of the management company	118	12,312
- UBL Fund Managers Limited	2,151	220,662
Entities having directors in common with the management company		
- United Bank Limited	5,691	601,137
<u>Units redeemed by:</u>		
- Directors and executives of the management company	25	2,632
- UBL Fund Managers Limited	1,365	140,600
<u>Bonus units distributed to:</u>		
- Directors and executives of the management company	7	770
- UBL Fund Managers Limited	65	6,523
Other transactions		
United Bank Limited – holding company of the management company		
- Bank charges		32
- Dividend Paid		47,238
- Profit on deposit account		270
- Securities sold during the period		195,044
UBL Fund Managers Limited		
- Remuneration to the management company		12,118
- Sales load paid		4,309
Engro Fertilizers Limited		
- Income on commercial papers		5,747
UBL Liquidity Plus Fund		
- Securities purchased during the period		291,460
- Securities sold during the period		1,032,729
United Growth & Income Fund		
- Securities purchased during the period		377,301
- Securities sold during the period		248,073
UBL Islamic Savings Fund		
- Securities sold during the period		50,606
National Bank of Pakistan		
- Securities purchased during the period		134,738
- Securities sold during the period		234,458
Central Depository Company of Pakistan Limited		
- Remuneration to the Trustee		1,490
Deutsche Bank A. G.		
- Custody Charges		180

	2011	
	(Units in '000)	(Rupees in '000)
Balances with Related Parties- Unsecured:		
United Bank Limited – holding company of the management company		
- Bank Balances		4,207
Management company		
- Remuneration payable to the management company		461
- Sales load payable		1,073
- Other payable		35
Trustee		
- Remuneration payable to the trustee		227
Units Held by:		
- Directors and executives of the management company	100	10,014

	2011	
	(Units in '000)	(Rupees in '000)
Balances with Related Parties- Unsecured:		
- UBL Fund Managers Limited	851	85,217
Entities having directors in common with the management company		
- United Bank Limited	5,691	569,881

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

21.1 The Fund's objective in managing risks is the creation and protection of Unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the management company, Fund's constitutive documents and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that Fund is willing to accept. The Board of Directors of the management company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk (which includes interest rate risk and currency risk), credit risk and liquidity risk arising from the financial instruments it holds.

21.2 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and debt security prices.

(i) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. As of June 30, 2011, the Fund is exposed to such risk in respect of Government securities and bank balances. The term deposits and placements carry fixed interest rates and will mature by September 16, 2011. The bank balances are subject to interest rates as declared by the respective bank on periodic basis.

As at June 30, 2011 the funds that may be exposed to interest rate risk are as follows:

	2011 Rupees in '000
Variable rate instruments	
Bank balances	35,350
Fixed rate instruments	
Placements and term deposits receipts	420,000
Government securities	1,810,578

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Fund's income and other comprehensive income.

	Increase / (decrease) in basis points	Effect on interest income Increase / (Decrease) ----- (Rupees in '000) -----	Effect on other comprehensive income -----
2011	100 (100)	354 (354)	(18,709) 18,771

(ii) Foreign currency risk

Foreign 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 does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) Equity price risk

The risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Fund is not exposed to the risk as its constitutive documents prohibit it from investing in equity securities.

21.3 Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities earlier than expected. The Fund is exposed to cash redemptions of its redeemable units on a regular basis. Units are redeemable at the unit holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive documents.

In order to manage the Fund's overall liquidity, the Fund has the ability to withhold daily redemption requests in excess of ten percent of the units in issue and such request would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any significant redemption during the year. Further, the Fund also has the ability to suspend redemption of units with approval of Board of Directors of the management company in extraordinary circumstances.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity date.

2011	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
----- Rupees in '000 -----					
Financial Assets					
Bank balances	35,350	-	-	-	35,350
Placements and term deposit receipts	200,000	220,000	-	-	420,000
Investments	-	574,185	1,213,882	22,511	1,810,578
Mark-up / interest receivable	994	2,256	-	-	3,250
Deposit and other receivables	-	-	-	109	109
Total assets	236,344	796,441	1,213,882	22,620	2,269,287
Financial Liabilities					
Payable to the management company	1,569	-	-	-	1,569
Remuneration payable to the Trustee	227	-	-	-	227
Annual fee payable to the Securities and Exchange Commission of Pakistan	-	727	-	-	727
Payable against redemption of units	8,362	-	-	-	8,362
Dividend payable	55,586	-	-	-	55,586
Accrued and other liabilities	1,104	-	-	-	1,104
Total liabilities	66,848	727	-	-	67,575
Net financial assets	169,496	795,714	1,213,882	22,620	2,201,712

21.4 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation. The Fund's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines, offering document and regulatory requirements. The table below analyses the Fund's maximum exposure to credit risk:

	2011 (Rupees in '000)
Bank Balances	35,350
Placements and term deposit receipts	420,000
Mark-up / interest receivable	3,250
Deposit and other receivables	109
	<u>458,709</u>

The analysis below summarizes the credit quality of the Fund's portfolio in total as on June 30, 2011:

Rating by Rating Category	2011
Government guaranteed / AAA	95%
AA- to AA+	5%
	<u>100%</u>

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

21.5 Capital management

The Fund's objective when managing unit holder's funds is to safeguard the Fund's ability to continue as a going concern so that it can continue to provide optimum returns to its unit holders and to ensure reasonable safety of capital. The Fund manages its investment portfolio and other assets by monitoring return on net assets and makes adjustments to it in the light of changes in market conditions. The capital structure depends on the issuance and redemption of units.

22. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

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 value

The following table shows financial instruments recognised at fair value, analysed between those whose fair value is based on:

Level 1 : Quoted prices in active markets for identical assets or liabilities.

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	June 30, 2011		
	Level 1	Level 2	Level 3
	----- (Rupees in '000) -----		
Available-for-sale investments			
- Government securities	-	1,810,578	-
	<u>-</u>	<u>1,810,578</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>1,810,578</u></u>	<u><u>-</u></u>

23. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the management company on August 16, 2011.

24. SUPPLEMENTARY NON FINANCIAL INFORMATION

The information regarding unit holding pattern, top ten brokers, members of the Investment Committee, fund manager, meetings of the Board of Directors of the management company and rating of the Fund and the management company has been disclosed in Annexure I to the financial statements.

25. GENERAL

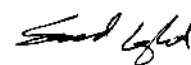
25.1 Being the first accounting period of the Fund, there are no comparative figures to report.

25.2 Figures have been rounded off to the nearest thousand rupees.

For UBL Fund Managers Limited
(Management Company)



Mir Muhammad Ali, CFA
Chief Executive



Saeed Iqbal
Director

**SUPPLEMENTARY NON FINANCIAL INFORMATION
AS REQUIRED UNDER SECTION 6(D), (F), (G), (I) AND (J)
OF THE FIFTH SCHEDULE TO THE NBFC REGULATIONS**

(i) UNIT HOLDING PATTERN OF THE FUND

Category	As at June 30, 2011			
	Number of unit holders	Number of units held	Amount (Rupees in '000)	% of Total
Individuals	1,096	11,180,956	1,119,630	50%
Associated companies / directors	5	6,633,643	664,274	30%
Insurance companies	6	1,252,740	125,446	6%
Banks / DFIs	1	994,805	99,617	5%
Retirement funds	5	606,906	60,774	3%
Public limited companies	6	1,144,132	114,571	5%
Others	1	216,587	21,688	1%
	1,120	22,029,769	2,206,000	100%

(ii) LIST OF TOP TEN BROKERS BY PERCENT OF THE COMMISSION PAID

S. No.	Name	2011 %
1	Invest Capital Markets Ltd.	33%
2	Al-Falah Securities (Pvt.) Ltd.	23%
3	JS Global Capital Ltd.	16%
4	Invest & Finance Securities Ltd.	11 %
5	Vector Capital (Pvt.) Ltd.	5%
6	Global Securities Pakistan Ltd.	5%
7	KASB Securities Ltd.	2%
8	BMA Capital Management Ltd.	2%
9	Elixir Securities Pakistan Ltd.	1%
10	Atlas Capital Markets (Pvt.) Ltd.	1%

(iii) THE MEMBERS OF THE INVESTMENT COMMITTEE

Following are the members of the Investment Committee of the Fund:

Mr. Mir Muhammad Ali
Mr. Hasnain Raza Nensey
Mr. Rahim Khakiani
Mr. Junaid Qamar
Mr. Syed Ali Turab

Name	Mir Muhammad Ali, CFA
Designation	Chief Executive
UBL Fund Managers	<p>Job Responsibilities & Accomplishments</p> <ul style="list-style-type: none"> • Setting up of UBL Fund Managers Ltd. in 2001-02 and launched the first money market fund: United Money Market Fund (UMF) • Turnaround initiated at UBL Fund Managers resulting in enhanced market image • Actively participates as Vice Chairman of Mutual Funds Association of Pakistan (MUFAP) and Director on board of directors of CFA Association of Pakistan (CFAAP)
Prior to joining UBL Fund Managers	<p>No. of years of experience: over 15-20 years</p> <ul style="list-style-type: none"> • Asian Development Bank - Investment Officer • Pakistan Kuwait Investment Company (Private) Limited - SVP, Head of Corporate Finance and Marketing • United Bank Limited - Head of Corporate Finance and Investment Banking
Education	<ul style="list-style-type: none"> • CFA Charter Holder • MBA - Institute of Business Administration (IBA), Karachi Gold Medal for an overall first position in 1988-89 • MSc - University of Strathclyde, Glasgow, Scotland

Name	Hasnain Raza Nensey
Designation	Chief Investment Officer
UBL Fund Managers	<p>Job Responsibilities & Accomplishments</p> <ul style="list-style-type: none"> • Overseeing of all Funds and Specialized Investment Vehicles under Management • Member of Investment Committee and Management Committee
Prior to joining UBL Fund Managers	<p>No. of years of experience: over 17</p> <ul style="list-style-type: none"> • JS Investments Limited - Chief Investment Officer
Education	<ul style="list-style-type: none"> • MBA - Babson College, USA • BSBA - Boston University, USA

Name	Rahim Khakiani
Designation	Chief Financial Officer & Company Secretary
UBL Fund Managers	<p>Job Responsibilities & Accomplishments</p> <ul style="list-style-type: none"> Accounting and Financial Reporting Corporate Taxation Corporate Governance and other secretarial functions Member Investment Committee, Management Committee etc.
Prior to joining UBL Fund Managers	<p>No. of years of experience: over 12 years</p> <ul style="list-style-type: none"> UBL Fund Managers Ltd - CFO & Company Secretary JS Investments Limited - Head of Finance KPMG Taseer Hadi & Co - Manager, Audit & Assurance Ford Rhodes Sidat Hyder - From Audit trainee to Audit Senior
Education	<ul style="list-style-type: none"> CFA Level 1 - CFA Institute, USA Chartered Accountant - ICAP Cost & Management Accountant - ICMAP Corporate Secretary - ICSP Masters in Economics - Karachi University

Name	Junaid Qamar
Designation	Head of Fixed Income Fund Manager
UBL Fund Managers	<p>Job Responsibilities & Accomplishments</p> <ul style="list-style-type: none"> Handles and looks after all investments and redemptions made in the money market fund Fund Manager for United Growth & Income Fund and UBL Liquidity Plus Fund Portfolio strategy, design and allocation
Prior to joining UBL Fund Managers	<p>No. of years of experience: over 11 years</p> <ul style="list-style-type: none"> Arif Habib Investments - Dealer, Debt Funds Corporate Treasury of Pearson Inc. (USA) - Managed Commercial Paper Portfolio
Education	<ul style="list-style-type: none"> MBA - Wagner College, New York, USA BS - City University, New York, USA

Name	Syed Ali Turab
Designation	Head of Risk Management
UBL Fund Managers	<p>Job Responsibilities & Accomplishments</p> <ul style="list-style-type: none"> Fundamental and Technical Analysis Portfolio strategy design
Prior to joining UBL Fund Managers	<p>No. of years of experience: over 8 years</p> <ul style="list-style-type: none"> AKD Investment Management Ltd
Education	<ul style="list-style-type: none"> Bachelors in Computer Science and Electrical Engineering (Cornell University, NY, US) Series 7, Series 63 certification (NASD, US)

(iv) MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Following are the names of directors who attended the meetings of the board of directors during the year along with the dates of the meetings.

Name of Director	Meeting held on						
	07-Jul-10	30-Aug-10	25-Oct-10	29-Dec-10	26-Feb-11	21-Mar-11	19-Apr-11
Mr. Mir Muhammad Ali	☞	☞	☞	☞	☞	☞	☞
Mr. Aamir Karachiwala	-	☞	-	☞	☞	-	☞
* Mr. Muhammad Asghar	☞	☞	☞	-	-	-	-
Mr. Ali Sameer Farooqui	☞	☞	☞	-	☞	☞	☞
Mr. Saeed Iqbal	☞	☞	☞	☞	☞	☞	☞
Mr. Shabbir Hussain Hashmi	☞	☞	☞	☞	☞	☞	☞
Mr. Tariq Kirmani	-	☞	☞	☞	☞	☞	☞
** Mr. Rayomond H. Kotwal	-	-	-	-	-	☞	☞

* Mr. Muhammad Asghar resigned from the Board of Directors on December 15, 2010.

** Mr. Rayomond H. Kotwal was inducted in the Board of Directors on January 14, 2011.

(v) RATING OF THE FUND AND MANAGEMENT COMPANY

JCR-VIS Credit Rating Company Limited (JCR-VIS) has assigned an 'AA-(f)' fund stability rating to the Fund.

JCR-VIS has assigned an 'AM2' management quality rating to the Management Company.

For UBL Fund Managers Limited
(Management Company)

Mir Muhammad Ali, CFA
Chief Executive

Saeed Iqbal
Director

TABLE OF CONTENTS

107	Fund Information
108	Report of the Trustee
109	Statement of Compliance with the best practices of Code of Corporate Governance
111	Review Report to the Unit holders on Statement of Compliance
112	Independent Auditors' Report to the Unit holders
114	Statement of Assets & Liabilities
115	Income Statement
116	Statement of Comprehensive Income
117	Distribution Statement
118	Cash Flow Statement
119	Statement of Movement in Unit holders' Funds
120	Notes to the Financial Statements

United Growth & Income Fund (UGIF)

INVESTMENT OBJECTIVE

UGIF is an open-end aggressive Income Fund, Investing in medium to long-term fixed income as well as shorter tenor money market Instruments and seek to generate superior, long-term, risk adjusted returns while preserving capital over the long-term.

FUND INFORMATION

Management Company	UBL Fund Managers Limited
Trustee	Central Depository Company of Pakistan Limited 99-B, Block-B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi. Tel: (+9221) 111-111-500
Distribution Company	United Bank Limited (for detail of others, please visit our website: www.UBLFunds.com)
Auditors	Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants
Legal Advisor	Mohsin Tayebaly & Co.
Bankers	United Bank Limited Bank Alfalah Limited Deutsche Bank A.G. Silk Bank Limited Mybank Limited JS Bank Limited NIB Bank Limited Allied Bank Limited HSBC Bank Middle East Limited, Pakistan Standard Chartered Bank Limited, Pakistan The Bank of Punjab

UBL BANKING LIMITED
CENTRAL DEPOSITORY COMPANY

UBL BANKING LIMITED
CENTRAL DEPOSITORY COMPANY
Head Office

UBL BANKING LIMITED
CENTRAL DEPOSITORY COMPANY
1000-1111-1111-2000
1000-1111-1111-2000
1000-1111-1111-2000

Email: info@cdcpbk.com
www.cdcpbk.com

TRUSTEE REPORT TO THE UNIT HOLDERS

UNITED GROWTH & INCOME FUND

Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

The United Growth & Income Fund (the Fund), an open-end Fund was established under a trust deed dated December 21, 2004, executed between UBL Fund Managers Limited, as the Management Company and Central Depository Company of Pakistan Limited, as the Trustee.

In our opinion, the Management Company has in all material respects managed the Fund during the year ended June 30, 2011 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations) and the constitutive documents of the Fund.

We would like to draw unit holders attention towards the following matters:

1. The directives of the Securities and Exchange Commission of Pakistan (SECP) issued vide Circulars # 1 of 2009 and 3 of 2010, which require that the debt securities shall only be reclassified as performing on receipt of all arrears i.e. principal as well as interest for the next two installments. The sukuk certificates of Maple Leaf Cement Factory Limited (MLCFL) and Kohat Cement Company Limited (KCCL) were classified as performing in September 2010 and June 2010 respectively based on their restructured plans approved in March 2010 and February 2010 respectively.

The Management Company while complying the same has reclassified these sukuk certificates as performing, however, the Management Company has not accrued the mark - up till October 13, 2010 for MLCFL and June 19, 2010 for KCCL. Going forward, the Management Company started accruing the mark up completely from June 20, 2010 for KCCL and October 14, 2010 for MLCFL. The Management Company has informed us that the same has been done on prudence basis, considering the underlying risk of realisability of the deferred mark-up which will be received in future periods.

2. The investment exposure in few Term Finance Certificate (TFC) & sukuk exceeds the exposure limit defined in the Regulation 55(5) of NBFC Regulations. We have been informed by the Management Company that the status of these TFC's and sukuk are either non-tradable or non-performing therefore they are unable to reduce such exceeded limits. This fact has also been reported to the SECP

Muhammad Hanif Jakhura
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: October 20, 2011



COMMISSION
REGULATORY
SECURITIES

Statement of Compliance By

UNITED GROWTH & INCOME FUND WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2011

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in chapter XI of Listing Regulations of Karachi Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance. The Board of Directors (the Board) of UBL Fund Managers Limited (the Management Company), which is an unlisted public company, manages the affairs of United Growth & Income Fund (the Fund). The Fund being a unit trust open end scheme does not have its own Board of Directors. The Management Company has applied the principles contained in the Code to the Fund, whose units are listed as a security on the Karachi Stock Exchange, in the following manner:

1. The Management Company encourages representation of independent non-executive directors. All the directors, except the Chief Executive Officer of the Management Company are non-executive directors, two of which are independent non-executive directors.
2. The existing directors have confirmed that none of them are serving as a director in more than ten listed companies, including the Management Company.
3. All the resident directors of the Management Company have confirmed that they are registered as taxpayers and none of them have defaulted in payment of any loan to a banking company, a DFI or an NBFC or, being a member of a stock exchange, have been declared as a defaulter by that stock exchange.
4. During the year one casual vacancy occurred on the Board, which was filled within 30 days thereof.
5. The Management Company has prepared a 'Statement of Ethics and Business Practices' which has been signed by all the directors and employees of the Management Company.
6. The Management Company has developed a vision/ mission statement, corporate strategy and significant policies for the Fund that has been approved by the Board. A complete record of particulars of significant policies along with the dates on which these were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and terms and conditions of employment of the CEO has been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Management Company has an approved policy of related party transactions which states all necessary policy matters pertaining to related party transactions, separate consideration and maintenance of records and approval of transactions with related parties etc. All the related party transactions are carried out at arm's length and were placed before the Audit Committee and the Board of Directors for their review and approval on quarterly basis.
10. In order to apprise the directors on their duties and responsibilities and the requirements of the Code, the Management Company has a policy to conduct formal orientations for new directors. Furthermore, one director on the Board has completed all four parts of the certification "The Board Development Series" offered by the Pakistan Institute of Corporate Governance. The directors are conversant of the relevant laws applicable to the Management Company, its policies and procedures and provisions of Memorandum and Articles of Association and are aware of their duties and responsibilities.
11. No new appointments of CFO and Company Secretary were made during the year. However, Head of Internal audit was appointed for the newly formed internal audit department as mentioned in point 18.

Statement of Compliance By

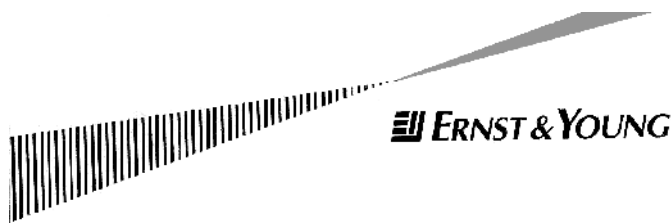
UNITED GROWTH & INCOME FUND WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2011

12. The Directors' report relating to the Fund for the year ended 30 June 2011 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
13. The financial statements of the Fund were duly endorsed by the CEO and CFO of the Management Company before approval of the Board.
14. The Directors, CEO, and executives do not hold any interest in the units of the Fund and shares of the Management Company other than disclosed in the Directors' Report.
15. The Management Company has complied with all the applicable corporate and financial reporting requirements of the Code.
16. The Board has formed an audit committee. It comprises of three members, all of whom are non-executive directors of the Management Company including the chairman of the committee who is an independent non-executive director.
17. The meetings of the audit committee were held at least once in every quarter and prior to the approval of interim and final results of the Fund as required by the Code. The terms of reference have been approved in the meeting of the board of directors and the committee has been advised to ensure compliance with those terms of reference.
18. During the year, the Management Company has brought the internal audit function in-house, which was previously outsourced. The internal audit team is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Fund and they are involved in the internal audit function on full time basis.
19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Management Company or units of the Fund and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. We confirm that all other material principles contained in the Code have been complied with.



Mir Muhammad Ali, CFA
Chief Executive

Karachi, Dated: August 16, 2011



Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 13541, Karachi 75530, Pakistan
Tel: +9221 3565 0007
Fax: +9221 3568 1965
www.ey.com

REVIEW REPORT TO THE UNIT HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of UBL Fund Managers Limited (the Management Company) of United Growth & Income Fund (the Fund) to comply with the Listing Regulation No. 35 (Chapter XI) of the Karachi Stock Exchange where the Fund is listed.

The responsibility for compliance with the Code is that the Board of Directors of the Management Company of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement reflects the status of the Management Company's compliance with the provisions of the Code in respect of the Fund and report if it does not. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As part of our audit of 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's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

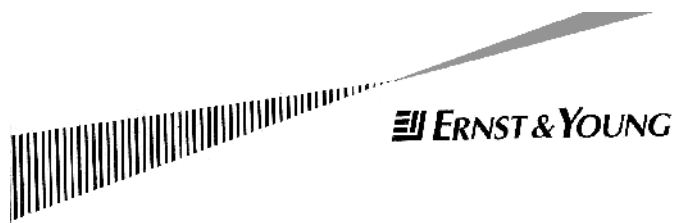
Further, Sub-Regulation (xiii a) of Listing Regulation 35 notified by The Karachi Stock Exchange vide circular KSE/N-269 dated 19 January 2009 requires the Management Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedure to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Management Company's compliance, in all material respects, with the best practices contained in the Code in respect of the Fund for the year ended June 30, 2011.

A handwritten signature in black ink, appearing to be in Urdu or a similar script, written over a horizontal line.

Chartered Accountants

Date: August 16, 2011
Karachi



Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530, Pakistan
Tel: +9221 3566 0007
Fax: +9221 3568 1965
www.ey.com

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

We have audited the accompanying financial statements of **United Growth and Income Fund** (the Fund), which comprise the statement of assets and liabilities as at **30 June 2011** and the related statements of income, comprehensive income, distribution, cash flows and movement in unit holders' fund for the year then ended, and a summary of significant accounting policies and other explanatory notes.

We have audited the accompanying financial statements of **United Growth & Income Fund** (the Fund), which comprise the statement of assets and liabilities as at **June 30, 2011** and the related statements of income, comprehensive income, distribution, cash flows and movement in unit holders' fund for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

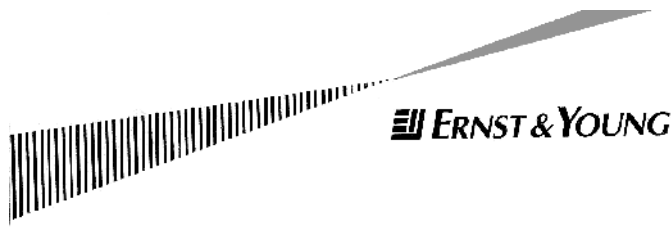
The Management Company of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations 2008 (the NBFC Regulations) and approved accounting standards as applicable in Pakistan. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Fund's affairs as at **June 30, 2011** and of its financial performance, cash flows and transactions for the period then ended in accordance with approved accounting standards as applicable in Pakistan.

