



**Bachat** ka Doosra Naam

**Annual Report  
2012**



AH DOW JONES

**SAFE PAKISTAN TITANS  
15 INDEX  
FUND**

Din Eid, Raat Shabraat

# AH DOW JONES SAFE PAKISTAN TITANS 15 INDEX FUND CONTENTS

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## **Vision**

To become synonymous with Savings

## **Mission**

To become a preferred Savings and Investment Manager in the domestic and regional markets, while maximizing stakeholder's value.

## **Core Values**

The Company takes pride in its orientation towards client service. It believes that its key success factors include continuous investment in staff, systems and capacity building, and its insistence on universal best practices at all times.

# AH DOW JONES SAFE PAKISTAN TITANS 15 INDEX FUND

## FUND'S INFORMATION

<b>Management Company</b>	Arif Habib Investments Limited 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
<b>Board of Directors of the Management Company</b>	Mian Mohammad Mansha Mr. Nasim Beg Mr. Yasir Qadri Syed Salman Ali Shah Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Mahmood Ahmad	Chairman(subject to the approval of SECP) Executive Vice Chairman Chief Executive (subject to the approval of SECP) Director (subject to the approval of SECP) Director (subject to the approval of SECP) Director (subject to the approval of SECP) Director Director (subject to the approval of SECP)
<b>Audit Committee</b>	Mr. Haroun Rashid Mr. Nasim Beg Mr. Samad A. Habib Mr. Ali Munir	Chairman Member Member Member
<b>Human Resource Committee</b>	Dr. Salman Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jehangir Mr. Yasir Qadri	Chairman Member Member Member Member
<b>Company Secretary &amp; CFO of the Management Company</b>	Mr. Muhammad Saqib Saleem	
<b>Trustee</b>	MCB Financial Services Limited 3rd Floor, Adamjee House, I.I Chundrigar Road Karachi - 74000	
<b>Bankers</b>	Habib Metro Bank Limited	
<b>Auditors</b>	KPMG Taseer Hadi & Co. Chartered Accountants 1st Floor, Sheikh Sultan Trust Building No. 2 Beaumont Road, Karachi - 75530	
<b>Legal Advisor</b>	Bawaney & Partners 404, 4th Floor, Beaumont Plaza, Beaumont Road, Civil Lines, Karachi-75530	
<b>Transfer Agent</b>	Arif Habib Investments Limited 8th Floor, Techno City, Corporate Tower, Hasrat Mohani Road, Karachi	
<b>Rating</b>	AM2 - Management Quality Rating assigned by PACRA	



# AH DOW JONES SAFE PAKISTAN TITANS 15 INDEX FUND REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2012

The board of Directors of Arif Habib Investment Limited, the Management Company of AH Dow Jones Safe Pakistan Titans 15 Index Fund (AHDJF), is pleased to present the Annual Report on the affairs of AHDJF for the year ended June 30, 2012.

## Equities Market Overview

The local bourses gave an average performance with the KSE-100 index rising by about 10% in FY12 as against 29% return posted in FY11. Pakistan equity market, however, remained the 3rd best performing market in the region this year as well after Philippines and Thailand.

KSE-100 Index made a depressing start with market shedding 13% during the first couple of months and made the yearly bottom at around 10,800 levels. Alongside negative returns, the market continued to remain dull with consistently low turnover throughout the period remained indicative of investor's shyness towards equity asset class. Even a cumulative cut of 200 bps in DR by the SBP during the first half failed to generate strong momentum among equity investors due to fear of aggressive sell off by foreign investors. Global equities market went down significantly during the quarter, which also had an adverse impact on emerging and frontier markets including Pakistan. Other resistive forces that played a dampening role for the market were political unrest, worsened law and order situation, strained Pak-US relations, floods in Sindh and energy crisis. Foreigners were net seller during the first half with an outflow of US\$ 151 million.

After a depressing first half, the Capital Gains Tax amnesty came as a piece of fortune to the investors at the local equities market and the KSE-100 index surged by 22% during the latter half of the year under review. The expectation of reprieving CGT also waved a magic wand on the volumes too where 2HFY12 saw buoyant volumes while marking a 33-month high at 577mn shares traded in a day. Participation from retail investors also returned to the market during the latter part of this year where mid and small-cap stocks remained the highlights of market activities lately. After a significant sell-off during the first half, foreigners' also jumped on to the bandwagon during the latter half with a net inflow of US\$ 62 million.