Emphasis of matter

We draw attention to Note 21 to the financial statements which, explains the contingency with respect to the provision against Workers' Welfare Fund contribution amounting to Rs. 42.207 million. In this regard, the Management Company of the Fund expects that the constitutional petition pending in the Honorable High Court of Sindh on the subject will be decided favorably. Our opinion is not qualified in respect of this matter.

Other matters

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Trust Deed, NBFC Rules and NBFC Regulations, 2008.

Chartered Accountants

Audit Engagement Partner: Omer Chugh tai
August 16, 2011
Karachi

STATEMENT OF ASSETS AND LIABILITIES

AS AT JUNE 30, 2011

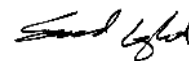
	Note	2011 (Rupees in '000)	2010
Assets			
Bank balances	8	1,105,760	1,922,023
Placements	9	199,000	594,000
Investments	10	2,027,991	5,719,256
Mark-up / interest receivable	11	111,201	204,136
Deposits, prepayment and other receivables	12	602	597
Total assets		3,444,554	8,440,012
Liabilities			
Remuneration payable to the management company	13	875	10,182
Remuneration payable to the trustee	14	324	761
Annual fee payable to Securities and Exchange Commission of Pakistan (SECP)	15	3,630	10,142
Payable against redemption of units		5,313	10,862
Payable against purchase of investment		-	174,249
Accrued and other liabilities	16	3,108	3,170
Total liabilities		13,250	209,366
Net assets		3,431,304	8,230,646
Contingency	21		
Unit holders' fund (as per the statement attached)		3,431,304	8,230,646
Number of units in issue	17	39,229,978	81,636,766
Net asset value per unit – Rupees	5.6	87.4664	100.8203

The annexed notes from 1 to 27 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)



Mir Muhammad Ali, CFA
Chief Executive



Saeed Iqbal
Director

INCOME STATEMENT

FOR THE YEAR ENDED JUNE 30, 2011

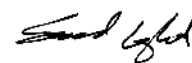
	Note	2011 (Rupees in '000)	2010
Income			
Mark-up / interest income	18	481,560	1,684,511
Net (loss)/ gain on investments at fair value through profit or loss	19	(2,498)	24,889
Net capital loss on investments classified as available-for-sale		(75,045)	(60,556)
Provision against non-performing debt securities		(898,401)	(230,813)
Element of income and capital gain included in prices of units sold less those in units redeemed – net		41,702	6,955
Other income		10	378
Total (loss) / income		(452,672)	1,425,364
Less: Expenses			
Remuneration of the management company	13	72,732	202,614
Remuneration of the trustee	14	5,484	14,518
Annual fee to SECP	15	3,630	10,142
Amortisation of preliminary expenses and floatation cost		-	176
Custody and settlement charges		122	581
Bank charges		203	871
Auditor's remuneration	20	657	524
Financial expense		1,458	-
Legal and professional charges		392	1,421
Brokerage expenses		74	363
Listing fee expense		40	35
Printing expense		230	335
Others		92	261
Total operating expenses		85,114	231,841
Net (loss)/ income for the year		(537,786)	1,193,523

The annexed notes from 1 to 27 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)



Mir Muhammad Ali, CFA
Chief Executive



Saeed Iqbal
Director

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2011

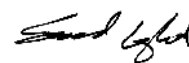
	2011 (Rupees in '000)	2010
Net (loss)/ income for the year	(537,786)	1,193,523
Deficit on revaluation of available-for-sale-investments (recognised directly in net assets)	(46,734)	(134,398)
(Surplus) / deficit on revaluation of available -for-sale investments transferred to income statement on disposal	(48,381)	94,620
Transfer of unrealized loss to income statement on impairment of available -for-sale investments	235,408	104,692
Other comprehensive income – unrealized gain available for-sale-investments	140,293	64,914
Total comprehensive (loss)/income for the year	(397,493)	1,258,437

The annexed notes from 1 to 27 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)



Mir Muhammad Ali, CFA
Chief Executive



Saeed Iqbal
Director

DISTRIBUTION STATEMENT

FOR THE YEAR ENDED 30 JUNE 2011

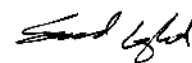
	2011	2010
	(Rupees in '000)	
Undistributed income/(loss) brought forward (includes unrealized gain on investments of Rs. 13.188 million (2010: Rs. Nil))	278,097	(54,156)
Distribution at the rate of Rs. 3.2216 per unit declared on July 07, 2010 (2010: Rs. Nil)		
- Bonus units	(110,678)	-
- Cash	(152,323)	-
	(263,001)	
Distribution at the rate of Rs. Nil per unit (2010: Rs. 2.3316 per unit declared on October 01, 2009)		
- Bonus units	-	(186,045)
- Cash	-	(208,640)
		(394,685)
Distribution at the rate of Rs. Nil per unit (2010: Rs. 1.5540 per unit declared on January 01, 2010)		
- Bonus units	-	(100,033)
- Cash	-	(126,392)
		(226,425)
Distribution at the rate of Rs. Nil per unit (2010: Rs. 2.100 per unit declared on March 27, 2010)		
- Bonus units	-	(117,323)
- Cash	-	(122,837)
		(240,160)
Net (loss)/ income for the year	(537,786)	1,193,523
Undistributed (loss)/income carried forward [includes unrealized loss on investments of Rs. 17.012 million (2010: Rs. 13.188 million)]	(522,690)	278,097

The annexed notes from 1 to 27 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)



Mir Muhammad Ali, CFA
Chief Executive



Saeed Iqbal
Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2011

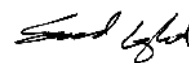
	Note	2011	2010
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss)/ income for the year		(537,786)	1,193,523
Adjustments for:			
Mark-up / interest income		(481,560)	(1,684,511)
Net loss/ (gain) on investments at fair value through profit or loss		2,498	(24,889)
Net capital loss on investments classified as available-for-sale		75,045	60,556
Element of income and capital gain included in prices of units sold less those in units redeemed – net		(41,702)	(6,955)
Preliminary expenses and floatation costs		-	176
		(445,719)	(1,655,623)
Decrease / (Increase) in assets			
Placements and term deposits		395,000	2,054,372
Investments		3,754,015	4,252,212
Deposits, prepayment and other receivables		(5)	4,639
		4,149,010	6,311,223
(Decrease)/Increase in liabilities			
Remuneration payable to the management company		(9,307)	180
Remuneration payable to the Trustee		(437)	(780)
Annual fee payable to SEC P		(6,512)	(5,475)
Payable against purchase of investments		(174,249)	174,249
Accrued and other liabilities		(62)	(429)
		(190,567)	167,745
Mark-up / interest income received		574,495	1,984,353
Net cash generated from operating activities		3,549,433	8,001,221
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts from issuance of units		237,671	12,476,801
Payments against redemption of units		(4,451,044)	(20,891,076)
Distribution to unit holders		(152,323)	(457,869)
Net cash used in from financing activities		(4,365,696)	(8,872,144)
Net decrease in cash and cash equivalent		(816,263)	(870,923)
Cash and cash equivalent at beginning of the year		1,922,023	2,792,946
Cash and cash equivalent at end of the year	8	<u>1,105,760</u>	<u>1,922,023</u>

The annexed notes from 1 to 27 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)



Mir Muhammad Ali, CFA
Chief Executive



Saeed Iqbal
Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND

FOR THE YEAR ENDED JUNE 30, 2011

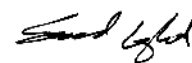
	2011	2010
	(Rupees in '000)	
Net assets as at the beginning of the year [Rs. 100.8203 (2009: Rs. 97.9604) per unit]	8,230,646	15,858,981
Issuance of units*	237,671	12,476,801
Redemption of units**	(4,445,495)	(20,898,749)
	(4,207,824)	(8,421,948)
	4,022,822	7,437,033
Element of income and capital gain included in prices of units sold less those in units redeemed-net	(41,702)	(6,955)
Distribution to unit holders during the year – cash	(152,323)	(457,869)
Net (loss)/ income for the year	(537,786)	1,193,523
Unrealised gain on available-for-sale investments	140,293	64,914
Total comprehensive (loss)/ income for the year	(397,493)	1,258,437
 Net assets as at the end of the year [Rs. 87.4664 (2009: Rs.100.8203) per unit]	3,431,304	8,230,646
	----- Number of units -----	
* Number of units issued [includes 1,134,015 (2010: 4,070,986) bonus units]	3,590,024	128,625,637
** Number of units redeemed	45,996,812	208,880,621

The annexed notes from 1 to 27 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)



Mir Muhammad Ali, CFA
Chief Executive



Saeed Iqbal
Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 United Growth and Income Fund (the Fund) was established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) as an open-end mutual fund. It was constituted under a Trust Deed, dated December 21, 2004 between UBL Fund Managers Limited (a wholly owned subsidiary company of United Bank Limited) as the management company, a company incorporated under the Companies Ordinance, 1984 and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on January 07, 2005. The registered office of the management company is situated at the 8th Floor, State Life Building No. 1, I.I. Chundrigar Road, Karachi, Pakistan.

The management company of the Fund is registered with the SECP as a Non-Banking Finance Company under the NBFC Rules.

- 1.2 The Fund is listed on the Karachi Stock Exchange (Guarantee) Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering them to the Fund at the option of the unit holder.

As per the offering document, the Fund shall invest in a diversified portfolio of government securities, term finance certificates (TFCs), corporate debts, certificates of investments (COIs), lending under Margin Trading System (MTS), spread transactions (including spread on equity transactions) and other money market instruments.

- 1.3 During the year ended June 30, 2010, the management company categorized the Fund as open-end aggressive fixed income scheme in accordance with Circular No. 7 of 2009 issued by SECP. The amended constitutive documents of the Fund are pending approval from the SECP as at the year end.

2. STATEMENT OF COMPLIANCE

- 2.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the requirements of the said directives prevail.

3. BASIS OF MEASUREMENT

- 3.1 These financial statements have been prepared under the historical cost convention except for investments and derivatives which are accounted for as stated in note 5.1.
- 3.2 These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency.

4. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as follows:

The Fund has adopted the following new and amended IFRS and IFRIC interpretations which became effective during the year:

IFRS 2 - Group Cash-settled Share-based Payment Arrangement

IAS 32 - Financial Instruments: Presentation - Classification of Rights Issues (Amendment)

IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments

Improvements to various standards issued by IASB

Issued in 2009

IFRS 5 - Non-Current Assets Held for Sale and Discontinued Operations

IFRS 8 - Operating Segments

IAS 1 - Presentation of Financial Statements

IAS 7 - Statement of Cash flows Presentation of Financial Statements

IAS 17 - Leases

IAS 36 - Impairment of Assets

IAS 39 - Financial Instruments : Recognition and Measurement

Issued in April 2010

IFRS 3 - Business Combinations

IAS 27 - Consolidated and Separate Financial Statements

The adoption of the above standards, amendments and interpretations did not have any effect on the financial statements.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Investments

The investments of the Fund, upon initial recognition, are classified as investment at fair value through profit or loss or available for sale investment, as appropriate.

All investments are initially measured at fair value plus, in the case of investments not at fair value through profit or loss, transaction costs that are directly attributable to acquisition.

5.1.1 The Fund classifies investments in the following categories:

Investments at fair value through profit or loss

This category has two sub-categories, namely; financial instruments held-for-trading, and those designated at fair value through profit or loss upon initial recognition.

- Investments which are acquired principally for the purposes of generating profit from short term fluctuation in price or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held-for-trading. All derivatives are classified as held-for-trading. These are initially recorded at cost. Derivatives with positive fair values (unrealised gains) are included in assets and derivatives with negative fair values (unrealised losses) are included in liabilities in the statement of assets and liabilities.

- Investments designated at fair value through profit or loss upon initial recognition include those group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with the documented risk management / investment strategy.

After initial measurement, investment designated at fair value through profit or loss are carried at fair value and the gains or losses on revaluation are recognised in the income statement.

Available-for-sale

Investments which are not classified in the above category are classified as available-for-sale investments. After initial measurement, such investments are measured at fair value with unrealised gains or losses recognised directly in the statement of comprehensive income until the investment is derecognised or determined to be impaired, at which time the cumulative gain or loss previously recognised in statement of comprehensive income is taken to the income statement

5.12 Fair value of investments is determined as follows:

Listed shares

These are valued on the basis of closing market prices quoted on the respective stock exchange.

Term finance certificates (TFCs) and Sukuk Certificates

The Fund's investment in TFCs and Sukuk Certificates are revalued at the rates quoted by Mutual Fund Association of Pakistan (MUFAP) in accordance with the SECP's Circular No. 1 of 2009 dated January 06, 2009, read with Regulation 66(b) of the NBFC Regulations. Further, the said circular has provided the discretion to the management to apply markup/markdown (within the available limits as prescribed in that circular) to the yields of Non-traded debt securities to arrive at their fair values.

Provisions are recognized when there is objective evidence that a financial asset or group of financial assets are non-performing, in accordance with the circular and subsequent clarifications thereon. Also to fulfill the requirement of SECP Circular No. 13 dated May 04, 2009 the BOD approved a comprehensive provisioning policy whereby the Investment Committee can make accelerated provision against any debt security or exposure other than debt security after considering the financial difficulties of the issuer, probability of the borrower entering bankruptcy or financial reorganization, deterioration of key financial ratios, down grade of credit rating, measurable decrease in cash flows and industry outlook.

Government securities

Fair value of government securities is determined by reference to the quotations obtained from the PKRV rate sheet on the Reuters page.

5.2 **Securities under repurchase / resale agreements**

Transactions of purchase under resale (reverse-repo) of marketable and government securities are entered into at contracted rates for specified periods of time. Securities purchased with a corresponding commitment to resell at a specified future date (reverse-repos) are not recognised in the statement of assets and liabilities. Amounts paid under these agreements are included in receivable in respect of reverse repurchase transactions. The difference between purchase and resale price is treated as income from reverse repurchase transactions and accrued over the life of the reverse-repo agreement on a time proportionate basis.

Transactions of sale under repurchase (repo) of marketable and government securities are entered into at contracted rates for specified periods of time. Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised in the statement of assets and liabilities and are measured in accordance with accounting policies for investment securities. The counterparty liabilities for amounts received under these transactions are recorded as liabilities. The difference between sale and repurchase price is treated as borrowing charges and accrued over the life of the repo agreement on a time proportionate basis.

5.3 Preliminary expenses and floatation costs

The Fund had recorded all expenses incurred in connection with the incorporation, registration, establishment and authorisation of the Fund as preliminary expenses and floatation costs which were amortised by the Fund over a period of five years commencing from May 11, 2005 in accordance with the Trust Deed. These expenses were paid for by the Management Company and have been reimbursed to them by the Fund.

5.4 Issue and redemption of units

Units are allocated at the offer price prevalent on the day on which applications for purchase of units are received (however, units are issued on the receipt of cash/ realization of cheques. The offer price represents the net asset value per unit at the end of the business day plus allowable sales load, if applicable. Issue of units is recorded on acceptance of application for sale.

Units redeemed are recorded at the redemption price, applicable to units for which the Fund receives redemption applications during business hours of that day. The redemption price represents the net asset value per unit at the end of the business day less duties, taxes, charges on redemption and provision for transaction costs, if applicable. Redemption of units is recorded on acceptance of application for redemption.

5.5 Element of income / (loss) and capital gain / (loss) included in prices of units sold less those in units redeemed

To prevent the dilution of per unit income and distribution of income already paid out on redemption as dividend, an equalization account called "element of income / (loss) and capital gain / (loss) in prices of units sold less those in units redeemed" is created.

The "element of income / (loss) and capital gain / (loss) in prices of units sold less those in units redeemed" account is credited with the amount representing net income and capital gain accounted for in the announced net asset value and included in the sale proceeds of units. Upon redemption of units, the "element of income / (loss) and capital gain / (loss) in prices of units sold less those in units redeemed" account is debited with the amount representing net income and capital gain accounted for in the last announced net asset value and included in the redemption price.

During the year, the Fund has revised its methodology for recognition of element of income / (loss) and capital gain / (loss) included in the prices of units sold less those in the units redeemed in the financial statements. As per the revised methodology, element of income / (loss) and capital gain / (loss) included in the prices of units sold less those in units redeemed is recognised in the income statement to the extent it is represented by increase in net income and capital gains earned during the year. Previously, the element of income / (loss) and capital gain / (loss) included in the prices of units sold less those in units redeemed represented by net income and capital gain carried forward from previous periods was also recognised in the income statement. The effect of revision in methodology has been incorporated in the current period.

Had the methodology not been changed, net loss and other comprehensive loss for the year would have been lower by Rs. 101.831 million. However, the change has no effect on the net assets of the Fund.

5.6 Net asset value per unit

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

5.7 Taxation

The Fund is exempt from taxation under clause 99 of Part I of the 2nd Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income excluding realised and unrealised capital gains for the year is distributed amongst the Fund's unit holders. The Fund intends to avail the exemption for current and future periods. Accordingly, no provision is made for current and deferred taxation in these financial statements.

5.8 Revenue recognition

Gains / (losses) arising on sale of investments are accounted for in the year in which they arise. Dividend income is recognised when the right to receive the dividend is established.

Income on reverse repurchase, certificates of investment, placements, government securities and investments in debt securities are recognised at rate of return implicit in the instrument/ arrangement on a time proportionate basis.

Profit on bank balances and term deposits are recorded on accrual basis.

5.9 Financial instruments

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

5.10 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are only offset and net amount reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amount and the Fund intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

5.11 Impairment

Impairment loss on investment other than 'available for sale' is recognized in the income statement whenever carrying amount of investment exceeds its recoverable amount. If in the subsequent period, the amount of an impairment loss recognized decreases the impairment is reversed through the income statement.

In case of investment classified as 'available-for-sale', a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for 'available-for-sale' financial assets, the cumulative loss is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in income statement is removed from equity and recognized in the income statement. However, the decrease in impairment loss on equity security classified as 'available-for-sale' is recognized in the statement of comprehensive income.

5.12 Provision

A provision is recognised when the Fund has a 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 can be made of the amount of the obligation.

5.13 Distribution to unit holders

Distribution to unit holders is recognised upon declaration and approval by the Board of Directors of the Management Company.

5.14 Cash and cash equivalent

Cash and cash equivalent comprise of bank balances and short term deposits.

6. ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

7. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

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

Standard, Interpretation or Amendment	Effective date (accounting periods beginning on or after)
IFRS 7 - Financial Instruments : Disclosures - Amendments enhancing disclosures about transfers of financial assets	July 01, 2011
IAS 1 - Presentation of Financial Statements -Amendments to revise the way other comprehensive income is presented	July01, 2012
IAS 12 - Income Tax (Amendment) - Deferred Taxes : Recovery of Underlying Assets	January 01, 2012
IAS 19 - Employee Benefits - Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects	January 01, 2013
IAS 24 - Related Party Disclosures (Revised)	January 01, 2011
IFRIC 14 - Prepayments of a Minimum Funding Requirement (Amendment)	January 01, 2011

The Fund expects that the adoption of the above revisions, amendments and interpretations of the standards will not have a material affect the Fund's financial statements in the period of initial application, however certain amendments will result in increased disclosure requirements.

In addition to the above, amendments to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after January 01, 2011. The Fund expects that such improvements to the standards will not have any material impact on the Fund's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	Effective date (accounting periods beginning on or after)
IFRS 9 - Financial Instruments	January 01, 2013
IFRS 10 - Consolidated Financial Statements	January 01, 2013
IFRS 11 - Joint Arrangements	January 01, 2013
IFRS 12 - Disclosure of Interests in Other Entities	January 01, 2013
IFRS 13 - Fair Value Measurement	January 01, 2013

	Note	2011 (Rupees in '000)	2010 (Rupees in '000)
8. BANK BALANCES			
PLS saving account	8.1	<u>1,105,760</u>	<u>1,922,023</u>

Profit rates on PLS saving accounts range between 5.50% and 11.00% (2010: 5.00% and 12.25%) per annum. This includes Rs. 1,090 million (2010: Rs. 1,424 million) with related parties on which return is earned at 5.50% to 11.00% (2010: 5.00% to 11.00%) per annum.

	Note	2011 (Rupees in '000)	2010 (Rupees in '000)
9. PLACEMENTS			
Placements – unsecured with			
Commercial banks		-	300,000
Leasing companies	9.1 & 9.2	229,000	294,000
Provision for impairment	9.2	<u>(30,000)</u>	<u>-</u>
		<u>199,000</u>	<u>594,000</u>

9.1 Includes a placement with a leasing company amounting to Rs. 129 million which was restructured on March 29, 2011. As per the terms of the restructured deal, the leasing company will make principal repayment of Rs. 1 million per week till Dec 23, 2013. Further, no markup will be accrued on the above placement. The leasing company has been making regular payment as per the restructured agreement

9.2 Includes a placement with a leasing company which amounts to Rs. 100 million, against which the Fund has made a provision of Rs. 30 million.

The aforementioned placement was restructured on April 12, 2010 whereby the outstanding amount and mark-up would be repaid in predetermined weekly installments till January 11, 2013. The restructured placement carried interest at 1 week KIBOR. However, the leasing company defaulted on the installment due on December 31, 2010 and has not made any payments subsequently. The placement was classified as non-performing on February 14, 2011 as per the Fund's 'Policy for provisioning against non-performing exposures' (the Policy) adopted by the Board of Directors. Consequently, the Fund has made a provision of 30% amounting to Rs. 30 million against the outstanding placement in accordance with the provisioning policy adopted by the Board of Directors.

Subsequently, the leasing company and the Fund reached a mutual agreement on the modality of regularization of the placement whereby the outstanding amount would be settled partly in cash installments and partly through transfer of properties. The agreement has been approved by the SECP and is pending approval from the trustee. In view of the above, the management company believes that after the mutual agreement, no further provisioning is required against the said placement.

10.	INVESTMENTS	Note	2011 (Rupees in '000)	2010 (Rupees in '000)
	Designated at fair value through profit or loss			
	- Investments in debt securities			
	Quoted		46,749	57,629
	Unquoted		274,882	480,832
		10.2	321,631	538,461
	- Application money for subscription of TFCs	10.3	-	200
			321,631	538,661
	Available for sale			
	- Investments in debt securities			
	Quoted	10.4	519,447	1,823,014
	Unquoted	10.4	961,754	2,299,389
	- Government securities	10.6	225,159	1,041,370
	- Investments in preference shares	10.7	-	16,822
			1,706,360	5,180,595
			2,027,991	5,719,256

10.1 The cost of investments amounts to Rs. 2,870 million (2010: Rs. 5,641.153 million).

10.2 Designated at fair value through profit or loss - investments in debt securities
(Term Finance Certificates and Sukuk certificates of Rs. 5,000 each, unless stated otherwise)

Name of security	Note	As at July 01, 2010	Purchased during the year	Sold / Matured during the year	As at June 30, 2011	Carrying Value as at June 30, 2011	Percentage on the basis of total investments
			-----Number of certificates-----			(Rupees in '000)	
Quoted							
Personal goods							
Azgard Nine Limited (20-09-05)	10.4.1	1,000	-	-	1,000	3,144	0.11 %
Fixed line telecommunication							
Telecard Limited (27-05-05)	10.4.2	5,000	-	-	5,000	6,891	0.25 %
Banks							
* United Bank Limited (15-03-05)		600	-	-	600	2,729	0.10 %
Financial Services							
Financial Receivables Securitization Company Limited - class "A" (17-01-07)		4,979	-	-	4,979	12,180	0.45 %
Jahangir Siddiqui & Company Limited (21-11-06)		4,849	-	-	4,849	24,554	0.90 %
Trust Investment Bank Limited (15-11-05)		4,000	-	4,000	-	-	-
						36,734	1.35 %
Total quoted securities						49,498	1.81 %
Less: Provision for impairment	10.5					(2,749)	
						46,749	
* These represent investments in related party.							
Unquoted							
Personal goods							
Azgard Nine Limited - PP (04-12-07)	10.4.3	7,000	-	-	7,000	30,375	1.11 %
Household goods							
New Allied Electronics Industries (Private) Limited (15-05-07)	10.4.4	18,000	-	-	18,000	18,094	0.66 %
New Allied Electronics Industries (Private) Limited - Sukuk (03-12-07)	10.4.4	10,000	-	-	10,000	35,000	1.28 %
						53,094	1.94 %

Fixed line communication							
Pakistan Mobile Communications Limited (01-10-07)		54,100	-	54,100	-	-	-
Financial Services							
Security Leasing Corporation Limited – Sukuk (01-06-07)	10.4.5	12,000	-	-	12,000	18,159	0.67%
Security Leasing Corporation Limited – Sukuk (19-09-07)	10.4.6	5,000	-	-	5,000	9,079	0.33%
Jahangir Siddiqui & Company Limited (04-07-07)		18,000	-	-	18,000	91,783	3.35%
						119,021	4.35%
Construction and materials							
Kohat Cement Limited - Sukuk (20-12-07)		42,091	-	-	42,091	135,809	4.96%
Forestry and paper							
Century Paper & Board Mills Limited – Sukuk (25-09-07)		6,000	-	6,000	-	-	-
Travel and leisure							
Avani Hotels Limited – PP (30-04-09)		1,507	-	-	1,507	6,064	0.22%
Miscellaneous							
Kashaf Foundation (05-11-07)		2,333	-	2,333	-	-	-
Total unquoted securities						344,363	12.58%
Less: Provision for impairment						(69,481)	
						274,882	
Total debt securities at fair value through profit or loss						321,631	14.39%

10.3

This represents a Pre-IPO disbursement to Dewan Cement Limited (the company) amounting to Rs. 105 million made on January 14, 2008, at a profit rate of 6 month KIBOR plus 2% per annum on the date of disbursement i.e. 12.04%. As per the requirement of the Trust deed the IPO was to take place within 270 days of the initial disbursement. However, the company has not yet arranged the IPO. The management company has decided to suspend mark up on this investment from October 29, 2008. Upto that date, the Fund has an outstanding interest receivable of Rs. 9.56 million alongside the entire principal amount of Rs. 100 million. Accordingly, the Fund had initially marked down these investments by 30% of the face value in accordance with the circular No. 26/1008 of November 05, 2008 read with letter No. SCD/MFC/MUFAP/248/2009 dated February 23, 2009, issued by SECP. However, subsequently the exposure has been provided in full in accordance with the circular No.01 of 2009 dated January 06, 2009, issued by SECP. The said mark down and provisioning was recognized in profit and loss account.

During the year ended June 30, 2009, the trustee to the issue (First Dawood Investment Bank Ltd) served a legal notice containing all the non compliances made by the company in respect of said placement and all the possible options available. In this respect negotiations are underway and the management company is confident to recover the entire amount along with the principal.

Name of security	Note	As at July 01, 2010	Purchased/ Acquired during the year	Sold / Matured during the year	As at June 30, 2011	Carrying Value as at June 30 2011 (Rupees in '000)	Percentage on the basis of total investments
-----Number of certificates -----							
Quoted							
Personal goods							
Azgard Nine Limited (20-9-05)	10.4.1	21,150	-	-	21,150	66,497	2.43%
Azgard Nine Limited (17-5-10)	10.4.7	10,000	-	-	10,000	45,783	1.67%
						112,280	4.10%
Equity investment instruments							
BRR Guardian Modaraba (07-07-08)	10.4.8	13,727	-	-	13,727	51,445	1.88%
Banks							
NIB Bank Limited (05-03-08)		37,200	-	37,200	-	-	-
* United Bank Limited (15-03-05)		600	-	-	600	2,729	0.10%
* United Bank Limited (14-02-08)		43,100	-	43,100	-	-	-
Faysal Bank Limited (12-11-07)		2,000	-	1,300	700	3,565	0.13%
Askari Bank Limited (04-02-2005)		5,000	-	5,000	-	-	-
						6,294	0.23%

Name of security	Note	As at July 01, 2010	Purchased/ Acquired during the year	Sold / Matured during the year	As at June 30, 2011	Carrying Value as at June 30 2011 (Rupees in '000)	Percentage on the basis of total investments
		-----Number of certificates -----					
Financial services							
Saudi Pak Leasing Company Limited (13 -03-08)		10,400	-	-	10,400	24,245	0.89%
Escorts Investment Bank Limited (15 -03-07)		10,016	-	-	10,016	14,678	0.54%
Trust Investment Bank Limited (15 -11 -05)		4,000	-	4,000	-	-	-
Trust Investment Bank Limited (04 -07-08)		23,877	-	-	23,877	70,199	2.56%
Jahangir Siddiqui & Company Limited (30-09-05)		2,000	-	2,000	-	-	-
Jahangir Siddiqui & Company Limited (04-07-07)		22,000	-	-	22,000	112,179	4.10%
Financial Receivables Securitization Company Limited – Class "A" (17 -01-07)		4,979	-	-	4,979	12,180	0.44%
						233,481	8.53%
Fixed line communication							
Worldcall Telecom Limited (07 -10 -08)		105,145	-	85,000	20,145	65,755	2.40%
Pakistan Mobile Communications Limited (01-10-07)		66,400	-	66,400	-	-	-
Pakistan Mobile Communications Limited (28-10-08)		66,000	-	43,343	22,657	106,651	3.90%
Telecard Limited (27 -05-05)	10.4.2	5,000	-	-	5,000	6,891	0.25%
						179,297	6.55%
Pharma and bio tech							
Searle Pakistan Limited (09-03-06)		2,000	-	2,000	-	-	-
Total quoted securities						582,797	21.29%
Less: Provision for impairment						(63,350)	
						519,447	
* These represent investment in related party							
Unquoted							
Household goods							
New Allied Electronics Industries (Private) Limited (15-05-07)	10.4.4	13,000	-	-	13,000	13,068	0.48%
Pak Elektron Limited – Sukuk (30-06-07)		1,000	-	1,000	-	-	-
						13,068	0.48%
Construction and materials							
Maple Leaf Cement Factory Limited – Sukuk (03-12-07)		76,000	-	-	76,000	238,011	8.70%
Kohat Cement Limited – Sukuk (20-12-07)		19,909	-	-	19,909	64,238	2.35%
Eden Builders Limited– Sukuk (08-09-08)		6,720	-	-	6,720	22,294	0.81%
						324,543	11.86%
Chemicals							
Sitara Chemicals Ltd- Sukuk (02-01-08)		15,400	-	15,400	-	-	-
Engro Fertilizer Limited I – PP (18-03-08)		55,300	-	52,500	2,800	13,160	0.48%
Engro Fertilizer Limited I – Sukuk (06-09-07)		500	-	500	-	-	-
Agri-tech Limited – PP (30-11-07)	10.4.9	58,000	-	-	58,000	254,223	9.29%
Agri-tech Limited II – PP (1st issue) (14-01-08)	10.4.10	157,000	-	-	157,000	597,032	21.81%
Agri-tech Limited – Sukuk (06-08-08)	10.4.11	3,800	-	-	3,800	14,455	0.53%
						878,870	32.11%
Personal goods							
Azgard Nine Limited – PP (04-12-07)	10.4.3	33,000	-	-	33,000	143,196	5.23%
Forestry and paper							
Century Paper & Board Mills Limited - Sukuk (25-9-07)		37,000	-	37,000	-	-	-
Financial services							
Security Leasing Corporation Limited – Sukuk (01-06-07)	10.4.5	12,000	-	-	12,000	18,159	0.66%
Security Leasing Corporation Limited – Sukuk (19-09-07)	10.4.6	15,000	-	-	15,000	27,239	1.00%
Security Leasing Corporation Limited-PP (28-03-06)		19,000	-	-	19,000	17,225	0.63%
** Orix Leasing Pakistan Limited – PP (15-01-08)		1,150	-	1,150	-	-	-
Orix Leasing Pakistan Limited – Sukuk (30-06-07)		4,000	-	4,000	-	-	-
						62,623	2.29%
Food producers							
Shakarganj Mills Limited (22 -09-08)	10.4.12	18,000	-	-	18,000	77,786	2.84%
Industrial engineering							
Karachi Shipyard & Engineering Works Limited-Sukuk (04-02-08)		5,200	-	5,200	-	-	-

Name of security	Note	As at July 01, 2010	Purchased/ Acquired during the year	Sold / Matured during the year	As at June 30, 2011	Carrying Value as at June 30 2011 (Rupees in '000)	Percentage on the basis of total investments
		-----Number of certificates -----					
Travel and leisure							
Avani Hotels (30-04-09)		8,493	-	-	8,493	34,169	1.24 %
Miscellaneous							
*** Trakker – PP (15 - 09- 07)		100	-	-	100	1,234	0.04%
Kashaf Foundation (05 - 11 - 07)		7,667	-	7,667	-	-	-
						1,234	0.04%
Total unquoted securities						1,535,489	56.09%
Less: Provision for impairment	10.5					(573,735)	
						961,754	
Total Available- for- Sale debt securities						1,481,201	77.38%
Cost of Available-for-Sale Debt Securities						2,188,947	

** TFCs having a face value of Rs. 100,000 each
*** TFCs having a face value of Rs. 75,000 each

10.4.1 This represents investment aggregating to Rs. 69.64 million against which the investee company had not made payments at the contractual date, ie, March 20, 2010 (date of 1st default). Consequently, the term finance certificates were classified as non-performing by MUFAP on May 19, 2010 in accordance with Circular 1 of 2009 and mark-up accrued on the certificates was suspended.

During the year, in December, a restructuring agreement was signed between Azgard Nine Limited and the Investment Agent of the term finance certificates, whereby, certain terms included in the original trust deed dated April 26, 2005 were amended, including the repayment period which was extended from September 20, 2012 to September 20, 2017. However, the investee company defaulted on the interest payments based on the restructured agreement. Consequently, in accordance with the provisioning policy of the Fund, an amount of Rs. 41.06 million (which includes reversal of unrealized losses recognized in equity amounting to Rs. 4.60 million) has been provided against the outstanding principal as at June 30, 2011. Furthermore, no interest was accrued on the term finance certificates during the year in accordance with the aforementioned circular.

10.4.2 This represents investment aggregating to Rs. 13.781 million against which the investee company had not made principal and interest payments at the contractual date, ie, May 27, 2011 amounting to Rs. 1.102 million and Rs. 0.23 million respectively. Consequently, the term sukuk certificates were classified as non-performing by MUFAP on July 13, 2011 in accordance with Circular 1 of 2009 and no further interest has been accrued thereafter. Accordingly, the principal redemption has been provided in full. Further, in accordance with the provisioning policy of the Fund, an amount of Rs. 5.77 million (which includes reversal of unrealized losses recognized in equity amounting to Rs. 3.57 million) has been provided against the outstanding principal as at June 30, 2011.

10.4.3 This represents investment aggregating to Rs. 173.57 million against which the investee company had not made payments at the contractual date, ie, June 03, 2010 (date of 1st default). Consequently, the term finance certificates were classified as non-performing by MUFAP on June 30, 2010 in accordance with Circular 1 of 2009 and mark-up income amounting to Rs. 8.59 million was suspended.

During the year, in December, a restructuring agreement was signed between Azgard Nine Limited and the Investment Agent of the term finance certificates, whereby, certain terms included in the original trust deed dated November 15, 2007 were amended, including the repayment period which was extended from December 04, 2014 to December 04, 2017. However, the investee company defaulted on the principal due on the restructured agreements as well. Accordingly, the defaulted principal redemptions have been provided for in full. Further, in accordance with the provisioning policy of the Fund, an aggregate amount of Rs. 115.53 million (which includes reversal of unrealized losses recognized in equity amounting to Rs. 21.89 million) has also been provided against the outstanding principal as at June 30, 2011. Furthermore, no interest was accrued on the term finance certificates during the year in accordance with the aforementioned circular.

10.4.4 This included investment aggregating to Rs. 66.16 million against which the investee companies had not made payments at the contractual dates in the year ended June 30, 2009. As of the balance sheet date, the above Sukuks are still classified by MUFAP as non-investment grade debt securities and accordingly the management has provided for the said sukuk certificates in full in accordance with the its provisioning policy.

10.4.5 This represents investment aggregating to Rs. 36.32 million against which the investee company had not made interest payments at the contractual date, ie, April 19, 2011. Consequently, the sukuk certificates were classified as non-performing by MUFAP on May 12, 2011 in accordance with Circular 1 of 2009. Accordingly, accrual of mark-up on the sukuk certificates has been suspended and unrealized losses amounting to Rs. 5.50 million recognized in equity have been transferred to the income statement.

On May 03, 2011 the investee company reached an agreement with the Sukuk holders whereby it has been agreed that no further mark-up payments would be made on the sukuk certificates. Consequently, subsequent to the year end, the sukuk certificates have been classified as performing by MUFAP on July 20, 2011 after receipt of two regular payments as per the restructuring agreement in accordance with the aforementioned Circular.

10.4.6 This represents investment aggregating to Rs. 36.32 million against which the investee company had not made interest payments at the contractual date, ie, April 19, 2011. Consequently, the sukuk certificates were classified as non-performing by MUFAP on May 12, 2011 in accordance with Circular 1 of 2009. Accordingly, accrual of mark-up on the sukuk certificates has been suspended and unrealized losses amounting to Rs. 11.46 million recognized in equity have been transferred to the income statement.

On June 10, 2011 the investee company reached an agreement with the Sukuk holders whereby it has been agreed that no further mark-up payments would be made on the sukuk certificates. Consequently, subsequent to the year end, the sukuk certificates have been classified as performing by MUFAP on July 20, 2011 after receipt of two regular payments as per the restructuring agreement in accordance with the aforementioned Circular.

10.4.7 This represents investment aggregating to Rs. 45.78 million against which the investee company had not made payments at the contractual date, ie, June 17, 2010 (date of 1st default). Consequently, the term finance certificates were classified as non-performing by MUFAP on July 02, 2010 in accordance with Circular 1 of 2009 and mark-up accrued on the certificates was suspended.

During the year, in December 2010, a restructuring agreement was signed between Azgard Nine Limited and the Investment Agent of the term finance certificates, whereby, certain terms included in the original trust deed dated May 17, 2010 were amended, including the rescheduling of principal redemption. However, the investee company defaulted on the installment due on the restructured agreement amounting to Rs. 16.64 million again. Consequently, in accordance with the provisioning policy of the Fund, an amount of Rs. 31.65 million (which includes reversal of unrealized losses recognized in equity amounting to Rs. 4.22 million) has also been provided against the outstanding principal as at June 30, 2011. Furthermore, no interest was accrued on the term finance certificates during the year in accordance with the aforementioned circular.

10.4.8 This represents investment aggregating to Rs. 51.445 million against which the investee company had not made interest payments at the contractual date, ie, January 07, 2011. Consequently, the term sukuk certificates were classified as non-performing by MUFAP on January 24, 2011 in accordance with Circular 1 of 2009. Accordingly, accrual of mark-up on the sukuk certificates has been suspended and unrealized losses amounting to Rs. 14.825 million recognized in equity have been transferred to the income statement.

10.4.9 This represents investment aggregating to Rs. 254.22 million against which the investee company had not made payments at the contractual date, ie, May 30, 2010 (date of 1st default). Consequently, the term finance certificates were classified as non-performing by MUFAP on June 29, 2010 in accordance with Circular 1 of 2009 and mark-up accrued on the certificates was suspended.

During the year, on October 26, 2010 a restructuring agreement was signed between Agritech Limited and the Investment Agent of the term finance certificates, whereby, certain terms included in the original trust deed dated November 15, 2007 were amended, including the repayment period which was extended from November 29, 2014 to November 29, 2017. However, the investee company defaulted on the principal due on the restructured agreement amounting to Rs. 0.038 million as well. Accordingly, the defaulted principal redemptions have been provided for in full. Further, in accordance with the provisioning policy of the Fund, an amount of Rs. 172.41 million (which includes reversal of unrealized losses recognized in equity amounting to Rs. 34.08 million) has been provided against the outstanding principal as at June 30, 2011. Furthermore, no interest was accrued on the term finance certificates during the year in accordance with the aforementioned circular.

- 10.4.10** This represents investment aggregating to Rs. 597.03 million against which the investee company had not made payments at the contractual date, ie, June 13, 2010 (date of 1st default). Consequently, the term finance certificates were classified as non-performing by MUFAP on June 29, 2010 in accordance with Circular 1 of 2009 and mark-up income amounting to Rs. 50.832 million was suspended.

During the year, on October 26, 2010 a restructuring agreement was signed between Agritech Limited and the Investment Agent of the term finance certificates, whereby, certain terms included in the original trust deed dated December 14, 2007 were amended, including the repayment period which was extended from January 14, 2015 to July 14, 2017. However, the investee company defaulted on the principal due on the restructured agreement amounting to Rs. 0.022 million as well. Accordingly, the defaulted principal redemptions have been provided for in full. Further, in accordance with the provisioning policy of the Fund, an amount of Rs. 406.91 million (which includes reversal of unrealized losses recognized in equity amounting to Rs. 143.62 million) has been provided against the outstanding principal as at June 30, 2011. Furthermore, no interest was accrued on the term finance certificates during the year in accordance with the aforementioned circular.

- 10.4.11** This represents investment aggregating to Rs. 14.45 million against which the investee company had not made payments at the contractual date, ie, August 06, 2010 (date of 1st default). Consequently, the sukuk certificates were classified as non-performing by MUFAP on August 23, 2010 in accordance with Circular 1 of 2009 and mark-up income amounting to Rs. 1.08 million was suspended.

During the year, on October 26, 2010a restructuring agreement was signed between Agritech Limited and the Investment Agent of the sukuk certificates, whereby, certain terms included in the original trust deed dated July 22, 2008 were amended, including the repayment period which was extended from August 06, 2015 to August 06, 2017. However, the investee company defaulted on the installment due based on the restructured agreement. Consequently, in accordance with the provisioning policy of the Fund, an amount of Rs. 7.09 million (which includes reversal of unrealized losses recognized in equity amounting to Rs. 3.09 million) has been provided against the outstanding principal as at June 30, 2011. Furthermore, no interest was accrued on the sukuk certificates during the year in accordance with the aforementioned circular.

- 10.4.12** This represents investment aggregating to Rs. 77.786 million against which the investee company had not made payments at the contractual dates. Consequently, the term finance certificates were classified as non-performing by MUFAP in the previous year in accordance with Circular 1 of 2009 and mark-up accrued on the certificates was suspended. Accordingly, the outstanding principal as at June 30, 2011 has been provided in full as per the provisioning policy of the Fund. Furthermore, no interest was accrued on the term finance certificates during the year in accordance with the aforementioned circular.

- 10.4.13** The SECP's Circular 1 of 2009 allows the asset management companies, the discretion to apply a mark-up/ mark down, within the available limits, to the yield of any specific security used by the MUFAP for the purpose of determining the fair value of securities. Accordingly, the Fund has applied discretionary discounts by increasing/ decreasing the yield used by MUFAP in accordance with the available limit. Consequently, the net unrealized gain for the year ended June 30, 2011 has decreased and the value of investments subject to discretionary discount as of June30, 2011 has decreased by approximately Rs.2.00 million (2010: Rs. 65.777 million).

- 10.4.14** The Fund also holds sukuk certificates issued by Maple Leaf Cement Company Limited having face value of Rs. 14.25 million received in lieu of the coupon defaulted by the investee company on December 03, 2009 as part of the restructuring agreement of an earlier sukuk issued by the said company. The sukuk accrues mark-up 3 month kibar + 100 basis points per annum and payments on the same are being received regularly. However, the sukuk has not been recorded in the books of the Fund pursuant to a clarification by SECP dated June 01, 2011, which prohibits the accrual of income for a debt security during the period the security is classified as non-performing.

10.5	Provision for impairment	2011 (Rupees in '000)	2010
	Designated at fair value through profit or loss- quoted debt securities		
	-Azgard Nine Limited (20 -09-05)	1,646	-
	-Telecard Limited (27 -05-05)	1,103	-
		<u>2,749</u>	<u>-</u>
	Designated at fair value through profit or loss- unquoted debt securities		
	-New Allied Electronic (15 -05-07)	18,094	18,094
	-New Allied Electronic - Sukuk (03-12-07)	35,000	35,000
	-Azgard Nine Limited – PP (04-12-07)	16,387	-
		<u>69,481</u>	<u>53,094</u>
	Available-for-sale – quoted debt securities		
	-Azgard Nine Limited (20-9-05)	34,815	-
	-Azgard Nine Limited (17 -5-10)	27,432	-
	-Telecard Limited (27 -05-05)	1,102	-
		<u>63,349</u>	<u>-</u>
	Available-for-sale – unquoted debt securities		
	-New Allied Electronic–(15-05-07)	13,068	13,068
	-Maple Leaf Cement – Sukuk I (03-12-07)	-	114,000
	-Maple Leaf Cement – SukukII (30-03-10)	-	4,275
	-Shakarganj Mills Limited (22 -09-08)	77,786	32,822
	-Agritech Limited – (30-11 -07)	138,331	-
	-Agritech Limited II – (14-01 -08)	263,291	-
	-Agritech Limited – (06-08-08)	4,005	-
	-Azgard Nine Limited – (04-12-07)	77,254	-
		<u>573,735</u>	<u>164,165</u>
	Total provision for impairment	<u><u>709,314</u></u>	<u><u>217,259</u></u>

10.5.1 The provision against the above mentioned securities has been made in accordance with the provisioning policy for non-performing exposures as approved by the Board of Directors of the management company pursuant to the requirements of SECP's Circular 13 of 2009. This includes an excess provision based on the subjective evaluation of the Board over and above the time based criteria prescribed by SECP's Circular 1 of 2009. Had the provision been made strictly in accordance with the time based criteria as mentioned above, total provision for impairment would have been lower by Rs. 123. 82 million (2010: Rs Nil).

10.6 Government securities

Name of security	Note	As at 01 July 2010	Purchased during the year	Sold/Matured during the year	As at 30 June 2011	Carrying Value as at June 30 2011	Percentage on the basis of total investments
			---No of Holdings---			(Rupees in '000)	
Pakistan Investment Bonds – 03 years		250	-	250	-	-	0.00%
Pakistan Investment Bonds – 10 years		-	250	250	-	-	0.00%
Treasury Bills – 03 months	10.6.1	9,750	16,124	25,874	-	-	0.00%
Treasury Bills – 06 months		-	6,650	4,300	2,350	225,159	8.23%
Treasury Bills – 1 year		-	1,000	1,000	-	-	0.00%
Ijarah Sukuk – 3 Years		500	3,750	4,250	-	-	0.00%
		<u>10,500</u>	<u>26,474</u>	<u>34,624</u>	<u>2,350</u>	<u>225,151</u>	<u>8.23%</u>

10.6.1 These represent Treasury Bills of a face value of Rs. 235 million and carry a purchase yield ranging between 13.31% and 13.60% per annum. These Market Treasury Bills will mature between October 06, 2011 and November 03, 2011.

10.7 Investment in preference shares

Name of security	Note	As at 01 July 2010	Purchased during the year	Sold during the year	As at 30 June 2011	Carrying Value as at 30 June 2011	Percentage on the basis of total investments
			-----Number of certificates-----			(Rupees in '000)	
Quoted							
Chenab Limited	10.7.1	1,815,998	-	-	1,815,998	-	-
ShakarGanj Mills Limited	10.7.2	3,594,287	-	-	3,594,287	-	-
Azgard Nine Limited	10.7.3	200,000	-	-	200,000	-	-
Pak Elektron Limited		1,125	-	1,125	-	-	-
		<u>5,611,410</u>	<u>-</u>	<u>1,125</u>	<u>5,610,285</u>	<u>-</u>	<u>-</u>

10.7.1 These represent cumulative, non-voting, convertible and redeemable preference shares having a face value of Rs. 10/- per share and carrying a profit rate of 9.25% per annum. These were due for redemption on March 30, 2010 but due to default by the Company, management has decided to make a full provision of Rs. 4.72 million against the amount outstanding.