Macro economic factors remained challenging the KSE performance included sustained high oil and declining cotton prices resulting in higher trade deficit, lack of foreign flows as well IMF repayments depleted FX reserves and caused PKR to depreciate against the US\$ by around 10%. On the positive front, the SBP remained in a monetary easing cycle with a cumulative reduction of 200 bps in the policy discount rate during the year- improving the fundamentals of debt-laden companies.

Sector wise, Cements, Power and Autos outperformed the KSE-100 index while sectors like Chemicals, Textiles and Refineries remained among the underperformers. Best performing stocks included EFOODS, MEBL, BAFL, and DGKC.

## Future Outlook

We believe that the political arena would turn noisy on the back of election year ahead as well as continued confrontation between government and judiciary. Global economic environment would remain jittery in the near term, which could provide further hiccups to the international as well as local equity markets. However, expectation of monetary easing by the SBP in the upcoming monetary policy on the back of benign inflation as well as release of CSF payment should support the bull-run in the market in the near term while any major deterioration in key macro-indicators going forward could have a toll on the market performance. Strong earnings growth, sizeable discount to regional markets, high dividend yield and relatively cheaper PE valuations warrant decent returns for long term investors in our view.

## Fund's Performance

The Fund aims to provide investors with a total return that before expenses closely corresponds to the return of the Dow Jones SAFE Pakistan Titans 15 Index by tracking the returns of Dow Jones SAFE Pakistan Titans 15 Index, thus providing exposure to the constituents of Dow Jones SAFE Pakistan Titans 15 Index in a single security. The fund had employed a passive management approach to replicate the performance of the constituents during the year. The fund generated a return of 6.5% during the year as against its benchmark return of 8.3%, an underperformance of 1.8%. Since inception return of the fund has been 23.6% as against its benchmark return of 29.6%, an underperformance by 6%. Net assets of fund were reduced by Rs 22m (around 18%) during the year as many investors decided to book profit in major positive rallies.

The Fund yields for the period under review remained as follows:

Performance Information (%)	AHDJP	Benchmark
Last twelve Months Return	6.5%	8.3%
Since Inception	23.6%	29.6%

During the year your fund earned net income of Rs 6.233 million. The Board in the meeting held on June 25, 2012 has declared final distribution amounting to Rs.3.3 million (i.e. Rs. 1.912 per unit).

During the period, units worth Rs.6.913 million (including Rs. 5.114 million bonus units) were issued and units with a value of Rs. 28.442 million were redeemed. As on 30 June 2012 the NAV of the Fund was Rs. 57.50 per unit.

## Update on 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

# **AH DOW JONES SAFE PAKISTAN TITANS 15 INDEX FUND REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2012**

to all Collective Investment Schemes (CISs) whose income exceeds Rs. 0.5 million in a tax year. In light of this, the Mutual Funds Association of Pakistan (MUFAP) filed a constitutional petition in the Honorable Sindh High Court challenging the applicability of WWF on CISs which was dismissed mainly on the ground that MUFAP is not an aggrieved party.

Subsequently, clarifications were 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. These clarifications were forwarded by the Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its members for necessary action. Based on these clarifications, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF. Other mutual funds to whom notices were issued by the FBR also took up the matter with FBR for their withdrawal.

Further, a fresh Constitutional Petition filed with the Honorable High Court of Sindh by a CIS / mutual fund and a pension fund through their trustee and an asset management company inter alia praying to declare that mutual funds / voluntary pension funds being pass through vehicles / entities are not industrial establishments and hence, are not liable to contribute to the WWF under the WWF Ordinance. The proceedings of the Honorable Court in this matter have concluded and the Honorable Court has reserved its decision.

Subsequent to the year ended June 30, 2011, the Honorable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. The Management Company is hopeful that the decision of the LHC, will lend further support to the Constitutional Petition which is pending in the SHC.

In view of the afore mentioned developments, the Management Company firmly 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 Honourable High Court of Sindh on the subject as referred above will be decided in favour of the Mutual Funds. However the auditor of the Fund because of pending adjudication of the Constitutional petition in Honourable Sindh High Court and included a emphasis of matter paragraph in auditor' report highlighting the said issue.

The aggregate unrecognised amount of WWF as at June 30, 2012 amounted to Rs.0.464 million.