10.7.2 These represent cumulative, non-voting, convertible and redeemable preference shares having a face value of Rs. 10/- per share and carrying a profit rate of 8.50% per annum. These were due for redemption on September 30, 2010, but due to default by the Company in redeeming the coupons, management has decided to make a full provision of Rs. 32.31 million against the amount outstanding.

10.7.3 These represent cumulative, non-voting, convertible and redeemable preference shares having a face value of Rs. 10 each and carrying a profit rate of 8.95% per annum. These were due for redemption on September 30, 2009 but due to default by the Company, management has decided to make a full provision of Rs. 11.25 million against the amount outstanding.

10.8 Significant terms and conditions of debt securities held as at June 30, 2011 are as follows:

Name	Quoted / Unquoted	Markup Rate per annum		Maturity	Secured / Unsecured	Detail of Security	Rating
At fair value through profit or loss							
Quoted							
Personal Goods Azgard Nine Limited (20-09-2005)	Quoted	6 months KIBOR	-	20 September 2017	Secured	First pari passu charge on the present and future fixed assets of the company (excluding Land & Building) with 25% margin in favor of the Trustee	D
Fixed Line Telecommunication Telecard Limited (27-05-2005)	Quoted	6 months KIBOR	+ 375 bps	27 May 2011	Secured	First exclusive charge over specific future fixed assets upto PKR 800 million; and first exclusive charge / assignment of Local Loop Licenses.	D
Banks United Bank Limited (15-03-2005)	Quoted	9.49%		15 March 2013	Unsecured	-	AA
Financial Services Financial Receivables Securitization Company Limited – class "A" (17-01-2007)	Quoted	6 months KIBOR	+ 200 bps	17 January 2014	Secured	A hypothecation charge on the future receivables of up to 225 million against JS Investment Limited's right to receive the sale proceeds of PKR 702.5 million from the SPV.	A+
Jahangir Siddiqui & Co. Ltd (21-11-2006)	Quoted	6 months KIBOR	+ 250 bps	21 May 2012	Secured	First ranking floating charge on all present and future moveable assets, but excluding pledge of listed securities offered as security along with the requisite margin on existing secured TFC of PKR 500 million and current and future overdraft / short-term borrowing limits upto PKR 4,000 million at any time outstanding.	AA
Unquoted							
Personal Goods Azgard Nine Limited (ANL) – privately placed (4-12-2007)	Unquoted	6 months KIBOR	-	04 December 2017	Secured	Ranking charge over present and future fixed assets. The ranking charge shall ensure the investors have a claim on fixed assets of ANL after the claim of the Senior Debt provider(s) is settled.	D
Household Goods New Allied Electronics Industries (Private) Limited (15-05-2007)	Unquoted	3 months KIBOR	+ 275 bps	15 May 2011	Secured	Charge over stocks and receivables of the company created by way of hypothecation with a 25% margin. Mortgage deed over property (F-14 and F-15, Clifton) having a cushion of PKR 600 Million.	D

Name	Quoted / Unquoted	Markup Rate per annum		Maturity	Secured / Unsecured	Detail of Security	Rating
New Allied Electronics Industries (Private) Limited (NAEIL) - Sukuk (3-12-2007)	Unquoted	3 months KIBOR + 220 bps		03 December 2012	Secured	Ranking charge over all present and future fixed assets of NAEIL amounting to PKR 300 mil lion.	D
Fixed Line Communication Pakistan Mobile Communications Limited (1-10-2007)	Unquoted	6 months KIBOR + 130 bps		01 October 2010	Unsecured	-	A+
Financial Services Security Leasing Corporation Limited – Sukuk (1-06-2007)	Unquoted	6 months KIBOR + 200 bps		19 March 2014	Secured	First charge over specific leased assets and associated lease receivables with 25% security margin.	D
Security Leasing Corporation Limited – Sukuk (19-09-2007)	Unquoted	6 months KIBOR + 195 bps		19 March 2014	Secured	First charge over specific leased assets and associated lease receivables with 25% security margin.	D
Jahangir Siddiqui & Co. Ltd (04-07-2007)	Unquoted	6 months KIBOR + 170 bps		04 July 2013	Secured	First ranking pari passu floating charge on all present and future movable assets, including book debts, receivables and investments, but excluding pledge of shares and listed securities offered as security along with the requisite margin on existing secured TFC of PKR 4,000 million at any time outstanding.	AA
Construction and Material Kohat Cement Company Limited – Sukuk (20-12-2007)	Unquoted	6 months KIBOR + 180 bps (From 1 to 24 month) and 6 month + 250 bps (from 24 th month till maturity)		20 December 2015	Secured	Facility is likely to be secured by a minimum of : 1)Hypothecation charge over all future fixed assets of the Company equivalent to the Facility amount, along with a 25% margin. 2)First -ranking Mortgage over all future immovable properties of KCCL with a 25% margin over the Facility Amount (the Mortgage); Disbursement will be made against a ranking charge which will subsequently be upgraded to First pari passu with 90 days from the date of First Drawdown.	Non-rated
Forestry and Paper Century Paper & Board Mills Limited – Sukuk (25-09-2007)	Unquoted	6 months KIBOR + 135 bps		25 September 2014	Secured	Paripassu Hypothecation Charge (excluding land and building) on the Company's present and future fixed assets.	A+
Travel and Leisure Avari Hotels Limited – PP (04-09)	Unquoted	1 year KIBOR + 250 bps		30 October 2014	Secured	Personal Guarantees from the sponsor shareholders (as defined under the clause Sponsor Guarantee of the Term Sheet). First ranking Hypothecation over all moveable properties of the project assets including receivables with a 25% margin over the issue amount, First ranking mortgage over the immovable properties of the project assets with a assignment over all present and future credit cards receivables of the company generated through sales at Avari Hotels at Karachi, Lahore and Islamabad.	A-

Name	Quoted / Unquoted	Markup Rate per annum	Maturity	Secured / Unsecured	Detail of Security	Rating	
Available-for-sale							
Quoted							
Personal Goods							
Azgard Nine Limited (17 -05-2010)	Quoted	1 year KIBOR + 100 bps (from 1 to 12 months) 3 month + 100 bps (from 13 to 18 months) 3 month + 125 bps (18 months to maturity)	+100 bps	18-May-2013	Secured	First PariPassu charge of upto 125% of the instrument over fixed assets of the company.	D
Equity Investment Instrument							
BRR Guardian Modaraba (7-07-2008)	Quoted	6 months KIBOR	+130 bps	7-Jun-14	Secured	First exclusive charge on land in favor of the Trustee ; First exclusive charge on rented properties ; The charges will cover 25% regulatory margin	D
Banks							
Faysal Bank Limited (12 -11 -2007)	Quoted	6 months KIBOR	+ 140 bps	12 November 2014	Unsecured	-	AA-
United Bank Limited (15 -03-2005)	Quoted	Fixed 9.49%		15 March 2013	Unsecured	-	AA
Financial Services							
Saudi Pak Leasing Company Limited (13-03-2008)	Quoted	6 months KIBOR	+ 150 bps	13 March 2013	Secured	First charge in specific leases with 25% margin.	Non-investment grade
Escorts Investment Bank Limited (EIBL) (15 -03-2007)	Quoted	6 months KIBOR	+ 250 bps	15 March 2012	Secured	First paripassu charge on all present and future assets of EIBL	A
Trust Investment Bank Limited (4-07-2008)	Quoted	6 months KIBOR	+ 185 bps	4 July 2013	Unsecured	-	BBB
Jahangir Siddiqui & Co. Ltd (04-07-2007)	Quoted	6 months KIBOR	+ 170 bps	4 July 2013	Secured	First ranking paripassu floating charge on all present and future moveable assets, including book debts, receivables and investments, but excluding pledge of shares and listed securities offered as security along with the requisite margin on existing secured TFC of PKR 4,000 million at any time outstanding.	AA
Financial Receivables Securitization Company Limited - Class "A" (17-01-2007)	Quoted	6 months KIBOR	+ 200 bps	17 January 2014	Secured	A hypothecation charge on the future receivables of PKR 225 million against JS Investment Limited's right to receive the sale proceeds of PKR 702.5 million from the SPV.	A+
Fixed Line Communication							
Worldcall Telecom Limited (07 -10-2008)	Quoted	6 months KIBOR	+ 160 bps	07 October 2013	Secured	First Paripassu charge over all present and future fixed assets of the Company and all licenses and right of ways with 25% margin up to a maximum of PKR 4,000 million.	A
Pakistan Mobile Communications Limited (28-10-08)	Quoted	6 months KIBOR	+ 165 bps	28 October 2013	Unsecured	-	A+
Telecard Limited (27-5-05)	Quoted	6 months KIBOR	+ 375 bps	27 May 2011	Secured	First exclusive charge over specific future fixed assets upto PKR 800 million ; and first exclusive charge / assignment of Local Loop Licenses.	D
Unquoted							
Household Goods							
New Allied Electronics Industries (Private) Limited (15 -05-2007)	Unquoted	3 months KIBOR	+ 275 bps	15 May 2011	Secured	Charge over stocks and receivables of the company created by way of hypothecation with a 25% margin. Mortgage deed over property having a cushion of PKR 600 million.	D

Name	Quoted / Unquoted	Markup Rate per annum	Maturity	Secured / Unsecured	Detail of Security	Rating
Construction and Material Maple Leaf Cement Factory Limited – Sukuk (3-12-2007)	Unquoted	3 months KIBOR + 100 bps	3 December 2018	Secured	First paripassu charge over all present and future fixed assets (including land, building, plant & machinery) of the company with 25% margin. The charge amount at all times will at least equal Investors' Musharaka share with 25% margin.	Non-investment grade
Maple Leaf Cement Factory Limited – Sukuk (30-03-2010)	Unquoted	6 months KIBOR + 170 bps	30 March 2012	Secured	Land measuring 366 Kanal 7 marla situated at Mauza Sahib Nagar, Chak 234 RB, TehsilSaddar, District Faisalabad Land measuring 393 kanal 7marla situated at Mauza Noon, TehsilMuridke, District Sheikhupura Land measuring 120 kanal situated at Mauza Sahib Nagar, Chak 234RB, TehsilSaddar, District Faisalabad	Non-investment grade
Kohat Cement – Sukuk (20-12-2007)	Unquoted	6 months KIBOR + 180 bps (From 1 to 24 month) and 6 month + 250 bps (from 24th month till maturity)	20 December 2015	Secured	Facility is likely to be secured by a minimum of : 1)Hypothecation charge over all future fixed assets of the Company equivalent to the Facility amount, along with a 25% margin. 2)First-ranking Mortgage over all future immoveable properties of KCCL with a 25% margin over the Facility Amount (the Mortgage);Disbursement will be made against a ranking charge which will subsequently be upgraded to First paripassu with 90 days from the date of First Drawdown.	Non-rated
Eden Builders (8-09-2008)	Unquoted	3 months KIBOR + 230 bps	08 March 2014	Secured	Each Sukuk Drawdown installment will be released after establishment of specific and exclusive charge (equitable with PKR 100'000 token registration amount) on the land related to Eden Value Homes Extension (EVH-extension) for the proposed Project (or any other land acceptable to the Investment Agent) in favor of the Investment Agent with a 25% margin. Assignment over all receivables of the Project. The Bank under lien of trustee / delegate trustee. The funds in that transferred to Eden Builders. One installment reserve will be maintained at all times to be built up before the end of the grace period on Sukuk redemptions. Personal guarantee of the Directors of Eden Builders for redemption of Sukuk in favor of trustee / delegate trustee. Specific and exclusive charge in favor of sukuk trustee / delegate trustee on an approximately 300 kanals of land procured for already launched Eden Value Homes.	A
Chemicals						
EngroFertilizer Limited I – PP (18-03-2008)	Unquoted	6 months KIBOR + 170 bps (from 1 to 6 years), 190 bps (for 7 th year), 210 bps (for 8 th year), 230 bps (for 9 th year) and 250 bps (10 th year and onwards)	Perpetual; subject to Call or Put	Secured	Ranking charge created to ensure the investors have a claim on assets of Engro after the claim of the Senior Debt providers is settled.	AA
EngroFertilizer Limited (ECL)- Sukuk (06-09-2007)	Unquoted	6 months KIBOR + 150 bps	06 September 2015	Secured	Ranking charge over all present and future fixed assets paripassu charge over all present and future fixed assets of ECL	AA-

Name	Quoted / Unquoted	Markup Rate per annum		Maturity	Secured / Unsecured	Detail of Security	Rating
Agritech Limited (Formerly Pak American Fertilizers Limited) II – PP (14-01-2008)	Unquoted	6 months KIBOR	+ 175 bps	14 July 2017	Secured	Ranking pariassu charge over all present and future fixed assets of Agritech Limited amounting to issue Amount plus 25% margin. (To be upgraded, within ninety days from the date of issue, to First pariassu charge over all present and future fixed assets of Agritech Limited, covering the issue Amount along with applicable margin).	D
Agritech Limited (Formerly Pak American Fertilizers Limited) Sukuk (06-08-2008)	Unquoted	6 months KIBOR	+ 200 bps	06 August 2017	Secured	The Issue is to be secured by First PariPassu Charge on the Company's present and future fixed assets equivalent to the Issue amount along with a 25% margin.	D
Agritech (Formerly Pak American Fertilizers Limited) Sukuk (30-11-2007)	Unquoted	6 months KIBOR	+ 175 bps	29-November-2017	Secured	First ranking pariassu charge over all present and future fixed assets of Agritech Limited amounting to Issue Amount plus 25% margin.	D
Azgard Nine Limited ANL - PPTFC (4-12-2007)	Unquoted	6 months KIBOR	-	04 December 2016	Secured	Ranking charge over present and future fixed assets. The ranking charge shall ensure the investors have a claim on fixed assets of ANL after the claim of the Senior Debt provider(s) is settled.	D
Financial Services							
Security Leasing Corporation Limited - Sukuk (1-6-07)	Unquoted	-	-	19 March 2014	Secured	First charge over specific leased assets and associated lease receivables with 25% security margin.	D
Security Leasing Corporation Limited - Sukuk (19-9-07)	Unquoted	-	-	19 March 2014	Secured	First charge over specific leased assets and associated lease receivables with 25% security margin.	D
Security Leasing Corporation Limited - PPTFC (28-3-06)	Unquoted	6% (From 1 to 18 month) and 1 month KIBOR (From 19 to 48 month)	+ 245 bps	28 March 2014	Secured	First charge over specific leased assets and associated lease receivables with 25% security margin.	Non-rated
Personal Goods							
Food Producer							
Shakarganj Mills Limited (22-09-2008)	Unquoted	6 months KIBOR	+ 225 bps	22 September 2014	Secured	First PariPassu Mortgage charge on all the immoveable properties of SML with a margin of 25% First PariPassu Hypothecation charge on all the present and future moveable properties of SML (including plant and machinery) with a margin of 25%.	D
Travel and Leisure							
Avari Hotels (30-04-2009)	Unquoted	1 year KIBOR	+ 250 bps	30 October 2014	Secured	Personal Guarantees from the sponsor shareholders. First ranking Hypothecation over all moveable properties of the project assets including receivables with a 25% margin over the issue amount. First ranking mortgage over the immoveable properties of the project assets with assignment over all present and future credit cards receivables of the company generated through sales at Avari Hotels at Karachi, Lahore and Islamabad.	A-
Miscellaneous							
Trakker Private Limited (15-09-07)	Unquoted	6 months KIBOR	+ 350 bps	15-Sep-11	Secured	The SPV will acquire exclusive right over collection of Trakker (TPL), originating on account of monitoring fee of the specific 26,500 tracking units to be assigned to the SPV.	A

- 10.9 Circular No. 16 dated 07 July 2010 issued by the SECP requires details of investments not compliant with the investment criteria specified for the category assigned to open-end collective investment schemes or the investment requirements of the constitutive documents of the Fund to be disclosed in the annual accounts of the Fund. The table below gives the details of such non-compliant investments.

Name of non-compliant investment	Type of investment	Value of investment before provision	Provision held	Value of investment after provision	% of Net Assets	% of Gross Assets
------(Rupees '000)-----						
Chenab Limited	Preference Shares	4,722	4,722	-	-	-
Shakar Gang Mills Limited	Preference Shares	32,313	32,313	-	-	-
Azgard Nine Limited	Preference Shares	11,250	11,250	-	-	-

11. MARK-UP / INTEREST RECEIVABLE	Note	2011 (Rupees in '000)	2010
On			
- Bank balances	11.1	9,764	4,058
- Placements		-	547
- Investments			
Term Finance Certificates and Sukuk certificates	11.2	101,437	192,537
Government securities		-	5,606
Preference shares		-	1,388
		<u>111,201</u>	<u>204,136</u>

11.1 This includes Rs. 9.625 million (2010: Rs. 0.320 million) due from a related party.

11.2 This includes Rs. 0.168 million (2010: Rs. 10.783 million) due from a related party.

12. DEPOSIT, PREPAYMENT AND OTHER RECEIVABLES

Security deposit with Central Depository Company of Pakistan Limited	100	100
Prepaid expenses	93	89
Other receivables	409	408
	<u>602</u>	<u>597</u>

13. REMUNERATION PAYABLE TO THE MANAGEMENT COMPANY

The Management Company is entitled to remuneration for services rendered to the Fund under the provisions of the NBFC Regulations, of an amount not exceeding 3% percent of the average daily net assets of the Fund during first five years of the Fund's existence and thereafter an amount equal to 2% of such assets of the Fund. The Management Company has charged remuneration at the rate of 1.5% per annum of the average daily net assets of the Fund during the year.

14. REMUNERATION PAYABLE TO THE TRUSTEE

The trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as follows:

From July 2010 to December 2010

On net assets:

- up to Rs. 1,000 million Rs. 0.7 million or 0.20% p.a. of NAV, whichever is higher.

- exceeding Rs. 1,000 million Rs. 2.0 million plus 0.10% p.a. of NAV exceeding Rs. 1,000 million.

From January 2011 to June 2011

On net assets:

- up to Rs. 1,000 million Rs. 0.6 million or 0.17% p.a. of NAV, whichever is higher.

- Rs. 1,000 million to Rs. 5,000 million Rs. 1.7 million plus 0.085% p.a. of NAV exceeding Rs. 1,000 million.
- exceeding Rs. 5,000 million Rs. 5.1 million plus 0.07% p.a. of NAV exceeding Rs. 5,000 million.

15. ANNUAL FEE PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents annual fee payable to SECP in accordance with the NBFC Regulations whereby the Fund is required to pay SECP an amount equal to 0.075% of the average daily net assets.

16. ACCRUED AND OTHER LIABILITIES

	2011 (Rupees in '000)	2010
Brokerage payable	74	962
Auditors' remuneration	407	346
Sales load payable to the management company	18	1,129
Tax and zakat deducted at source payable	268	228
Accrued printing expense	446	401
Capital gain tax payable	1,017	-
Others	878	104
	<u>3,108</u>	<u>3,170</u>

17. NUMBER OF UNITS IN ISSUE

The units in issue as at 30 June in each class were as follows:

Class	Note	2011 (Number of units in issue in '000)	2010	2011 (Rupees in '000)	2010
Initially Restricted	17.2	2,500	2,500	218,665	252,051
Income	17.3	35,984	77,101	3,147,390	7,773,309
Growth	17.4	746	2,036	65,249	205,286
Total		<u>39,230</u>	<u>81,637</u>	<u>3,431,304</u>	<u>8,230,646</u>

- 17.1** The par value of each unit is Rs. 100. The management of the Fund has set a minimum investment size of Rs.500 (2010: Rs. 500). All units carry equal rights and are entitled to dividends and share in net asset value on liquidation.
- 17.2** Restricted units represent units issued to United Bank Limited without sales load. The restricted units cannot be redeemed for a period of two years from the date of the closure of the initial offer period. The prescribed period of two years have been completed on May 11, 2007.
- 17.3** Income units represent units offered to investors which carry a flat front-end load of 1.5%. The front-end load may vary at the discretion of the asset management company.
- 17.4** Growth units represent units offered to investors which carry a stepped down back-end load. The back-end load on these units varies at the discretion of the asset management company.

18.	MARK-UP / INTEREST INCOME	Note	2011 (Rupees in '000)	2010
	On			
	- Bank balances	18.1	135,854	278,528
	- Placements and term deposits	18.2	19,689	240,803
	- Reverse repurchase agreement		490	389
	- Investments			
	Term finance certificates, Sukuk certificates, commercial papers and preference shares	18.3	304,468	926,149
	Government securities		21,059	235,674
	Application money		-	2,968
			<u>481,560</u>	<u>1,684,511</u>

18.1 This includes Rs. 126.965 million (2010: Rs. 173.190 million) earned from a related party.

18.2 This includes Rs. 5.153 million (2010: Rs. 35.106 million) earned from a related party.

18.3 This includes Rs. 130.707 million (2010: Rs. 80.705 million) earned from a related party.

19.	NET (LOSS) / GAIN ON INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	2011 (Rupees in '000)	2010
	Gain on sale of investments – net	12,780	11,701
	Unrealised (loss)/ gain on revaluation of investments – net	(15,278)	13,188
		<u>(2,498)</u>	<u>24,889</u>

20. AUDITORS' REMUNERATION

Audit fee – annual	350	300
Other services	225	147
Out of pocket expenses	82	77
	<u>657</u>	<u>524</u>

21. CONTINGENCY - PROVISION FOR CONTRIBUTION TO WORKERS' WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it is alleged that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh, challenging the applicability of WWF to the CISs, which is pending adjudication.

During the year, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. This clarification was forwarded by Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) vide its letter dated 06 October 2010 to its members for necessary action. Based on this clarification, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF. However, the FBR vide its letter dated 04 January 2011 have cancelled its earlier letter dated 06 October 2010 ab initio and issued show cause notices to certain mutual funds for collecting WWF. In respect of such show cause notices, certain mutual funds have been granted stay by Honorable High Court of Sindh on the basis of the pending constitutional petition in the said court as referred above.

In view of the afore mentioned developments during the year, the management company now believes that there is no compelling reason to make provision on account of WWF contribution in the financial statements. Further, the management company also expects that the constitutional petition pending in the Honorable High Court of Sindh on the subject as referred above will be decided in favour of the mutual funds. The aggregate unrecognised amount of WWF as at June 30, 2011 amounted to Rs. 42.207 million.

22. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Related parties / connected persons include UBL Fund Managers Limited (the management company), United Bank Limited (holding company of the management company), UBL Liquidity PlusFund (ULPF), United Stock Advantage Fund (USF), United Composite Islamic Fund (UCIF), United Islamic Income Fund (UIIF), UBL Capital Protected Fund - I (UCPF-I) and UBL Capital Protected Fund - II (UCPF-II), UBL Retirement Saving Funds, UBL Islamic Retirement Saving Funds, UBL Islamic Savings Fund (UISF), UBL Savings Income Fund(USIF)(funds managed by the management company), Central Depository Company of Pakistan Limited (CDC) as Trustee. Deutsche Bank as sub-custodian, Engro Corporation Limited, Engro Polymer & Chemical Limited, National Bank of Pakistan, UBL Fund Managers Limited Employees Provident Fund, UBL Fund Managers Limited Gratuity Fund, UBL Employees Provident Fund Trust, key management personnel of the management company , etc, (refer below for details)

Remuneration payable to the management company and the trustee is determined in accordance with the provisions of NBFCs Regulations, 2008 and the Trust Deed respectively. Details of transactions with related parties during the year and balances with them at the year end, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	2011 (Units in '000)	2010	2011 (Rupees in '000)	2010
Units sold to:				
- Directors and executives of the Management Company	3	349	273	34,891
- UBL Fund Managers Limited	-	6,393	-	635,111
Entities having common directorship with the management company				
- United Bank Limited	4	50,594	369	5,094,944
- UBL Insurers Limited	1	8,620	100	867,798
- Engro Corporation Limited Defined Contribution Plan	0.2	62	18	6,168
Others				
- UBL Staff Pension Fund Trust	2	-	184	-
- UBL Fund Managers Limited Gratuity Fund	-	13	-	1,240
- UBL Fund Managers Limited Employees Provident Fund	-	28	-	2,776
- UBL Staff General Provident Fund Trust	1	316	92	31,596
- UBL Employees Provident Fund Trust	1	316	92	31,596
- UBL Insurers Limited Employees Gratuity Fund	-	49	-	4,968
- UBL Insurers Limited Employees Provident Fund	-	76	-	7,650

	2011 (Units in '000)	2010	2011 (Rupees in '000)	2010 (Rupees in '000)
Units redeemed by:				
- Directors and executives of the Management Company	115	998	10,988	100,215
- UBL Fund Managers Limited	-	6,408	-	639,641
Entities having common directorship with the management company				
- United Bank Limited	1,805	50,554	175,660	5,048,094
- UBL Insurers Limited	179	8,682	17,390	874,250
Others				
- UBL Pension Funds Trust	-	8,363	-	838,337
- UBL Staff Pensions Fund Trust	6,466	-	627,102	-
- UBL Welfare Fund Trust	-	177	-	17,900
- UBL Fund Managers Limited Gratuity Fund	-	13	-	1,322
- UBL Fund Managers Limited Employees Provident Fund	-	29	-	2,919
- UBL Staff General Provident Fund Trust	-	2,140	-	215,159
- UBL Employees Provident Fund Trust	449	401	43,676	40,009
- UBL Insurers Limited Employees Gratuity Fund	11	45	1,046	4,600
- UBL Insurers Limited Employees Provident Fund	26	67	2,529	6,825
- United Executors and Trustee Company Limited	345	-	33,405	-
- UBL Officers/ Non Officers Benevolent Fund	684	2,147	66,472	215,000
- Engro Corporation Limited Defined Contribution Plan	88	49	8,526	4,911
- National Bank of Pakistan Endowment Fund Student Loan Scheme	2,118	-	201,980	-
Bonus units distributed to:				
- Directors and executives of the Management Company	4	22	365	2,206
- UBL Fund Managers Limited	-	15	-	1,500
Entities having common directorship with the management company				
- United Bank Limited	58	84	8,357	8,357
- UBL Insurers Limited	6	87	8,615	8,615
- United Executors and Trustee Company Ltd	11	19	1,074	1,918
Others				
- UBL Pension Funds Trust	-	649	-	64,337
- UBL Welfare Fund Trust	-	6	-	594
- UBL Fund Managers Limited Employees Provident Fund	-	1	-	82
- UBL Staff General Provident Fund Trust	-	135	-	13,416
- UBL Employees Provident Fund Trust	14	30	1,396	2,937
- UBL Insurers Limited Employees Gratuity Fund	0.3	1	34	100
- UBL Insurers Limited Employees Provident Fund	1	2	81	194
- Habib Metropolitan Bank Limited	-	-	-	-
- UBL Officers/ Non Officers Benevolent Fund	22	72	2,132	7,167
- Engro Corporation Pakistan Limited Defined Contribution Plan	3	4	273	406
- National Bank of Pakistan Endowment Fund Student Loan Scheme	68	-	6,604	-
Other transactions				
United Bank Limited – holding company of the management company				
- Bank charges	-	-	46	510
- Income earned on placements and term deposits	-	-	-	35,106
- Income received on TFCs	-	-	569	80,705
- Profit on deposit account	-	-	126,965	173,190
- Cash dividend paid	-	-	-	178,430
Deutsche Bank – sub-custodian				
- Custody charges	-	-	116	546
Management Company				
Remuneration to management company	-	-	72,732	202,614
Sales Load to management company	-	-	597	7,821
Trustee				
- Remuneration to the trustee	-	-	5,484	14,518
UBL Liquidity Plus Fund				
- Securities purchased during the year	-	-	745,178	-
UBL Savings Income Fund				
- Securities purchased during the year	-	-	248,073	-
- Securities sold during the year	-	-	377,301	-
UBL Fund Managers Employees Gratuity Fund Trust				
- Securities sold during the year	-	-	932	-
UBL Fund Managers Employees Provident Fund Trust				
- Securities sold during the year	-	-	2,260	-

	2011 (Units in '000)	2010	2011 (Rupees in '000)	2010
Units Held by:				
- Directors and executives of the Management Company	5	118	437	11,897
Entities having common directorship with the management company				
- United Bank Limited	31,961	33,704	2,795,514	3,398,047
- UBL Insurers Limited	1	173	87	17,442
- United Executors and Trustee Company Limited	-	334	-	33,764
Others				
- UBL Pension Funds Trust	-	6,257	-	630,833
- UBL Staff General Provident Fund Trust	-	1,037	-	104,551
- UBL Employees Provident Fund Trust	-	433	-	43,655
- UBL Insurers Limited Employees Gratuity Fund	-	10	-	1,008
- UBL Insurers Limited Employees Provident Fund	-	25	-	2,521
- UBL Officers/ Non Officers Benevolent Fund	-	662	-	66,743
- Engro Corporation Limited Defined Contribution Plan	-	85	-	8,570

	2011 (Rupees in '000)	2010
Balances with associated undertaking – unsecured		
United Bank Limited		
- Investment in subordinated term finance certificates	5,459	14,427
- Bank balances	1,089,676	1,423,861
- Placement and term deposit	-	300,000
- Profit receivable on deposit accounts	9,625	320
- Income receivable on term finance certificates	168	10,783
- Income receivable on term deposits and placement	-	271
Balances with other related parties – unsecured		
Deutsche Bank – sub-custodian		
- Bank balances	109	566
Management company		
- Remuneration payable to the management company	875	10,182
- Sales load to management company	18	1,129
- Other payable to management company	74	-
Trustee		
- Remuneration payable to the trustee	324	761
- Security deposit	100	100

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

23.1 The Fund's objective in managing risks is the creation and protection of Unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the management company, Fund's constitutive documents and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that Fund is willing to accept. The Board of Directors of the management company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk (which includes interest rate risk and price risk), credit risk and liquidity risk arising from the financial instruments it holds.

23.2 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity security prices.

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cashflows of financial instruments will fluctuate because of changes in market interest rates.

The Fund has financial instruments with both fixed and floating interest rates as specifically disclosed in the respective notes. The Fund while dealing in financial instruments negotiates attractive interest rates, which reduces the interest rate price risk.

The Fund's interest rate exposure on financial instruments is disclosed as follows,

	2011	2010
	Rupees in '000	
Fixed rate instruments		
Term Finance Certificates	5,458	5,333
Government Securities	225,158	1,041,370
Placements and Term Deposits	129,000	594,000
Preference Shares	-	16,822
Variable rate instruments		
Term Finance Certificates and Sukuk Certificates	1,797,375	4,655,531
Bank Balances	1,105,760	1,922,023
Placements and Term Deposits	70,000	-

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Fund's income and other comprehensive income.

	Increase / (decrease) in basis points	Effect on interest income Increase / (Decrease) ----- (Rupees in '000) -----	Effect on other comprehensive income
2011	100	29,731	(694)
	(100)	(29,731)	698
2010	100	65,776	(1,490)
	(100)	(65,776)	1,603

II) Foreign currency risk

Foreign 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 does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

III) Equity price risk

Equity price risk is the risk that the fair value or future cashflows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Fund is not exposed to the risk as it has no exposure in equity securities

23.3 Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities earlier than expected. The Fund is exposed to cash redemptions of its redeemable units on a regular basis. Units are redeemable at the unit holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive documents.

The table below summarizes the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity date. However, for equity securities at fair value through profit or loss, the period in which those assets are assumed to mature is taken as the expected date on which these assets will be realised.

2011	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Financial assets						
Bank balances	1,105,760	-	-	-	-	1,105,760
Placements	-	18,800	39,000	141,200	-	199,000
Investments	-	1,234	264,390	1,157,663	604,704	2,027,991
Mark-up / interest receivable	-	16,120	28,594	66,487	-	111,201
Deposit	100	-	-	-	-	100
	<u>1,105,860</u>	<u>36,154</u>	<u>331,984</u>	<u>1,365,350</u>	<u>604,704</u>	<u>3,444,052</u>
Financial liabilities						
Remuneration payable to the management company	-	875	-	-	-	875
Remuneration payable to the trustee	-	324	-	-	-	324
Annual fee payable to the SECP	-	3,630	-	-	-	3,630
Payable against redemption of units	-	5,313	-	-	-	5,313
Accrued and other liabilities	-	3,108	-	-	-	3,108
	<u>-</u>	<u>13,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,250</u>
Net assets / (liabilities)	<u>1,105,860</u>	<u>22,904</u>	<u>331,984</u>	<u>1,365,350</u>	<u>604,704</u>	<u>3,430,802</u>
2010						
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Financial assets						
Bank balances	1,922,023	-	-	-	-	1,922,023
Placements and term deposits	-	594,000	-	-	-	594,000
Investments	17,021	1,041,683	411,205	3,360,816	888,531	5,719,256
Mark-up / interest receivable	-	144,572	59,564	-	-	204,136
Deposit	100	-	-	-	-	100
	<u>1,939,144</u>	<u>1,780,255</u>	<u>470,769</u>	<u>3,360,816</u>	<u>888,531</u>	<u>8,439,515</u>
Financial liabilities						
Remuneration payable to the management company	-	10,182	-	-	-	10,182
Remuneration payable to the trustee	-	761	-	-	-	761
Annual fee payable to the SECP	-	10,142	-	-	-	10,142
Payable against redemption of units	-	10,862	-	-	-	10,862
Payable against purchase of investment	-	174,249	-	-	-	174,249
Accrued and other liabilities	-	3,170	-	-	-	3,170
	<u>-</u>	<u>209,366</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>209,366</u>
Net assets / (liabilities)	<u>1,939,144</u>	<u>1,571,566</u>	<u>470,769</u>	<u>3,360,816</u>	<u>888,531</u>	<u>8,230,646</u>

23.3 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation. The Fund's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines, offering document and regulatory requirements. The table below analyses the Fund's maximum exposure to credit risk:

	2011	2010
	----- (Rupees in '000) -----	
Investment in debt securities	2,027,991	5,702,234
Exposures (Other than Debt Securities)	199,000	595,882
Cash and cash equivalents	1,105,760	1,922,023
Mark-up / interest receivable	111,201	204,136
Deposits, prepayments and other receivable	602	597

The analysis below summaries the credit quality of the Fund's investment portfolio as on June 30, 2011 (Based on the amounts gross of impairment):

Debt Securities/ Entity rating by Rating Category	2011	2010
AAA	0.01%	18.65%
AA- to AA+	10.78%	13.94%
A- to A+	11.83%	42.98%
BBB to BBB+	3.02%	7.02%
Non Investment grade	74.37%	17.41%
Total	100%	100%

23.4 The analysis below summarizes the credit quality of the Fund's portfolio in deposits/ placement as on June 30, 2011 :

June 30, 2011:

Rating by Rating Category	2011	2010
AAA	0.08%	-
AA- to AA+	82.75%	50.51%
A- to A+	0.01%	-
BBB to BBB+	-	19.02%
Non Investment grade	17.16%	30.47%
Total	100%	100%

Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk. The table below analyses the Fund's concentration of credit risk by industrial distribution

Sector	Exposure on the basis of total investment	
	2011	2010
	Rupees in '000	
Personal Goods	131,462	298,280
Fixed Line Communication	183,982	1,080,587
Financial Services	451,862	679,708
Chemical	473,242	1,283,511
Banks	9,023	422,751
Household Goods	-	15,828
Construction and Materials	460,352	530,460
Forestry and Paper	-	185,340
Food Producers	-	44,964
Equity Investment Instruments	51,445	58,921
Travel and Leisure	40,231	42,456
Pharma and Bio Tech	-	2,430
Industrial Engineering	-	25,523
Government Securities	225,158	1,041,370
Misc	1,234	7,127
	2,027,991	5,719,256

23.5 Capital management

The Fund's objective when managing unit holder's funds is to safeguard the Fund's ability to continue as a going concern so that it can continue to provide optimum returns to its unit holders and to ensure reasonable safety of capital. The Fund manages its investment portfolio and other assets by monitoring return on net assets and makes adjustments to it in the light of changes in market's conditions. The capital structure depends on the issuance and redemption of units.

24. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

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 value.

The following table shows financial instruments recognised at fair value, analysed between those whose fair value is based on:

Level 1 : Quoted prices in active markets for identical assets or liabilities.

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	June 30, 2011			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
At fair value through profit or loss				
-Term Finance Certificates and Sukuks	-	138,538	183,110	321,648
Available-for-sale investments				
-Term Finance Certificates and Sukuks	-	546,692	934,493	1,481,185
- Government Securities	-	225,158	-	225,158
	<u>-</u>	<u>910,388</u>	<u>1,117,603</u>	<u>2,027,991</u>
	June 30, 2010			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
At fair value through profit or loss				
-Term Finance Certificates and Sukuks	-	353,286	183,175	536,461
Available-for-sale investments				
-Term Finance Certificates and Sukuks	-	1,570,250	2,552,153	4,122,403
- Government Securities	-	1,041,370	-	1,041,370
- Preference Shares	16,822	-	-	16,822
	<u>16,822</u>	<u>2,964,906</u>	<u>2,735,328</u>	<u>5,717,056</u>

The table below shows the reconciliation of all movements in the fair value of all financial instruments categorized within Level 3 between the beginning and end of the year.

June 30, 2011	At fair value through profit or loss		Total
	Term Finance Certificates and Sukuk Certificates	Available-for-sale	
	------(Rupees in '000)-----		
Opening Balance	183,175	2,552,153	2,735,328
Transfers from Level 3 to Level 2	(2,661)	(833,238)	(835,899)
Transfers from Level 2 to Level 3	40,137	66,504	106,641
Sales/Redemption	-	(230,090)	(230,090)
Unrealized Gain/Loss	(18,405)	(29,642)	(48,047)
Provision for Impairment	(19,136)	(591,194)	(610,330)
Closing Balance	<u>183,110</u>	<u>934,493</u>	<u>1,117,603</u>

June 30, 2010	At fair value through profit or loss		Total
	Term Finance Certificates and Sukuk Certificates	Available-for-sale	
	------(Rupees in '000)-----		
Opening Balance	217,497	1,665,453	1,882,950
Transfers from Level 3 to Level 2	(124,246)	(612,733)	(736,979)
Transfers from Level 2 to Level 3	142,567	1,828,842	1,971,409
Purchases	-	16,133	16,133
Sales/Redemption	(18,945)	(149,948)	(168,893)
Unrealized Gain/Loss	(8,273)	(38,720)	(46,993)
Gain on sale of securities	914	2,134	3,048
Provision for Impairment	(26,339)	(159,007)	(185,346)
Closing Balance	<u>183,175</u>	<u>2,552,154</u>	<u>2,735,329</u>

25. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on August 16, 2011.

26. SUPPLEMENTARY NON FINANCIAL INFORMATION

The information regarding unit holding pattern, top ten brokers, members of the Investment Committee, fund manager, meetings of the Board of Directors of the Management Company and rating of the Fund and the Management Company has been disclosed in Annexure I to the financial statements.

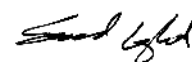
27. GENERAL

Figures have been rounded off to the nearest thousand rupees.

For UBL Fund Managers Limited
(Management Company)



Mir Muhammad Ali, CFA
Chief Executive



Saeed Iqbal
Director

Annexure – I

**SUPPLEMENTARY NON FINANCIAL INFORMATION
AS REQUIRED UNDER SECTION 6(D), (F), (G), (I) AND (J)
OF THE FIFTH SCHEDULE TO THE NBFC REGULATIONS**

(i) UNIT HOLDING PATTERN OF THE FUND

Category	As at June 30, 2011			
	Number of unit holders	Number of units held	Amount (Rupees in '000)	% of Total
Individuals	1,082	1,394	1,219,601	4%
Associated companies / directors	5	31,964	27,958,022	81%
Insurance companies	2	3	2,394	0%
Banks / DFIs	3	2,751	2,405,951	7%
Retirement funds	24	2,060	1,801,651	5%
Public limited companies	1	16	14,172	0%
Others	29	1,042	911,258	3%
	1,146	39,230	3,431,304	100%

Category	As at June 30, 2010			
	Number of unit holders	Number of units held	Amount (Rupees in '000)	% of Total
Individuals	1,932	8,154	822,058	10%
Associated companies / directors	109	42,468	4,299,813	52%
Insurance companies	7	542	54,621	1%
Banks / DFIs	6	16,590	1,672,572	20%
Retirement funds	68	6,463	651,576	8%
Public limited companies	6	100	10,197	0%
Others	43	7,140	719,809	9%
	2,171	81,637	8,230,646	100%

(ii) LIST OF TOP TEN BROKERS BY PERCENT OF THE COMMISSION PAID

S. No.	Name	2011 %
1	JS Global Capital Ltd.	40%
2	KASB Securities Ltd.	27%
3	IGI Finex Securities Ltd.	19%
4	BMA Capital Management Ltd.	8%
5	Al-Falah Securities Private Ltd.	3%
6	Invest Capital Investment Bank Limited	2%
7	Invisor Securities (Pvt) Ltd.	1%
		2010 %
1	KASB Securities Limited	38%
2	JS Global Capital Ltd.	29%
3	IGI Finex Securities Ltd.	9%
4	Invest Capital Investment Bank Limited	7%
5	Global Securities Pakistan Ltd.	6%
6	Atlas Capital Markets (Private) Limited	4%
7	BMA Capital Management Ltd.	3%
8	Al-Falah Securities Private Ltd.	1%
9	Elixir Securities Pak (Private) Limited	1%
10	First Capital Securities Corporation Limited	1%

(iii) THE MEMBERS OF THE INVESTMENT COMMITTEE

Following are the members of the investment committee of the Fund:

Mr. Mir Muhammad Ali, CFA
Mr. Hasnain Raza Nensey
Mr. Rahim Khakiani
Mr. Junaid Qamar
Mr. Syed Ali Turab

Name	Mir Muhammad Ali, CFA
Designation	Chief Executive
UBL Fund Managers	Job Responsibilities & Accomplishments <ul style="list-style-type: none">Setting up of UBL Fund Managers Ltd. in 2001-02 and launched the first money market fund: United Money Market Fund (UMF)Turnaround initiated at UBL Fund Managers resulting in enhanced market imageActively participates as Vice Chairman of Mutual Funds Association of Pakistan (MUFAP) and Director on board of directors of CFA Association of Pakistan (CFAAP)
Prior to joining UBL Fund Managers	No. of years of experience: over 15-20 years <ul style="list-style-type: none">Asian Development Bank - Investment OfficerPakistan Kuwait Investment Company (Private) Limited - SVP, Head of Corporate Finance and MarketingUnited Bank Limited - Head of Corporate Finance and Investment Banking
Education	<ul style="list-style-type: none">CFA Charter HolderMBA - Institute of Business Administration (IBA), Karachi Gold Medal for an overall first position in 1988-89MSc - University of Strathclyde, Glasgow, Scotland

Name	Hasnain Raza Nensey
Designation	Chief Investment Officer
UBL Fund Managers	Job Responsibilities & Accomplishments <ul style="list-style-type: none">Overseeing of all Funds and Specialized Investment Vehicles under ManagementMember of Investment Committee and Management Committee
Prior to joining UBL Fund Managers	<ul style="list-style-type: none">No. of years of experience: over 17 yearsJS Investments Limited - Chief Investment Officer
Education	<ul style="list-style-type: none">MBA - Babson College, USABSBA - Boston University, USA

Name	Rahim Khakiani
Designation	Chief Financial Officer & Company Secretary
UBL Fund Managers	<p>Job Responsibilities & Accomplishments</p> <ul style="list-style-type: none"> • Accounting and Financial Reporting • Corporate Taxation • Corporate Governance and other secretarial functions • Member Investment Committee, Management Committee etc.
Prior to joining UBL Fund Managers	<p>No. of years of experience: over 12 years</p> <ul style="list-style-type: none"> • UBL Fund Managers Ltd - CFO & Company Secretary • JS Investments Limited - Head of Finance • KPMG Taseer Hadi & Co - Manager, Audit & Assurance • Ford Rhodes Sidat Hyder - From Audit trainee to Audit Senior
Education	<ul style="list-style-type: none"> • CFA Level 1 - CFA Institute, USA • Chartered Accountant - ICAP • Cost & Management Accountant - ICMAP • Corporate Secretary - ICSP • Masters in Economics - Karachi University

Name	Junaid Qamar
Designation	Head of Fixed Income Funds
UBL Fund Managers	<p>Job Responsibilities & Accomplishments</p> <ul style="list-style-type: none"> • Handles and looks after all investments and redemptions made in the money market fund • Fund Manager for UBL Liquidity Plus Fund and United Growth & Income Fund • Portfolio strategy, design and allocation
Prior to joining UBL Fund Managers	<p>No. of years of experience: over 11 years</p> <ul style="list-style-type: none"> • Arif Habib Investments - Dealer, Debt and Money Market Funds • Corporate Treasury of Pearson Inc. (USA) - Managed Commercial Paper Portfolio
Education	<ul style="list-style-type: none"> • MBA - Wagner College, New York, USA • BS - City University, New York, USA

Name	Syed Ali Turab
Designation	Head of Risk Management
UBL Fund Managers	<p>Job Responsibilities & Accomplishments</p> <ul style="list-style-type: none"> • Fundamental and Technical Analysis • Portfolio strategy design
Prior to joining UBL Fund Managers	<p>No. of years of experience: over 8 years</p> <ul style="list-style-type: none"> • AKD Investment Management Ltd
Education	<ul style="list-style-type: none"> • Bachelors in Computer Science and Electrical Engineering (Cornell University, NY, US) • Series 7, Series 63 certification (NASD, US)

10.4.10 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Following are the names of directors who attended the meetings of the board of directors during the year along with the dates of the meetings.

Name of Director	Meeting held on						
	07-Jul-10	30-Aug-10	25-Oct-10	29-Dec-10	26-Feb-11	21-Mar-11	19-Apr-11
Mr. Mir Muhammad Ali	☞	☞	☞	☞	☞	☞	☞
Mr. Aamir Karachiwala	-	☞	-	☞	☞	-	☞
* Mr. Muhammad Asghar	☞	☞	☞	-	-	-	-
Mr. Ali Sameer Farooqui	☞	☞	☞	-	☞	☞	☞
Mr. Saeed Iqbal	☞	☞	☞	☞	☞	☞	☞
Mr. Shabbir Hussain Hashmi	☞	☞	☞	☞	☞	☞	☞
Mr. Tariq Kimani	☞	☞	☞	☞	☞	☞	☞
** Mr. Rayomond H. Kotwal	-	☞	☞	☞	☞	☞	☞
	-	-	-	-	-	☞	☞

* Mr. Muhammad Asghar resigned from the Board of Directors on December 15, 2010.

** Mr. Rayomond H. Kotwal was inducted in the Board of Directors on January 14, 2011.

(V) RATING OF THE FUND AND MANAGEMENT COMPANY

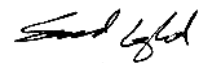
JCR-VIS Credit Rating Company Limited (JCR-VIS) has assigned an 'BBB-(f)' fund stability rating to the Fund.

JCR-VIS has assigned an 'AM2' management quality rating to the Management Company.

For UBL Fund Managers Limited
(Management Company)



Mir Muhammad Ali, CFA
Chief Executive



Saeed Iqbal
Director

TABLE OF CONTENTS

155	Fund Information
156	Report of the Trustee
157	Statement of Compliance with the best practices of Code of Corporate Governance
159	Review Report to the Unit holders on Statement of Compliance
160	Independent Auditors' Report to the Unit holders
161	Statement of Assets & Liabilities
162	Income Statement
163	Statement of Comprehensive Income
164	Distribution Statement
165	Statement of Movement in Unit holders' Funds
166	Statement of Cash Flows
167	Notes to the Financial Statements

United Stock Advantage Fund (USF)

INVESTMENT OBJECTIVE

USF is an open-end Equity Fund, investing primarily in equities listed on the KSE. The Fund seeks to maximize total returns and outperform its benchmark by investing in a combination of securities offering long-term capital gains and dividend yield potential.