## **Corporate Governance**

The Fund is committed to high standards of corporate governance and the Board of Directors of the Management Company is accountable to the unit holders for good corporate governance. Management is continuing to comply with the provisions of best practices set out in the code of corporate governance particularly with regard to independence of non-executive directors. The Fund remains committed to conduct business in line with listing regulations of Karachi Stock Exchange.

The following specific statements are being given to comply with the requirements of the Code of Corporate Governance:

- a. Financial statements present fairly the statement of affairs, the results of operations, cash flows and Change in unit holders' fund.
- b. Proper books of accounts of the Fund have been maintained during the year.
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable prudent judgment.
- d. Relevant International Accounting Standards, as applicable in Pakistan, provisions of the Non Banking Finance Companies (Establishment & Regulations) 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 financial statements.
- e. The system of internal control is sound in design and has been effectively implemented and monitored.
- f. There are no significant doubts upon the Fund's ability to continue as going concern.
- g. There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.
- h. Key financial data as required by the Code of Corporate Governance has been summarized in the financial statements.
- i. Outstanding statutory payments on account of taxes, duties, levies and charges, if any have been fully disclosed in the financial statements.
- j. The statement as to the value of investments of provident fund is not applicable on the Fund but applies to the Management Company; hence appropriate disclosure has been made in the Directors' Report of the Management Company.
- k. The detailed pattern of unit holding, as required by NBFC Regulations and the Code of Corporate Governance are enclosed.
- l. The details of attendance of Board of Directors meeting is disclosed in note 23 to the attached financial statements. During the year four meetings of Audit Committee were held on 19th September 2011, 26th October 2012, 26 January 2012 and 24th April 2012, the details of attendance is as follows:

**AH DOW JONES SAFE PAKISTAN TITANS 15 INDEX FUND  
REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY  
FOR THE YEAR ENDED JUNE 30, 2012**

S. No.	Name	Designation	Attendance required	Attended	Leave granted
1.	Mr. Haroun Rashid	Chairman	4	3	1
2.	Mr. Nasim Beg	Member - Executive Vice Chairman	4	4	-
3.	Mr. Samad A. Habib	Member	4	2	2
4.	Mr. Ali Munir	Member	4	2	2

- m. As required by the Code, all the directors of the Management Company will attend the training Program for directors by the year 2016. Currently, two of the directors are exempt from obtaining mandatory training having the requisite qualification and experience. Further Directors' have also being briefed about the recent changes made in laws and regulations to enable them to effectively manage the affairs of the management company.
- n. The trades in Units of the Fund carried out by Directors, CEO, CFO/Company Secretary of the Management Company and their spouses and minor children are as under:

S. No.	Name	Designation	Investment	Redemption	Bonus
			(Number of Units)		
1.	Mr. Nasim Beg	Executive Vice Chairman	-	-	30
2.	Mr. Yasir Qadri	Chief Executive Officer	-	-	-
3.	Mr. Muhammad Saqib Saleem	Company Secretary & Chief Financial Officer	-	-	-

**External Auditors**

The fund's external auditors, KPMG Taseer Hadi & Co., Chartered Accountants, have expressed their willingness to continue as the fund auditors for the ensuing year ending June 30, 2013. The audit committee of the Board has recommended reappointment of KPMG Taseer Hadi & Co., Chartered Accountant as auditors of the fund for the year ending June 30, 2013.

**Acknowledgement**

The Board of Directors of the Management Company is thankful to the valued investors of the Fund for their reliance and trust in Arif Habib Investments Limited. The Board also likes to thank the Securities and Exchange Commission of Pakistan, State Bank of Pakistan, MCB Financial Services Limited (the Trustee of the Fund) and the management of the Karachi Stock Exchange for their continued cooperation, guidance, substantiation and support. The Board also acknowledges the efforts put in by the team of the Management Company for the growth and meticulous management of the Fund.

For and on behalf of the board

**Yasir Qadri**  
Chief Executive Officer

Karachi: August 15, 2012

# AH DOW JONES SAFE PAKISTAN TITANS 15 INDEX FUND REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2012

## Fund Type and Category

AH Dow Jones Safe Pakistan Titans 15 Index Fund (AHDJPF) is an Open-End Index Traker Fund.

## Fund Benchmark

The benchmark for AHDJPF is Dow Jones Safe Titans 15 Index.