FUND INFORMATION

Management Company

UBL Fund Managers Limited

Trustee

Central Depository Company of Pakistan Limited
99, Block-B, S.M.C.H.S., Main Shakra-e-Faisal,
Karachi. Tel: (9221) 111-111-500

Distribution Company

United Bank Limited
(for detail of others, please visit our website: www.UBLFunds.com)

Auditors

KPMG Taseer Hadi & Co., Chartered Accountants

Legal Advisor

Mohsin Tayebaly & Co.

Bankers

United Bank Limited
Bank Alfalah Limited
Silk Bank Limited
Bank of Punjab Limited
Soneri Bank Limited
HSBC Bank Middle East Limited, Pakistan
Standard Chartered Bank Limited, Pakistan
HSBC, Switzerland

UBL BANKING LIMITED
CENTRAL DEPOSITORY COMPANY

UBL BANKING LIMITED
COC HOUSE 88-B BLOK 1, D,
Head Office

UBL BANKING LIMITED
Pak: (05-31) 34330030 - 53
Tel: (05-31) 11-111-200
Karachi - 74300 Pakistan

Email: info@cdcpak.com
Url: www.cdcpak.com

TRUSTEE REPORT TO THE UNIT HOLDERS

UNITED STOCK ADVANTAGE FUND

Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

The United Stock Advantage Fund (the Fund), an open-end Fund was established under a trust deed dated June 05, 2006, executed between UBL Fund Managers Limited, as the Management Company and Central Depository Company of Pakistan Limited, as the Trustee.

In our opinion, the Management Company has in all material respects managed the Fund during the year ended June 30, 2011 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations) and the constitutive documents of the Fund.



Muhammad Hanif Jakhura
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 30, 2011



Statement of Compliance By

UNITED STOCK ADVANTAGE FUND WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2011

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in chapter XI of Listing Regulations of Karachi Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance. The Board of Directors (the Board) of UBL Fund Managers Limited (the Management Company), which is an unlisted public company, manages the affairs of United Stock Advantage Fund (the Fund). The Fund being a unit trust open end scheme does not have its own Board of Directors. The Management Company has applied the principles contained in the Code to the Fund, whose units are listed as a security on the Karachi Stock Exchange, in the following manner:

1. The Management Company encourages representation of independent non-executive directors. All the directors, except the Chief Executive Officer of the Management Company are non-executive directors, two of which are independent non-executive directors.
2. The existing directors have confirmed that none of them are serving as a director in more than ten listed companies, including the Management Company.
3. All the resident directors of the Management Company have confirmed that they are registered as taxpayers and none of them have defaulted in payment of any loan to a banking company, a DFI or an NBFC or, being a member of a stock exchange, have been declared as a defaulter by that stock exchange.
4. During the year one casual vacancy occurred on the Board, which was filled within 30 days thereof.
5. The Management Company has prepared a 'Statement of Ethics and Business Practices' which has been signed by all the directors and employees of the Management Company.
6. The Management Company has developed a vision/ mission statement, corporate strategy and significant policies for the Fund that has been approved by the Board. A complete record of particulars of significant policies along with the dates on which these were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and terms and conditions of employment of the CEO has been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Management Company has an approved policy of related party transactions which states all necessary policy matters pertaining to related party transactions, separate consideration and maintenance of records and approval of transactions with related parties etc. All the related party transactions are carried out at arm's length and were placed before the Audit Committee and the Board of Directors for their review and approval on quarterly basis.
10. In order to apprise the directors on their duties and responsibilities and the requirements of the Code, the Management Company has a policy to conduct formal orientations for new directors. Furthermore, one director on the Board has completed all four parts of the certification "The Board Development Series" offered by the Pakistan Institute of Corporate Governance. The directors are conversant of the relevant laws applicable to the Management Company, its policies and procedures and provisions of Memorandum and Articles of Association and are aware of their duties and responsibilities.
11. No new appointments of CFO and Company Secretary were made during the year. However, Head of Internal audit was appointed for the newly formed internal audit department as mentioned in point 18. The Board has approved appointment on head of internal audit, including remuneration and terms and conditions of appointment, as determined by CEO.

Statement of Compliance By

UNITED STOCK ADVANTAGE FUND WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2011

12. The Directors' report relating to the Fund for the year ended 30 June 2011 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
13. The financial statements of the Fund were duly endorsed by the CEO and CFO of the Management Company before approval of the Board.
14. The Directors, CEO, and executives do not hold any interest in the units of the Fund and shares of the Management Company other than disclosed in the Directors' Report.
15. The Management Company has complied with all the applicable corporate and financial reporting requirements of the Code.
16. The Board has formed an audit committee. It comprises of three members, all of whom are non-executive directors of the Management Company including the chairman of the committee who is an independent non-executive director.
17. The meetings of the audit committee were held at least once in every quarter and prior to the approval of interim and final results of the Fund as required by the Code. The terms of reference have been approved in the meeting of the board of directors and the committee has been advised to ensure compliance with those terms of reference.
18. During the year, the Management Company has brought the internal audit function in-house, which was previously outsourced. The internal audit team is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Fund and they are involved in the internal audit function on full time basis.
19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Management Company or units of the Fund and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. We confirm that all other material principles contained in the Code have been complied with.



Mir Muhammad Ali, CFA
Chief Executive

Karachi, Dated: August 16, 2011



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2
Beaumont Road,
Karachi 75530 Pakistan

Telephone + 92 (21) 3568 5847
Fax + 92 (21) 3568 5095
Internet www.kpmg.com.pk

REVIEW REPORT TO THE UNIT HOLDERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of the Management Company of the United Stock Advantage Fund ("the Fund") to comply with the listing regulations of the Karachi Stock Exchange, where the Fund is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Management Company of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Fund personnel and review of various documents prepared by the Fund to comply with the Code.

As part of our audit of 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 have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further sub-regulation (xiii-a) of Listing Regulation 35 notified by the Karachi Stock Exchange (Guarantee) Limited requires the Fund to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Fund's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Fund for the year ended 30 June 2011.

Date: 16 August 2011
Karachi

KHITRA TASEER HADI & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2
Beaumont Road,
Karachi 75530 Pakistan

Telephone + 92 (21) 3568 5847
Fax + 92 (21) 3568 5095
Internet www.kpmg.com.pk

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

We have audited the accompanying financial statements of **United Stock Advantage Fund** ("the Fund"), which comprise the statement of assets and liabilities as at **30 June 2011**, and the income statement, statement of comprehensive income, distribution statement, statement of cash flows, statement of movement in unit holders' funds for the year then ended, and a summary of significant accounting policies and other explanatory notes.

We have audited the accompanying financial statements of United Stock Advantage Fund (the Fund), which comprise the statement of assets and liabilities as at 30 June 2011 and the income statement, statement of comprehensive income, distribution statement, statement of cash flows, and statement of movement in Unit Holders' Fund for the year then ended 30 June 2011 and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Fund's affairs as at 30 June 2011 and of its financial performance, cash flows and transactions for the period then ended 30 June 2011 in accordance with approved accounting standards as applicable in Pakistan.

Emphasis of matter

We draw attention to note 26 to the financial statements relating to contingent liability in respect of Worker's Welfare Fund (WWF) which refers to the pending outcome of the litigation regarding contribution to WWF which is currently pending decision in Honourable Sind High Court. In view of the matters more fully discussed in the above note, provision against WWF amounting to Rs. 18.429 million is not being maintained by the Fund. Our opinion is not qualified in respect of this matter.

Other matters

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.

Date: 16 August 2011
Karachi

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants
Mazhar Saleem

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

STATEMENT OF ASSETS AND LIABILITIES

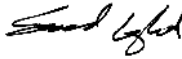
AS AT 30 JUNE 2011

	Note	2011 (Rupees in '000)	2010 (Rupees in '000)
Assets			
Bank balances	5	124,029	69,907
Investments	6	1,211,076	1,019,551
Dividend and income receivable	7	3,723	1,011
Security deposits & other receivable	8	3,648	3,648
Preliminary expenses	9	55	665
Total assets		1,342,531	1,094,782
Liabilities			
Payable to the Management Company	10	1,452	3,114
Remuneration payable to the Trustee	11	193	172
Payable to Securities and Exchange Commission of Pakistan	12	1,092	1,675
Payable on redemption of units		4,408	29,510
Payable against purchase of investments		39,496	15,856
Accrued expenses and other liabilities	13	2,611	1,769
Total liabilities		49,252	52,096
Net assets		1,293,279	1,042,686
Unit holders' funds (as per statement attached)		1,293,279	1,042,686
		(Number)	
Number of units in issue	14	29,884,542	12,974,835
		(Rupees)	
Net assets value per unit		43.28	80.36

The annexed notes from 1 to 28 form an integral part of these financial statements.


Mir Muhammad Ali, CFA
 Chief Executive

For UBL Fund Managers Limited
 (Management Company)


Saeed Iqbal
 Director

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2011

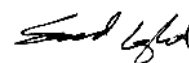
	Note	2011 (Rupees in '000)	2010
Income			
Profit on bank balances		4,901	8,816
Gain on sale of securities - net	15	210,603	467,404
Dividend income	16	72,450	81,783
Unrealised gain / (loss) on revaluation of investments - net	17	46,872	(31,145)
Foreign exchange gain		2,217	6,952
Other income		19	148
Total income		337,062	533,958
Expenses			
Remuneration to the Management Company	10.1	34,484	52,885
Remuneration to the Trustee	11	2,147	2,763
Annual fee to Securities and Exchange Commission of Pakistan	12	1,092	1,681
Brokerage expenses		3,338	5,125
Custody and settlement charges		909	2,005
Auditors' remuneration	18	451	440
Amortisation of preliminary expenses	9	610	610
Printing expense		174	861
Tax deducted on international dividends		667	699
Legal and professional charges		99	102
Bank charges		68	109
Fees and subscription		170	170
Total operating expenses		44,209	67,450
Operating income for the year		292,853	466,508
Element of income and capital gains included in prices of units issued less those in units redeemed - net		15,331	165,194
Net income for the year		308,184	631,702

The annexed notes from 1 to 28 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)



Mir Muhammad Ali, CFA
Chief Executive



Saeed Iqbal
Director

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2011


	2011 (Rupees in '000)	2010
Net income for the year	308,184	631,702
Other comprehensive income		
Net unrealised surplus on the revaluation of available for sale investments	31,154	11,691
Total comprehensive income for the year	<u>339,338</u>	<u>643,393</u>

The annexed notes from 1 to 28 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)



Mir Muhammad Ali, CFA
Chief Executive



Saeed Iqbal
Director

DISTRIBUTION STATEMENT

FOR THE YEAR ENDED 30 JUNE 2011

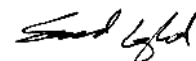
	2011 (Rupees in '000)	2010
Undistributed income at beginning of the year (realised)	661,906	6,011
Accumulated loss at beginning of the year (unrealised)	<u>(939,643)</u>	<u>(915,450)</u>
Accumulated loss brought forward-net	(277,737)	(909,439)
Final distribution of 48.44 units for every 100 units held (30 June 2009: Rs. nil) for the year ended 30 June 2010		
- cash dividend	-	-
- bonus units	<u>(628,501)</u>	-
	(628,501)	-
Net income for the year	308,184	631,702
Accumulated loss carried forward	<u>(598,054)</u>	<u>(277,737)</u>
Undistributed income at the end of the year (realised)	292,500	661,906
Accumulated loss at end of the year (unrealised)	<u>(890,554)</u>	<u>(939,643)</u>
	<u>(598,054)</u>	<u>(277,737)</u>

The annexed notes from 1 to 28 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)



Mir Muhammad Ali, CFA
Chief Executive



Saeed Iqbal
Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS

FOR THE YEAR ENDED 30 JUNE 2011

	2011 (Rupees in '000)	2010
Net assets at the beginning of the year	1,042,686	1,649,339
Net assets value Rs. 80.36 per unit (2010: Rs. 64.74 per unit)		
Cash received on issuance of 38,925,423 units (2010: 36,990,684 units)*	671,435	1,861,146
Cash paid / payable on redemption of 22,015,716 units (2010: 35,991,359 units)	(744,849)	(2,945,998)
	(73,414)	(1,084,852)
	969,272	564,487
Element of income and capital gains included in prices of units sold less those in units redeemed - net	(15,331)	(165,194)
Surplus on revaluation of 'available for sale' investments (recognised directly in net assets)	37,138	36,835
Surplus on revaluation of 'available for sale' investments (transferred to income statement on disposal)	(5,984)	(25,144)
Net income for the year	308,184	631,702
Total comprehensive income for the year	339,338	643,393
Net assets at the end of the year	1,293,279	1,042,686
Net assets value Rs. 43.28 per unit (2010: Rs. 80.36 per unit).		

*This includes 19,689,881 units (2010: Nil units) issued as bonus units.

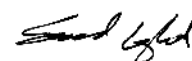
As at 30 June 2011 surplus on revaluation of 'available-for-sale' investments amounted to Rs. 54.095 million (30 June 2010: Rs. 22.941 million).

The annexed notes from 1 to 28 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)



Mir Muhammad Ali, CFA
Chief Executive



Saeed Iqbal
Director

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2011

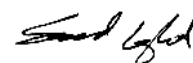
	2011	2010
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year	308,184	631,702
Adjustments for:		
Amortisation of preliminary expenses	610	610
Financial income	(4,901)	(8,816)
Gain on sale of securities-net	(210,603)	(467,404)
Dividend income	(72,450)	(81,783)
Unrealised loss on revaluation of investments - net	(46,872)	31,145
Foreign exchange gain	(2,217)	(6,952)
Element of income included in prices of units issued less those units redeemed - net	(15,331)	(165,194)
Other income	(19)	(148)
	<u>(351,783)</u>	<u>(698,542)</u>
Net cash flows from operations before working capital changes	(43,599)	(66,840)
Working capital changes		
(Increase) / decrease in assets		
Investments	99,321	967,593
Receivable against sale of investments	-	4,991
	99,321	972,584
Increase / (decrease) in liabilities		
Payable to the Management Company	(1,662)	2,022
Remuneration payable to the Trustee	21	(46)
Payable to Securities and Exchange Commission of Pakistan	(583)	(138)
Payable on redemption of units	(25,102)	15,171
Payable on purchase of investments	23,640	15,856
Accrued expenses and other liabilities	842	468
	(2,844)	33,333
Income received	74,658	97,877
Net cash flows from operating activities	<u>127,536</u>	<u>1,036,954</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issuance of units	671,435	1,861,146
Payments against redemption of units	(744,849)	(2,945,998)
Net cash flows from financing activities	<u>(73,414)</u>	<u>(1,084,852)</u>
Net increase in cash and cash equivalents	54,122	(47,898)
Cash and cash equivalent at beginning of the year	69,907	117,805
Cash and cash equivalents at end of the year	<u>124,029</u>	<u>69,907</u>

The annexed notes from 1 to 28 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)



Mir Muhammad Ali, CFA
Chief Executive



Saeed Iqbal
Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

1. LEGAL STATUS AND NATURE OF BUSINESS

United Stock Advantage Fund (the 'Fund') was established under the Trust Deed executed between UBL Funds Managers Limited (a wholly owned subsidiary company of United Bank Limited) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on 5 June 2006 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 27 June 2006 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The registered office of the Management Company is situated at 8th Floor, State Life Building No. 1, I.I. Chundrigar Road, Karachi, Pakistan.

The Management Company of the Fund is registered with the SECP as a Non-Banking Finance Company under the NBFC Rules, 2003.

The Fund is an open ended mutual fund, listed on the Karachi Stock Exchange on 5 October 2006. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holders. The units of the Fund were initially offered to the public (IPO) during the period from 27 July 2006 to 3 August 2006, while the core investment from United Bank Limited was received on 28 June 2006.

The policy of the Fund is to invest in a diversified portfolio of shares of listed companies, continuous funding system (CFS), spread transactions and other money market instruments. Under circular 07 dated 6 March 2009 issued by the SECP, the Fund has been categorised by the Management Company of the Fund as an Equity Fund. The Management Company of the Fund is in the process of making requisite amendments in relation to categorisation, investment objectives and relevant benchmark in the constitutive documents of the Fund to ensure compliance with the said circular.

Title to the assets of the Fund are held in the name of Central Depository Company Limited as the Trustee of the Fund.

2. STATEMENT OF COMPLIANCE

- 2.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, requirements of Trust Deed, Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules, 2003) and Non-Banking Finance Companies and Notified Entities Regulations, 2008 ("NBFC Regulations 2008"). In case the requirements differ, the provisions or directives of the Companies Ordinance, 1984, the requirements of the Trust Deed, NBFC Rules, 2003 & NBFC Regulations, 2008 shall prevail.

3. BASIS OF PREPARATION

3.1 Basis of measurement

These financial statements have been prepared under the historical cost convention, except that investments are measured at their fair values.

3.2 Functional and presentation currency

These financial statements are presented in Pakistani Rupees, which is the functional currency of the Fund. All financial information presented have been rounded to the nearest thousand rupees.

3.3 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of 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 judgments 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 recognised in the period in which the estimate is 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.

Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment are discussed below:

Investments stated at fair value

Management has determined fair value of certain investments by using quotation from active market. Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matter of judgment (e.g. valuation, interest rates, etc.) and therefore, can not be determined with precision.

Impairment of investments

The Fund determines that investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. The determination of what is significant or prolonged requires judgment. In making this judgment, the Fund evaluates among other factors, the normal volatility in prices. In addition the impairment may be appropriate when there is an evidence of deterioration in the financial health of the invested industry and sector performance, changes in technology and operational financial cash flows.

Other assets

Judgment is also involved in assessing the realisability of the asset balances.

3.4 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards, interpretations and amendments of approved accounting standards are effective for accounting periods beginning from the dates specified below:

- IAS 24 Related Party Disclosures (revised 2009) – (effective for annual periods beginning on or after 1 January 2011). The revision amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. The amendment would result in certain changes in disclosures.
- Amendments to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after 1 January 2011). These amendments remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement. These amendments result in prepayments of contributions in certain circumstances being recognised as an asset rather than an expense. This amendment is not likely to have any impact on Fund's financial statements.
- Improvements to IFRSs 2010 – IFRS 7 Financial Instruments: Disclosures (effective for annual periods beginning on or after 1 January 2011). These amendments add an explicit statement that qualitative disclosure should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments. In addition, the IASB amended and removed existing disclosure requirements. The amendments would result in certain changes in disclosures.

-
- Improvements to IFRSs 2010 – IAS 1 Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2011) These amendments clarify that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income also is required to be presented, but may be presented either in the statement of changes in equity or in the notes. The amendments would result in certain changes in disclosures.

Apart from above certain other standards, amendments to published standards and interpretations of accounting standards became effective for accounting periods beginning on or after 1 January 2011, however, they do not affect the Fund's financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

4.1 Investments

4.1.1 All investments are initially recognised at cost, being the fair value of the consideration given including the transaction cost associated with the investment, except in case of held for trading and at fair value through profit or loss investments, in which case the transaction costs are charged off to the income statement.

4.1.2 The Fund classifies its investments in the following categories:

Financial asset at fair value through profit or loss

This category has two sub-categories, namely; financial instruments held for trading, and those designated at fair value through profit or loss upon initial recognition:

- Investments which are acquired principally for the purposes of generating profit from short term fluctuation in price or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading.
- Investments designated at fair value through profit or loss upon initial recognition include those group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with the documented risk management / investment strategy.

After initial recognition, the above investments are remeasured at fair value determined with reference to the year-end rates quoted on the Stock Exchange. Gains or losses on re-measurement of these investments are recognised in the income statement.

Available for sale

Investments which do not fall under the above categories are classified as available-for-sale. After initial recognition, investments classified as available-for-sale are remeasured at fair value, determined with reference to the year-end rates quoted on the stock exchange/ NAVs. Gains or losses on remeasurement of these investments are recognised directly in the unit holders' funds until the investment is sold, collected or otherwise disposed-off, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in unit holders' funds is included in income statement.

4.1.3 All regular way of purchases and sales of investments are recognised on the trade date i.e. the date the Fund commits to purchase / sell the investments. Regular way of purchase and sale of investments require delivery of securities within two days after the transaction, as required by the Stock Exchange Regulations.

4.2 Derivative financial instruments

Derivative instruments held by the Fund generally comprise of future contracts in the capital markets. These are initially recognised at cost and are subsequently re-measured at their fair value. The fair value of future contracts is calculated as being the net difference between the contract price and the

closing price reported on the primary exchange of the future contract. Derivatives with positive market values (un-realised gains) are included in other assets and derivatives with negative market values (un-realised losses) are included in other liabilities in the balance sheet. The resultant gains and losses are included in the income statement currently.

Derivative financial instruments entered into by the Fund do not meet the hedging criteria as defined by International Accounting Standard-39, Recognition and measurement of financial instruments (IAS -39), consequently hedge accounting is not used by the Fund.

4.3 Securities under repurchase / resale agreements

Transactions of purchase under resale (reverse-repo) of marketable and government securities are entered into at contracted rates for specified periods of time. Securities purchased with a corresponding commitment to resell at a specified future date (reverse-repos) are not recognised in the statement of assets and liabilities.

Amounts paid under these agreements are included in receivable in respect of reverse repurchase transactions. The difference between purchase and resale price is treated as income from reverse repurchase transactions and accrued over the life of the reverse-repo agreement.

Transactions of sale under repurchase (repo) of marketable and government securities are entered into at contracted rates for specified periods of time. Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised in the statement of assets and liabilities and are measured in accordance with accounting policies for investment securities. The counterparty liabilities for amounts received under these transactions are recorded as liabilities. The difference between sale and repurchase price is treated as borrowing charges and accrued over the life of the repo agreement.

4.4 Preliminary expenses

Preliminary expenses represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortised over a period of five years commencing from 4 August 2006, also refer note 9 to these financial statements.

4.5 Issuance and redemption of units

Units issued are allocated at the offer price, prevalent on the day on which the applications for purchase of units are received, plus the allowable sales load (however units are issued on the receipt of cash / realisation of cheques). The offer price represents the net asset value per unit as at the close of business day plus the allowable sales load. The sales load is payable to the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the Fund receives redemption applications during business hours of that day. The redemption price represents the net asset value per unit as at the close of the business day. Redemption of units is recorded on acceptance of application for redemption.

4.6 Element of income / (loss) included in prices of units sold 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.

During the year the Fund has revised the calculation of element of income and capital gains included in the prices of units issued less those in the units redeemed ("element") in the financial statements. As per the revised calculation element is recognised in the income statement to the extent that it is represented by income earned during the year. Previously, the element represented by income carried forward from previous periods was also recognised in the income statement.

The revised calculation, in the opinion of the management, would ensure that continuing unit holders' share of undistributed income remains unchanged on issue and redemption of units. The change did not have any impact on the net assets value (NAV) of the Fund. Had the calculation not been changed, the net income for the year ended 30 June 2011 would have been lower by Rs. 1.151 billion.

4.7 Net assets value per unit

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

4.8 Taxation

The Fund is exempt from taxation on accounting income for the year under clause 99 of Part I to the Second Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its income excluding realised and unrealised capital gain for the year is distributed amongst the unit holders.

4.9 Revenue recognition

- Gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Dividend income is recognised when the right to receive the dividend is established.
- Unrealised gains / (losses) arising on revaluation of securities classified as 'at fair value through profit or loss' are included in income statement in the period in which they arise. Gains / (losses) arising on the revaluation of the derivative financial instruments to their fair values are taken to the income statement currently.
- Element of income and capital gains included in prices of units issued and redeemed is included in the income statement on the date of issue and redemption of units.
- Income on reverse repurchase and continuous funding system lending arrangements, placements and bank deposits are recognised at rate of return implicit in the instrument on a time proportionate basis.

4.10 Financial instruments

All the financial assets and liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. Any gain or loss on derecognition of the financial asset and financial liabilities is taken to income directly.

4.11 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are only offset and net amount reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amount and the Fund intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

4.12 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances (that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes).

4.13 Impairment

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial assets is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in profit and loss account.

4.14 Provision

A provision is recognised in the balance sheet when the Fund has a legal or constructive obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provision are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

14.15 Other assets

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

14.16 Dividend distribution

Dividend distributions (including the bonus units) declared subsequent to the balance sheet are recorded in the period in which these are approved. As per regulation 63 of the Non - Banking Finance Companies and Notified Entities Regulations, 2008 , the Fund is required to distribute 90% of the net accounting income other than unrealised capital gains to the unit holders.

14.17 Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the year-end exchange rates are recognised in the income statement.

5.	BANK BALANCES		2011 (Rupees in '000)		2010
	In local currency				
	- profit and loss sharing bank accounts	5.1	123,116		69,470
	In foreign currency				
	- current account		913		437
			<u>124,029</u>		<u>69,907</u>

5.1 Profit rates on these profit and loss sharing accounts range between 5% to 13% (2010: 5% to 12.25%) per annum. These include Rs. 1.061 million (2010: Rs 0.458 million) with a related party on which return is earned at 5% (2010: 5%) per annum.

6. INVESTMENTS

At fair value through profit or loss:

- Upon initial recognition - equity securities	6.1	120,426		135,136
- Held for trading - equity securities	6.2	973,003		754,053

Available for sale:

- Foreign investments	6.3	117,647		130,362
		<u>1,211,076</u>		<u>1,019,551</u>

6.1 At fair value through profit or loss - upon initial recognition- Equity securities (Ordinary Shares of Rs. 10/- each, unless stated otherwise)

Name of Security	As at 01 July 2010	Purchased / bonus received during the year	Sold during the year	As at 30 June 2011	Carrying / market value as at 30 June 2011	Carrying / market value as at 30 June 2010	Percentage in relation to		
							net assets	total investments	paid-up capital of the investee company
Quoted investments	------(Number of shares)-----				(Rupees in '000)				
Chemicals									
Fauji Fertilizer Company Limited*	665,500	905,000	970,500	600,000	90,210	68,593	6.98%	7.45%	0.07%
General Industrials									
Thal Limited (ordinary shares of Rs. 5 each)	700,899	164,101	565,942	299,058	<u>30,216</u>	<u>66,543</u>	<u>2.34%</u>	2.49%	0.97%
					<u>120,426</u>	<u>135,136</u>	<u>9.3%</u>		

6.1.1 Cost of 'at fair value through profit or loss - upon initial recognition' investments as at 30 June 2011 amounted to Rs. 95.542 million (30 June 2010: Rs 132.283 million).

*This includes 250,000 shares pledged against the exposure margin and mark to market losses with the National Clearing Company of Pakistan Limited.

6.2 At fair value through profit or loss- Held for trading- Equity securities

(Ordinary Shares of Rs. 10/- each, unless stated otherwise)

	As at 01 July 2010	Purchased / bonus received during the year	Sold during the year	As at 30 June 2011	Carrying / market value as at 30 June 2011	Carrying / market value as at 30 June 2010	Percentage in relation to		
							net assets	total investments	paid-up capital of the investee company
	------(Number of shares)-----				(Rupees in '000)				
Quoted investments									
Oil & Gas									
Attock Petroleum Limited	200,000	39,280	239,280	-	-	57,950	-	-	-
Attock Refinery Limited	-	300,000	300,000	-	-	-	-	-	-
Mari Gas Company Limited	150,000	-	150,000	-	-	19,407	-	-	-
National Refinery Limited	-	284,709	249,209	35,500	12,505	-	0.97%	1.03%	0.04%
Oil and Gas Development Company Limited	-	435,000	-	435,000	66,550	-	5.15%	5.50%	0.01%
Pakistan Oilfields Limited	350,000	473,006	545,006	278,000	99,805	75,565	7.72%	8.24%	0.12%
Pakistan Petroleum Limited	317,500	780,000	572,500	525,000	108,712	58,458	8.41%	8.98%	0.04%
Pakistan State Oil Company Limited	162,401	303,000	165,401	300,000	79,374	42,257	6.14%	6.55%	0.17%
					366,946	253,637	28.39%		
Chemicals									
Dawood Hercules Chemicals Limited	170,753	2,957	173,710	-	-	29,959	-	-	-
Engro Corporation Limited	373,311	802,500	675,811	500,000	81,625	64,799	6.31%	6.74%	0.13%
Fatima Fertilizer Limited	-	1,750,000	-	1,750,000	29,120	-	2.25%	2.40%	0.09%
Fajji Fertilizer Bin Qasim Limited	1,667,830	1,750,000	1,667,830	1,750,000	73,762	43,430	5.70%	6.09%	0.19%
Lotte Pakistan PTA Limited	500,000	5,950,000	3,700,000	2,750,000	38,032	4,030	2.94%	3.14%	0.18%
ICI Pakistan Limited	-	600,000	500,000	100,000	15,185	-	1.17%	1.25%	0.07%
					237,724	142,218	18.37%		
Construction & Materials									
DG Khan Cement Company Limited	-	775,000	775,000	-	-	-	-	-	-
Lucky Cement Limited	-	541,650	541,650	-	-	-	-	-	-
Automobile & Parts									
Indus Motor Company Limited	160,000	-	160,000	-	-	41,981	-	-	-
Personal Goods									
Nishat (Chunian) Limited	1,600,000	1,116,325	1,966,325	750,000	16,718	25,248	1.29%	1.38%	0.46%
Nishat Mills Limited	1,000,000	1,475,000	1,375,000	1,100,000	55,374	43,120	4.28%	4.57%	0.31%
					72,092	68,368	5.57%		
Electricity									
Hub Power Company Limited	2,400,000	1,284,223	1,540,981	2,143,242	80,372	76,704	6.21%	6.64%	0.19%
Kot Addu Power Company Limited	625,000	-	625,000	-	-	26,088	-	-	-
Nishat (Chunian) Power Limited	-	2,561,603	61,603	2,500,000	34,300	-	2.65%	2.83%	0.68%
Nishat Power Limited	-	500,000	500,000	-	-	-	-	-	-
					114,672	102,792	8.86%		
Banks									
Allied Bank Limited	1,190,000	69,921	659,921	600,000	38,484	67,770	2.98%	3.18%	0.07%
Bank Al Habib Limited	450,000	60,000	510,000	-	-	14,175	-	-	-
Habib Bank Limited	-	420,512	20,512	400,000	46,424	-	3.59%	3.83%	0.04%
MCB Bank Limited	325,000	482,501	322,500	485,001	96,661	63,112	7.47%	7.98%	0.06%
National Bank Limited	-	200,000	200,000	-	-	-	-	-	-
					181,569	145,057	14.04%		
					973,003	754,053	75.23%		

6.2.1 Cost of 'at fair value through profit or loss - held for trading' investments as at 30 June 2011 amounted to Rs. 951.015 million (30 June 2010: 788.051 million).

6.3 Available for sale- foreign investments

Name of Security	As at 01 July 2010	Purchased / bonus received during the year	Sold during the year	As at 30 June 2011	Carrying / market value as at 30 June 2011	Carrying / market value as at 30 June 2010	Percentage in relation to		
							net assets	total investments	
	------(Number of units)-----				(Rupees in '000)				
HSBC GIF BRIC Freestyle Fund M1-Distribution	6.3.3	3,674	-	-	3,674	8,449	6,855	0.65%	0.70%
HSBC GIF Global Emerging Market Equity Freestyle Fund	6.3.4	20,349	5	6,280	14,074	15,490	17,581	1.20%	1.28%
SPDR INDEX Shares Fund S&P International Dividend ETF (Type CLO)	6.3.5	5,530	-	1,700	3,830	19,409	21,375	1.50%	1.60%

Name of Security	As at 01 July 2010	Purchased / bonus received during the year	Sold during the year	As at 30 June 2011	Carrying / market value as at 30 June 2011	Carrying / market value as at 30 June 2010	Percentage in relation to net assets	Percentage in relation to total investments	
	----- (Number of units) -----				(Rupees in '000)				
ISHARESTRUST S&P Global 100 Index Fund	6.3.6	5,761	-	1,760	4,001	22,330	24,978	1.73%	1.84%
Market Vector ETF Trust Agribusiness ETF	6.3.7	3,003	-	930	2,073	9,573	9,291	0.74%	0.79%
ISHARESTRUST S&P Global Materials Sector Index Fund	6.3.8	2,070	-	640	1,430	9,010	9,260	0.70%	0.74%
SPDR INDEX Shares Fund SPDR S&P Emerging Asia Pacific ETF (Type CLO)	6.3.9	3,009	-	930	2,079	15,096	18,042	1.17%	1.25%
HSBC GIF BRIC Freestyle Fund M2 -Capitalisation	6.3.10	5,944	-	2,970	2,974	6,819	11,057	0.53%	0.56%
ISHARES INC/MSCI Emerging Market Fund	6.3.11	3,741	-	1,150	2,591	10,588	11,923	0.82%	0.87%
SPDR INDEX SHARES FDS S&P	6.3.12	-	85	-	85	436	-	0.03%	0.04%
SPDR S&P METALS MINING ETF	6.3.13	-	75	-	75	447	-	0.03%	0.04%
						117,647	130,362	9.04%	

6.3.1 Cost of 'available for sale' investments as at 30 June 2011 amounted to Rs. 100.062 million (30 June 2010: Rs. 142.383 million).

6.3.2 Above investments have been made under permissions from the Securities and Exchange Commission of Pakistan (SECP) through their letter reference NBFC-II/JD I/UBLFM/290 dated 18 April 2008 and the State Bank of Pakistan (SBP) through their letter reference EPD/INT/C- 1235/12(213) 2007 dated 15 September 2007. SBP in its letter dated 15 September 2007 has restricted such investment up to a maximum limit of 15 million US Dollars. The above letter from SBP further states that the funds invested abroad for the purposes of diversification of their asset / classes / portfolio should not exceed 30% of the aggregate funds mobilised.

6.3.3 HSBC Global Investment Fund-BRIC Freestyle is an open-end investment fund incorporated in Luxembourg. The Fund's objective is long-term capital growth. They invest at least 51% of its assets in concentrated portfolio of investments in equity securities. Each of these units have a par value of \$10 each.

6.3.4 HSBC Global Investment Fund-Global Emerging Market equity Freestyle is an open-end investment fund incorporated in Luxembourg. The Fund seeks long term returns from capital growth and income through a concentrated portfolio of emerging market securities. Each of these units have a par value of \$10 each.

6.3.5 The SPDR S&P International Dividend Fund is an exchange-traded fund incorporated in the USA. The Fund's objective is to provide investment results that correspond generally to the price and yield performance of the S&P International Dividend Opportunities Index.

6.3.6 The iShares S&P Global 100 Index Fund is an exchange-traded fund incorporated in the USA. The Fund's objective seeks investment results that correspond to the performance of the S&P Global 100 Index. The Index is designed to measure the performance of large transnational companies that are of major importance in the global markets.

6.3.7 The Market Vectors Agribusiness Fund is an exchange-traded fund incorporated in the USA. The Fund seeks investment results that correspond to the price and yield of the DAXglobal Agribusiness Index, a modified market-capitalization index.

6.3.8 The iShares S&P Global Materials Sector Index Fund is an exchange-traded fund incorporated in the USA. The Fund seeks results that correspond generally to the price and yield performance of the S&P Global Materials Index.

6.3.9 The SPDR S&P Emerging Asia Pacific Fund is an exchange-traded fund incorporated in the USA. The Fund's objective is to replicate the performance of the S&P Asia Pacific Emerging BMI Index, which includes companies in an emerging market in the Asia Pacific Emerging Region.

- 6.3.10** HSBC GIF BRIC Freestyle Fund (M2 Capitalisation) is an open-end investment fund incorporated in Luxembourg. The Fund's objective is long-term capital growth. The Fund invests at least 51% of its assets in a concentrated portfolio of investments in equity and equity equivalent securities of companies in Brazil, Russia, India and China (including Hong Kong SAR). Each of the Fund's units have a par value of \$10 each.
- 6.3.11** The iShares MCSI Emerging Markets Index Fund is an exchange-traded fund incorporated in the USA. The Fund seeks results that correspond generally to the price and yield performance of the MCSI TR Emerging Markets Index. The Fund will concentrate its investments in a particular industry or geographic region to approximately the same extent the Index is so concentrated.
- 6.3.12** SPDR S&P Global Natural Resources ETF is an exchanged-traded fund incorporated in the United States. The Fund seeks to track the performance of the S&P Global Natural Resources Index which tracks the global natural resources and commodities businesses.
- 6.3.13** SPDR Metals & Mining ETF is an exchange-traded fund incorporated in the USA. The Fund's objective is to replicate as closely as possible the performance of the S&P Metals & Mining Select Industry Index, an equal-weighted index.

7. DIVIDEND AND INCOME RECEIVABLE	2011	2010
	(Rupees in '000)	
Dividend receivable	2,563	548
Profit receivable on profit and loss sharing bank balances	1,160	463
	<u>3,723</u>	<u>1,011</u>

8. SECURITY DEPOSITS AND OTHER RECEIVABLE		
National Clearing Company of Pakistan Limited	3,500	3,500
Central Depository Company of Pakistan Limited	100	100
Other receivable	48	48
	<u>3,648</u>	<u>3,648</u>

9. PRELIMINARY EXPENSES	2011	2010
	(Rupees in '000)	
Balance as at 1 July	665	1,275
Amortisation during the year	(610)	(610)
Balance as at 30 June	<u>55</u>	<u>665</u>

- 9.1** Preliminary expenses represent fees paid to Securities and Exchange Commission of Pakistan for the authorisation of Fund. As stated in note 4.4 to these financial statements, these expenses are being amortised over a period of five years commencing from 4 August 2006 as per Trust Deed of the Fund.

10. PAYABLE TO THE MANAGEMENT COMPANY			
Remuneration payable to the Management Company	10.1	643	2,694
Sales load payable		809	420
		<u>1,452</u>	<u>3,114</u>

- 10.1 The Management Company is entitled to remuneration for services rendered to the Fund under regulation 61 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, of an amount not exceeding three percent of the average daily net assets of the Fund during first five years of the Fund's existence and thereafter an amount equal to two percent of such assets the Fund. The rate used by the Management Company is 3% (2010: 3%) per annum of the average daily net assets of the Fund.

11. REMUNERATION PAYABLE TO THE TRUSTEE

The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed at :

- Rs. 0.7 million or 0.2% of NAV per annum on amounts not exceeding Rs. 1 billion of average daily net assets of the Fund.
- Rs. 2 million plus 0.1% per annum on amount exceeding Rs. 1 billion of average daily net assets of the Fund; and

12. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents annual fee payable to SECP in accordance with the NBFC Regulations, whereby the Fund is required to pay SECP fee at the rate of 0.095 percent of the average daily net assets of the Fund.

13. ACCRUED EXPENSES AND OTHER LIABILITIES

Auditor's remuneration	360	320
Tax deducted at source	122	-
Brokerage payable	1,400	773
Printing charges payable	359	475
Others	370	201
	<u>2,611</u>	<u>1,769</u>

14. NUMBER OF UNITS IN ISSUE

The units in issue were as follows:

Class	2011		2010	
	(Number of units)		(Rupees in '000)	
Class A units	27,384,542	10,474,835	2,738,454	1,047,484
Core units	2,500,000	2,500,000	250,000	250,000
	<u>29,884,542</u>	<u>12,974,835</u>	<u>2,988,454</u>	<u>1,297,484</u>

- 14.1 The par value of each unit is Rs 100. The management of the Fund has set a minimum investment size of Rs. 500. All units carry equal rights and are entitled to dividends and share in net asset value on liquidation.

- 14.2 On the issuance of these units, front end sales load is charged.

14.3 Unit holding pattern of the Fund

Category	2011		
	Number of		percentage of total
	Units	Unit holders	
Individuals	7,249,037	1,832	24.26%
Associated Companies and Directors of the Management Company	8,946,036	9	29.94%
Insurance Companies	806,948	4	2.70%
Retirement Funds	10,298,471	17	34.46%
Others	2,584,050	9	8.65%
	<u>29,884,542</u>	<u>1,871</u>	<u>100%</u>
	2010		
Individuals	3,822,916	2,257	29.46%
Associated Companies and Directors of the Management Company	4,221,336	8	32.53%
Insurance Companies	149,508	4	1.15%
Banks and Development Financial Institutions	509,742	2	3.93%
Retirement Funds	3,925,710	24	30.26%
Companies	345,623	7	2.66%
	<u>12,974,835</u>	<u>2,302</u>	<u>100%</u>

15. GAIN ON SALE OF SECURITIES - NET

	2011	2010
	(Rupees in '000)	
At fair value through profit or loss:		
- Upon initial recognition - quoted equity securities	32,210	107,345
- Held for trading - quoted equity securities	177,030	386,128
Available for sale:		
- Foreign investments	1,363	(26,069)
	<u>210,603</u>	<u>467,404</u>

16. DIVIDEND INCOME

On investments:		
At fair value through profit or loss:		
- Upon initial recognition - equity securities	7,913	28,661
- Held for trading - equity securities	61,845	50,165
Available for sale:		
- Foreign investments	2,692	2,957
	<u>72,450</u>	<u>81,783</u>

17. UNREALISED (LOSS) ON REVALUATION OF INVESTMENTS - NET

	2011	2010
On investments:		
	(Rupees in '000)	
At fair value through profit or loss:		
- Upon initial recognition - equity securities	24,884	2,853
- Held for trading - equity securities	21,988	(33,998)
	<u>46,872</u>	<u>(31,145)</u>

18. AUDITORS' REMUNERATION

Annual audit fee	200	185
Fee for the review of condensed interim financial information	100	100
Fee for the review of Code of Corporate Governance	30	25
Fee for other certificates	65	55
Out of pocket expenses	56	75
	<u>451</u>	<u>440</u>

19. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealized capital gains to the unit holders. The management Company intends to distribute sufficient accounting income for the year ended 30 June 2011 in order to comply with the above stated clause. The Fund is also exempt from the provisions of Section 113 (minimum tax) under Clause 11 of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

No provision for taxation has been made in these financial statements, as the Fund has, subsequent to the year end, distributed sufficient income to the unit holders. Details of distribution are given in note 27 to these financial statements.

20. TOP TEN BROKERS/ DEALERS BY PERCENTAGE OF COMMISSION PAID BY THE FUND

Broker's name	2011	2010
Elixir Securities Pakistan (Private) Limited	7.93%	
Arif Habib Limited	7.57%	5.27%
KASB Securities Limited	6.71%	8.12%
Invisor Securities (Private) Limited	6.57%	
JS Global Capital Limited	5.41%	5.80%
Foundation Securities (Private) Limited	5.39%	
AKD Securities Limited	4.63%	
Al Habib Capital Markets (Private) Limited	4.40%	
BMA Capital Management Limited	4.32%	
ABA Ali Habib Securities (Private) Limited	4.23%	
Global Securities Pakistan Limited		7.18%
Investment Managers Securities (Private) Limited		6.60%
DJM Securities (Private) Limited		6.18%
Elixir Securities Pakistan (Private) Limited		6.05%
Invest Capital Investment Bank Limited		5.76%
FDM Capital Securities (Private) Limited		5.57%
Shehzad Chamdia Securities (Private) Limited		5.29%

21. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

21.1	Related Party	Relationship
	UBL Fund Managers Limited	The Management Company
	Key Management Personnel	Directors and key management personnel of the Management Company
	United Bank Limited	Holding Company of the Management Company
	Central Depository Company of Pakistan Limited	The Trustee of the Fund
	UBL Liquidity Plus Fund (ULPF)	Fund managed by UBL Fund Managers Limited (the Management Company)
	United Growth and Income Fund (UGIF)	----- do -----
	UBL Savings Income Fund (USIF)	----- do -----
	United Composite Islamic Fund (UCIF)	----- do -----
	UBL Islamic Savings Fund (UISF)	----- do -----
	United Islamic Income Fund (UIIF)	----- do -----
	UBL Capital Protected Fund - I (UCPF-I)	----- do -----
	UBL Capital Protected Fund - II (UCPF-II)	----- do -----
	UBL Retirements Savings Fund (URSF)	----- do -----
	UBL Islamic Retirements Savings Fund (UIRSF)	----- do -----
	UBL Insurers Limited	Associated Undertaking
	UBL Fund Managers Limited Employees Provident Fund	----- do -----
	UBL Fund Managers Limited Employees Gratuity Fund	----- do -----
	UBL Employees Provident Fund Trust	----- do -----
	UBL Employees Gratuity Fund Trust	----- do -----
	UBL Staff General Provident Fund Trust	----- do -----
	UBL Officers / Non-Officers Benefits Fund	----- do -----
	Engro Corporation Limited	Associated undertaking (common directorship)
	National Bank of Pakistan	----- do -----

21.2 Remuneration payable to the management company and the trustee is determined in accordance with the provisions of Non Banking Finance Companies Rules, 2003, Non Banking Finance Companies and Notified Entities Regulations, 2008 and the Trust Deed respectively. Other transactions with related parties / connected persons have been transacted at an agreed / commercial terms.

Details of transactions with related parties and balances with them at the year end are as follows:

Units sold to:	2011 (Units in '000)	2010	2011 (Rupees in '000)	2010
Associated Undertakings				
UBL Fund Managers Limited	6,528	4,960	257,774	412,000
United Bank Limited	0.27	1,242	11.56	101,187
UBL Staff Pension Fund Trust	-	618	-	50,337
UBL Fund Managers Limited - Employees Provident Fund	46	18	1,750	1,600
UBL Fund Managers Limited - Employees Gratuity Fund	40	6	1,600	600
UBL Staff General Provident Fund Trust	0.13	309	5.75	25,159
UBL Insurers Limited	0.03	123	1.15	10,017
UBL Employees Provident Fund Trust	-	309	-	25,159
Engro Corporation Limited Mpt. Employees' Defined Contribution Pension Fund	-	60	-	4,911
Related parties other than associated undertakings Directors and executives of the Management Company	132	190	5,377	14,189
Units redeemed by:				
Associated Undertakings				
UBL Fund Managers Limited	8,262	5,187	318,816	429,500
United Bank Limited	0.27	1,518	11.56	127,077
UBL Staff Pension Fund Trust	-	755	-	63,216
UBL Employees Provident Fund Trust	-	4,577	-	395,626
UBL Insurers Limited	0.03	150	1.15	12,580
UBL Staff General Provident Fund Trust	0.13	377	5.75	31,596
UBL Fund Managers Limited - Employees Provident Fund	21	-	700	-
UBL Fund Managers Limited - Employees Gratuity Fund	31	-	1,000	-
UBL Employees Gratuity Fund Trust	-	723	-	58,474
UBL Officers/Non Officers Benevolent Fund Trust	-	1,899	-	168,137
Engro Corporation Limited Mpt Employees' Defined Contribution Pension Fund	-	74	-	6,168

	2011 (Units in '000)	2010	2011 (Rupees in '000)	2010
Related parties other than associated undertakings				
Directors and executives of the Management Company	131	183	5,001	14,593
Bonus units distributed to:				
Associated Undertakings				
United Bank Limited	4,581	-	146,238	-
UBL Fund Managers Limited	1,659	8	52,942	826
UBL Fund Managers Limited - Employees Provident Fund	-	0.34	-	34
UBL Fund Managers Limited - Employees Gratuity Fund	-	0.15	-	15
UBL Employees Provident Fund	82	183	2,632	18,261
UBL Employees Gratuity Fund Trust	26	21	832	2,113
UBL Staff General Provident Fund Trust	-	84	-	8,385
UBL Insurers Limited	-	6	-	572
Related parties other than associated undertakings				
Directors and executives of the Management Company	78	3	2,489	295
Units held by:				
Associated Undertakings				
UBL Fund Managers Limited	1,018	1,093	44,043	87,833
United Bank Limited	7,600	3,019	328,942	242,607
UBL Fund Managers Limited - Employees Provident Fund	162	54	2,294	4,339
UBL Fund Managers Limited - Employees Gratuity Fund	53	17	6,996	1,366
Related parties other than associated undertakings				
Directors and executives of the Management Company	131	51	5,658	4,098

21.3	Details of other transactions during the year and balances with related parties at the year end are as follows:	2011	2010
		(Rupees in '000)	
Transactions with related parties			
Management Company (associated undertaking)			
	Remuneration to the Management Company	10.1	34,484
	Sales load to Management Company		52,885
			2,509
			-
Trustee (connected person)			
	Remuneration to the Trustee	11	2,147
	Custody charges		2,763
			69
			171
United Bank Limited (associated undertaking)			
	Profit on bank balance		105
	Sale of equity securities		138
	Dividend income		-
	Bank charges		102,880
			-
			750
			29
			100
Engro Corporation Limited (associated undertaking)			
	Purchase of securities		131,756
	Sale of securities		74,970
	Dividend income		128,471
			211,516
			1,970
			6,414
Engro Polymer and Chemicals Limited (associated undertaking)			
	Purchase of equity securities		-
	Sale of equity securities		-
			3,635
National Bank of Pakistan (associated undertaking)			
	Purchase of equity securities		15,609
	Sale of equity securities		51,404
			16,008
			107,345
Balances with related parties-unsecured			
United Bank Limited (associated undertaking)			
	Bank balances	5.1	1,061
	Profit receivable on bank balance		458
			5
			-
Management Company (associated undertaking)			
	Remuneration Payable to the Management Company	10	643
	Sales load payable to Management Company		2,694
			809
			420
Trustee (connected person)			
	Remuneration payable to the Trustee	11	193
	Security deposit		172
			100
			100
Engro Corporation Limited (associated undertaking)			
	Investment in equity securities	6.2	81,625
			64,799

22. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

The Fund's objective in managing risks is the creation and protection of Unit holders' value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability.

Monitoring and controlling risks is primarily set up to be performed based on limits established by the internal controls set on different activities of the fund by the Board of Directors through specific directives and constitutive documents. These controls and limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. In addition, the Fund monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risks type and activities.

The policy of the Fund is to make investments only in designated authorised investments approved by the Investment Committee and shall thus offer high returns to the investors.

The Fund is exposed to market risk (which includes currency risk, interest rate risk and price risk), credit risk and liquidity risk arising from the financial instruments it holds.

22.1 Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. At the year-end it arises principally from bank balances and income receivable, etc.

Management of credit risk

The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed and the requirements of NBFC rules and regulations and guidelines given by SECP from time to time.

Credit risk is managed and controlled by the management company of the Fund in the following manner:

- The Fund limits its exposure to credit risk by only investing in liquid equity securities and foreign mutual funds the Fund ensures that the entity is approved for investment under the guidelines issued by the SECP.
- Investment transactions are carried out with large number of brokers, who are approved by the Investment Committee so as to minimise the risk of default and transaction are settled or paid for only upon deliveries.
- The risk of counter party exposure due to failed trades causing a loss to the Fund is mitigated by a periodic review of trade reports, credit ratings and financial statements on a regular basis.
- The Fund manages this risk by limiting its investment exposure in the following ways:
 - 10% of NAV or index weight of a single security, subject to a maximum limit of 15%, whichever is higher.
 - higher of 30% of NAV or index weight of a single stock exchange sector, subject to a maximum limit of 35% of NAV.

A summary analysis based on the above is presented in notes 6.1 and 6.2 to these financial statements.

- The Fund's investment in foreign mutual funds are also subjected to the limits prescribed by the State Bank of Pakistan as disclosed in note 6.3.2 to these financial statements.
- Cash is held only with reputable banks (including related party) with high quality credit ratings.

Exposure to credit risk

In summary, compared to the carrying amounts included in Statement of Assets and Liabilities, the maximum exposure to credit risk at 30 June was as follows:

	2011		2010	
	Statement of assets and liabilities	Maximum exposure	Statement of assets and liabilities	Maximum exposure
	------(Rupees in '000)-----			
Bank balances	124,029	124,029	69,907	69,907
Investments - At fair value through profit or loss - upon initial recognition - equity securities	1,093,429	-	889,189	-
Investments - Available for sale - Foreign investments	117,647	117,647	130,362	130,362
Dividend and income receivable	3,723	3,723	1,011	1,011
Security deposits and other receivable	3,648	3,648	3,648	3,648
	<u>1,342,476</u>	<u>249,047</u>	<u>1,094,117</u>	<u>204,928</u>

Differences in the balances as per the statement of assets and liabilities and maximum exposure were due to the fact that equity securities classified as 'At fair value through profit or loss - upon initial recognition' are not exposed to credit risk.

Details of the credit ratings of the investments in bank balances are as follows:

Ratings	30 June 2011	30 June 2010
	Bank balances (including profit due) % of balance	Bank balances (including profit due) % of balance
AAA	1.43	3.23
AA+	0.85	0.65
AA	96.57	94.92
AA-	0.23	0.38
A+	-	-
A	-	-
A-	0.06	0.10
BBB+	-	-
BBB	-	-
BBB-	-	-
Non rated	0.87	0.71
	<u>100.01</u>	<u>99.99</u>

Above rates are on the basis of available ratings assigned by PACRA and JCR-VIS as at 30 June 2011. The investments are unsecured.

Concentration of credit risk

Concentration is the relative sensitivity of the Fund's performance to developments affecting a particular industry or geographical location. Concentration of risks arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Fund's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk. Details of Fund's concentration of credit risk of the financial instruments by industrial distribution are given in the respective notes to the financial statements.

Details of Fund's concentration of credit risk of financial instruments by industrial distribution are as follows:

	30 June 2011		30 June 2010	
	(Rupees in '000)	percentage	(Rupees in '000)	percentage
Commercial banks	125,189	50.27	70,516	62.61
Financial services	117,648	47.24	39,411	34.99
Others	6,211	2.49	2,709	2.41
	<u>249,047</u>	<u>100.00</u>	<u>112,636</u>	<u>100.00</u>

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

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

22.2 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Fund.

The Fund is exposed to cash redemptions of its units on a regular basis. Units are redeemable at the holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive document and guidelines laid down by Securities and Exchange Commission of Pakistan (SECP).

Management of liquidity risk

The Fund's policy is to manage this risk by investing majority of its assets in investments that are traded in an active market and can be readily disposed.

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

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

Management Company in extraordinary circumstances. An interval of six working days between the receipt of a redemption request and issuance of against it to the holder provides a cushion in the repayment of on-demand redemption of units. However, during the period no such option was exercised or considered necessary.

Maturity analysis of financial liabilities

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to maturity date and represents the undiscounted cash flows. The amounts in the table are the gross nominal undiscounted cash flows.

	2011				
	Carrying amount	Gross nominal inflow/outflow	Less than one month	One to three months	More than three months
------(Rupees in '000) -----					
Non- derivative financial liabilities					
Payable to the Management Company	1,452	1,452	1,452	-	-
Remuneration payable to the Trustee	193	193	193	-	-
Payable to Securities and Exchange Commission of Pakistan	1,092	1,092	-	1,092	-
Payable on redemption of units	4,408	4,408	4,408	-	-
Payable on purchase of investments	39,496	39,496	39,496	-	-
Accrued expenses and other liabilities	2,611	2,611	-	2,611	-
	<u>49,252</u>	<u>49,252</u>	<u>45,549</u>	<u>3,703</u>	<u>-</u>

2010					
Non- derivative financial liabilities					
Payable to the Management Company	3,114	3,114	3,114	-	-
Remuneration payable to the Trustee	172	172	172	-	-
Payable to Securities and Exchange Commission of Pakistan	1,675	1,675	-	1,675	-
Payable on redemption of units	29,510	29,510	29,510	-	-
Payable on purchase of investments	15,856	15,856	15,856	-	-
Accrued expenses and other liabilities	1,769	1,769	-	1,769	-
	<u>52,096</u>	<u>52,096</u>	<u>48,652</u>	<u>3,444</u>	<u>-</u>

Above financial liabilities do not carry any mark-up.

Units of the Fund are redeemable on demand at the holder's option. However, unit holders typically retain them from medium to long term.

22.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will effect the Fund's income or the fair value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Management of market risks

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan. The maximum risk resulting from financial instruments equals their fair values.

The Fund is exposed to currency risk, interest rate risk and other price risk.

22.3.1 Currency risk

Currency Risk is the risk that the fair value of future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. The Fund has investment in foreign mutual funds and is exposed to foreign exchange risk.

In accordance with the Fund's policy, the Fund Manager monitors the Fund's foreign exposure on continuous basis. Investment Committee monitors and reviews the investment performance and considers the investment position critically and Board of Directors reviews it on a quarterly basis.

The Fund's total exposure to foreign exchange risk at 30 June were as follow:

	30 June 2011		30 June 2010	
	(Rupees in '000)	(USD in '000)	(Rupees in '000)	(USD in '000)
Bank balances	913	11	437	5
Investment in foreign currency mutual funds classified as 'available for sale'	<u>117,647</u>	<u>1,370</u>	<u>130,362</u>	<u>1,526</u>
	<u>118,560</u>	<u>1,381</u>	<u>130,799</u>	<u>1,531</u>

Sensitivity analysis

A five percent strengthening of Pakistani Rupee against US dollar would have increased the unit holders' funds and profit by Rs. 5.928 million (2010: 6.54 million). Weakening of Pakistani rupee by the same percentage would have a vice versa effect. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for the comparative year.

22.3.2 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. Currently the Funds interest rate exposure arises on investment in bank balances. Investment by the fund in profit and loss sharing bank accounts exposes the Fund to cash flow interest rate risk. To enhance the earnings potential of the Fund, the Fund invests in equity securities and foreign mutual fund units which are less prone to interest rate risk. Other risk management procedures are the same as those mentioned in the credit risk management.

22.3.2.2 At 30 June, details of the interest rate profile of the Fund's interest bearing financial instruments were as follows:

Variable rate instruments	2011	2010
	(Rupees in '000)	(Rupees in '000)
Bank balances	<u>123,116</u>	<u>69,470</u>

None of the financial liabilities carry any interest rate. In addition, none of the financial assets bear fixed interest rate.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the year end would have increased the net assets and profits by Rs. 0.117 million (2010: Rs. 0.05 million). The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for the comparative year.

The composition of the Fund's investment portfolio and KIBOR rates are expected to change over time. Accordingly, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

23.3.2 A summary of the Fund's interest rate gap position, categorised by the earlier of contractual re-pricing or maturity date, is as follows:

		30 June 2011			
		Less than one month	One to three months	Three months to one year	Total
		----- (Rupees in '000) -----			
Assets					
Bank balances	5 to 11	-	123,116	-	123,116

		30 June 2010			
		Less than one month	One to three months	Three months to one year	Total
		----- (Rupees in '000) -----			
Assets					
Bank balances	5 to 12.25	-	69,470	-	69,470

None of the Fund's financial liabilities are subject to interest rate risk.

22.3.3 Price risk

Price risk is the risk of unfavourable changes in the fair value of equity securities and units of mutual funds as a result of changes in the levels of respective indices and the value of individual securities. This arises from the investment held by the Fund for which prices in the future are uncertain. The Fund policy is to manage price risk through diversification and selection of securities within specified limits set by internal risk management guidelines.

- The Fund manages this risk by limiting its investment exposure in the following ways:
 - 10% of NAV or index weight of a single security, subject to a maximum limit of 15%, whichever is higher.
 - higher of 30% of NAV or index weight of a single stock exchange sector, subject to a maximum limit of 35% of NAV.

A summary analysis of local investments by industry sector, the percentage in relation to Fund's assets and the issued capital of the investee company is presented in note 6.1 and 6.2 to these financial statements. Further, the Fund's policy requires that the overall Fund position is monitored on a daily basis by the Fund Manager and is reviewed on bi-monthly basis by the Investment Committee and by the Board of Directors in every meeting of the Board. Non-compliance with the Fund's investment policies is reported to the Board of Directors.

The Fund's investments in equity securities are publicly traded and are valued at the rates quoted on the relevant stock exchanges.

As at 30 June, the fair value of equity securities and units of mutual funds exposed to price risk are disclosed in note 6.1, 6.2 and 6.3 to these financial statements.

Sensitivity Analysis

The table below summarises the sensitivity of the Fund's net asset value attributable to unit holders to equity price movements as at 30 June. The analysis is based on the assumption that the KSE-100 index/ respective market indices increased by 5% (2010: 5%), with all other variables remaining constant and the fair value of equity securities and units of mutual funds moved according to their historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE-100 index/ respective market indices, having regards to the historical volatility of index of past three years (2010: three years). Whereas, for foreign investment made in mutual funds, the analysis is based on the assumption that the NAVs of the mutual funds would increase/ decrease by 5% (2010: 5%) if the indexes where these funds are invested increased/ decreased by 5% (2010: 5%):

	2011	2010
	(Rupees in '000)	
Effect on income statement, net assets attributable to unit holders of an increase / decrease in the index		
Domestic equity investments	54,672	44,459
Investments in units of mutual funds outside Pakistan	5,882	6,518

A decrease of 5 % would have equal but opposite effect to the amounts shown above, on the basis that all other variable remains same.

The sensitivity analysis presented is based upon the portfolio composition as at 30 June and the historical correlation of the securities comprising the portfolio to the index. The composition of the Fund's investment portfolio and the correlation thereof to the KSE / respective market indices, is expected to change over time. Accordingly, the sensitivity analysis prepared as at 30 June is not necessarily indicative of the effect on the Fund's net assets attributable to unit holders of future movements in the level of the KSE / respective market indices.

22.4 Unit holders' fund risk management (capital risk)

Capital risk is the risk that the capital of the fund changes significantly and causes adverse effects on the Fund's existence as going concern. The capital of the Fund is represented by the net assets attributable to unit holders. The amount of net assets attributable to unit holders can change significantly on a daily basis as the Fund is subject to daily issuance and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund. The Fund is not exposed to externally imposed minimum capital maintenance requirements.

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

- Monitors the level of daily issuance and redemptions relative to the liquid assets and adjusts the amount of distributions the Fund pays to unit holders;
- Redeem and issue units in accordance with the constitutive documents of the Fund, which include the ability to restrict redemptions and require certain minimum holdings and issuance; and

-
- The Fund Manager / Investment Committee members and Chief Executive of the company critically track the movement of 'Assets under Management'. The Board of Directors is updated regarding key performance indicators e.g. yield and movement of NAV and total fund size at the end of each quarter.

22.5 Fair value of financial instruments

The Fund's accounting policy on fair value measurements of investments is discussed in note 4.1 to these financial statements.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

As at 30 June 2011, all the investments were categorised in level 1 (30 June 2010: Level 1)

23. CREDIT RATING

The JCR-VIS Credit Rating Company Limited (JCR-VIS) has assigned "MFR 4-star" to the Fund in its report dated 29 March 2011.

JCR-VIS has awarded asset management rating of an "AM2" to the Management Company in its report dated 20 February 2011.

24. INVESTMENT COMMITTEE

Following are the members of investment committee:

- Mr. Mir Muhammad Ali, CFA – Chief Executive Officer
- Mr. Hasnain Raza Nensey - Chief Investment Officer
- Mr. Rahim Khakiani-Chief Financial Officer & Company Secretary
- Mr. Syed Ali Turab Alvi- Head of Risk Management
- Mr. Asif Mobin - Fund Manager, United Stock Advantage Fund

Mr. Mir Muhammad Ali, CFA - Chief Executive Officer (CEO)

Mir Muhammad Ali has extensive experience in investment banking and fund management during the last 18 years. Prior to joining UBL Fund Managers (UBLFM), he was with Asian Development Bank (ADB). He represented ADB on the board of several companies including an asset management company. Prior to joining ADB, Mir worked as Divisional Head Investment Banking of United Bank Limited. During his career, he has also worked for various institutions such as Pakistan Kuwait Investment Company, IBM World Trade Corporation and ANZ Grindlays Bank. Mir is an MSc in Finance from University of Strathclyde in Glasgow, Scotland. He is also an MBA from the Institute of Business Administration and is also a CFA Charter Holder.

Mr. Hasnain Raza Nensey - Chief Investment Officer (CIO)

Hasnain Raza Nensey is the CIO at UBLFM. Prior to this, he was Chief Investment Officer at JS Investments Limited (formerly JS ABAMCO Limited) where he was also a member of the Investment Committee. Hasnain started his career in 1993 with JS Group where he worked as an Equity Analyst covering the Energy and Textile Sector companies listed on the Karachi Stock Exchange. Hasnain has also been involved in the textile and property development businesses for a number of years from 1997 onwards. Hasnain has a BSBA Degree with a concentration in Finance and Marketing from Boston University in Massachusetts, USA. He is also an MBA from Babson College in Massachusetts, USA.

Mr. Rahim Khakiani – Chief Financial Officer & Company Secretary

Rahim Khakiani brings with him a diversified experience of over twelve years of in finance, external audit and management consulting. Prior to joining UBL Fund Managers, he was associated with JS Investments Limited as Head of Finance for over three years, where he was instrumental in running the entire finance department. His achievement includes (1) successful listing and IPO of ordinary shares of JS Investments Limited (2) securitization of future management fee of PKR 700 million (3) streamlining the systems and procedures of the finance department and implementation of full scale ERP based asset management software.

Prior to JS Investments, he was associated with chartered accountancy practice with two of the leading accounting firms i.e. KPMG Taseer Hadi & Co. and Ford Rhodes Sidat Hyder & Co. There, he was involved in finalization of various important assignments which includes external audits, due diligence and business valuation and other management consulting assignments for leading clients. Rahim is a qualified Chartered Accountant and a Cost and Management Accountant. In addition to this he has passed MA (Economics) from Karachi University with concentration in mathematical economics and econometrics. He has also cleared Level 1 of CFA Institute.

Mr. Syed Ali Turab Alvi – Head of Risk Management

Ali Alvi is currently the Head of Risk Management at UBL Fund Managers Limited where his responsibilities include devising portfolio strategies based on fundamental and technical analysis. Previously, Ali has served as Head of Research at UBL Fund Managers Limited. Ali has over eight years of experience of managing investments both in the Pakistani and Global financial markets. Ali started his career as a technical analyst and later moved into portfolio management at Franklin Group, New York, US. After moving back to Pakistan, he joined AKD Investment management Ltd (AKDIML) and played a major role in setting up the Asset Management Company and launching equity, fixed income and index tracker funds, Ali honed his research skills as the key research analyst covering multiple sectors, and later held the designation of fund manager and a member of investment committee at AKDIML.

Ali has Bachelors in computer Science and Electrical Engineering degree from Cornell university, New York, US. He also holds the Series 7 and Series 63 certification from NASD, US.

Mr. Asif Mobin – Fund Manager

Asif Mobin has nine years of experience in financial market of Pakistan. Prior to this, he was working for Global Securities Pakistan Limited as "Vice President Equity sales" where his responsibilities were to advise and facilitate clients (both institution and retail) for buying and selling of shares, develop research material & perform technical analysis. Asif started his career in 2000 with Bank Alfalah Limited as an equity dealer in the Treasury Department. In 2005, he moved to KASB Bank as an in charge Equity Desk in the Capital Markets Department. He is also a visiting faculty member of Iqra University. Asif is an MBA from Iqra University Karachi.

Mr. Asif Mobin is also the fund manager of UBL Capital Protected Fund-II, (an open end fund) managed by the Management Company.

Name of Director	Meetings attended	Dates	7 July	30 August	25 October	29 December	26 February	21 March	19 April
		2010	2010	2010	2010	2011	2011	2011	
Mr. Mir Muhammad Ali	7	1	1	1	1	1	1	1	1
Mr. Aamir Karachiwala	4	-	1	-	1	1	-	1	1
Mr. Muhammad Asghar*	3	1	1	1	-	-	-	-	-
Mr. Ali Sameer Farooqui	6	1	1	1	-	1	1	1	1
Mr. Saeed Iqbal	7	1	1	1	1	1	1	1	1
Mr. Shabbir Hussain Hashmi	7	1	1	1	1	1	1	1	1
Mr. Tariq Kirmani	6	-	1	1	1	1	1	1	1
Mr. Raymond H. Kotwal*	2	-	-	-	-	-	-	1	1

* Mr. Muhammad Asghar resigned from the Board of Directors on 15 December 2010 while Mr. Raymond H. Kotwal was inducted to the Board of Directors on 14 January 2011.

26. CONTRIBUTION TO WORKERS' WELFARE FUND

Through the Finance Act, 2008 an amendment was made in section 2(f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment it appears that WWF Ordinance has become applicable to all Collective Investment Schemes (CISs) whose income exceeds Rs. 0.5 million in a tax year. In this regard, a constitutional petition has been filed by certain CISs through their trustees before the Honourable High Court of Sindh on the ground that the CIS (mutual funds) are not establishments and as a result not liable to pay contribution to WWF.

Subsequently, the Ministry of Labour and Manpower (the Ministry) vide its letter dated 8 July 2010 issued advice and clarifications which stated that WWF Ordinance 1971 does not have any provisions for the applicability of WWF on those entities whose incomes are exempt from income tax under any provisions of any law, and West Pakistan Shops and Establishment Ordinance, 1969 is not applicable to any public listed company and any organized financial institutions including Mutual Funds because they are ruled and governed by separate laws. Further, in a subsequent letter dated 15 July 2010 the Ministry clarified that "Mutual Fund(s) is a product which is being managed / sold by the Asset Management Companies which are liable to contribute towards Workers Welfare Fund under Section-4 of WWF Ordinance 1971. However, the income on Mutual Fund(s), the product being sold, is exempted under the law *ibid*."

Further, the Secretary (Income Tax Policy) Federal Board of Revenue issued a letter dated 6 October 2010 to the Members (Domestic Operation) North and South FBR. In the letter reference was made to the clarification issued by the Ministry of Labour and Manpower stating that mutual funds are a product and their income are exempted under the law *ibid*. The Secretary (Income Tax Policy) Federal Board of Revenue directed that the Ministry's letter may be circulated amongst field formation for necessary action. Following the issuance of FBR Letter, show cause notice which had been issued by taxation office for two mutual funds for payment of levy under WWF has been withdrawn. However, there have been instances whereby show cause notices under section 221 of the Income Tax Ordinance, 2001 have been issued to a number of mutual funds and MUFAP has requested Member Policy Direct Taxes for withdrawal of such show cause notices issued to such mutual funds. However, the Secretary (Income Tax Policy) Federal Board of Revenue vide letter 4 January 2011 has cancelled ab-initio clarificatory letter dated 6 October 2010 on applicability of WWF on mutual funds. On 14 December 2010, the Ministry filed its response to the constitutional petition pending in the Court. As per the legal counsel who is handling the case, there is contradiction between the above earlier letter and clarification of the Ministry and the response filed by the Ministry in the Court.

In view of the above stated matters, the Management Company is of the view that notwithstanding the show cause notices issued to a number of mutual funds, WWF is not applicable to the Funds and there have been favourable developments supporting Mutual Fund's point of view hence no provision in respect of WWF amounting to Rs. 18.429 million (from the date of application of WWF Ordinance to 30 June 2011) needs to be recognised.

27. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the Management Company in its meeting held on 07 July 2011 has approved a bonus of 25.01 units for every 100 units in respect of the year ended 30 June 2011 (30 June 2010: 48.44 units) amounting to Rs. 258.8 million (30 June 2010: Rs. 628.501 million) in total.

These financial statements do not reflect the aforementioned distribution, and will be recognised in the financial statements for the year ending 30 June 2012.

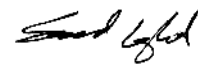
28. GENERAL

These financial statements were authorised for issue by Board of Directors of Management Company on August 16, 2011.

For UBL Fund Managers Limited
(Management Company)



Mir Muhammad Ali, CFA
Chief Executive



Saeed Iqbal
Director

THIS PAGE HAS BEEN LEFT BLANK INTENTIONALLY

THIS PAGE HAS BEEN LEFT BLANK INTENTIONALLY