## Investment Objective

The Fund aims to provide investors with a total return that before expenses closely corresponds to the return of the Dow Jones SAFE Pakistan Titans 15 index by tracking the returns of Dow Jones SAFE Pakistan Titans 15 Index, thus providing exposure to the constituents of Dow Jones SAFE Pakistan Titans 15 Index in a single security.

## Investment Strategy

AH Dow Jones SAFE Pakistan Titans 15 Index Fund (AHDJPF) is an Open End Index Tracker under which aims to provide investors with a total return that closely corresponds to the return of the Dow Jones SAFE Pakistan Titans 15 Index. The AHDJPF will employ a passive management approach to replicate the performance of the constituents of Dow Jones SAFE Pakistan Titans 15 Index. The Fund will invest all or substantially all, of its assets in securities that make up the target index. Excess cash, if any, may be kept in daily return bank deposits or short term money market instruments. The Fund is not allowed to take leveraged investment positions. This fund also provides a low cost exposure to a portfolio primarily holding blue chip liquid stocks selected on the basis of free float market capitalization and liquidity.

## Manager's Review

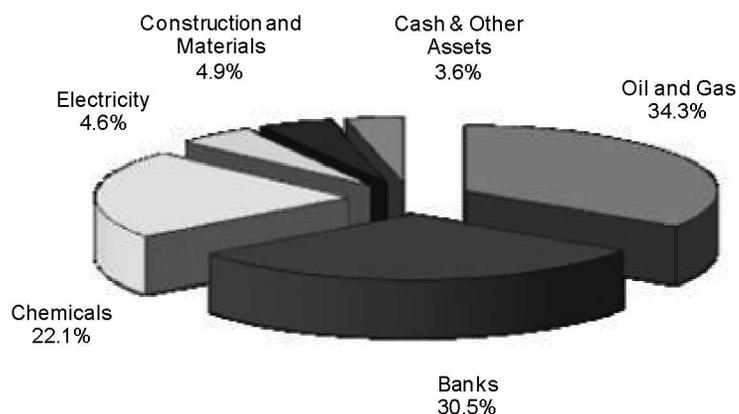
AH Dow Jones Safe Pakistan Titans 15 Index Fund (AHDJPF) was launched on October 2010 with an aim of providing investors with a total return that before expenses closely corresponds to the return of the Dow Jones SAFE Pakistan Titans 15 Index. In line with the fund's objective, the fund had employed a passive management approach to replicate the performance of the constituents during the year.

Post-merger, the fund had to reduce its exposure in MCB Bank to remain compliant with the group company exposure. However, during first quarter SECP notified amendments in NBFC Regulations which permitted the fund to replenish its exposure in MCB Bank according to the index weight.

The fund started the year with an equity allocation of 83.7%. Maximum equity allocation during the year remained 96.4% while minimum was 83.7%. Average equity allocation during the year comes out to be around 93.64%. This under allocation increased tracking error of the fund which resulted in underperformance of the fund vis-à-vis its benchmark and fund was able to deliver 6.5% return against benchmark return of 8.3% in 2012. Market largely remained depressed during the first half of the year which was followed by a mostly unidirectional bullish trend during second half of the year. Capital gains tax amnesty scheme was the hallmark for strong stock market performance during the latter half, while better than expected financial performance of many key sectors and companies coupled with declining interest rate outlook also supported the momentum.

Since inception of the fund in October 2010, the fund generated a return of 23.6% as against its benchmark return of 29.6% during the same period, an under-performance of 6%. The fund's Net Assets declined by around 18% from PKR 123 million at the beginning of the year to PKR 101 million as on June 30, 2012. The decline in net assets of the fund is primarily attributable to positive returns of the local stock exchanges as some investors opted to realize capital gains of the fund.

## Asset Allocation as on June 30, 2012 (% of total assets)



**Mr. Mohsin Pervaiz**  
Fund Manager

Karachi: August 15, 2012

**AH DOW JONES SAFE PAKISTAN TITANS 15 INDEX FUND  
TRUSTEE REPORT TO THE UNIT HOLDERS  
FOR THE YEAR ENDED JUNE 30, 2012**



**REPORT OF THE TRUSTEE TO THE UNIT HOLDERS**

**AH DOW JONES SAFE PAKISTAN TITANS 15 INDEX FUND**

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

AH Dow Jones Safe Pakistan Titans 15 Index Fund, an open-end scheme established under a Trust Deed dated March 30, 2010 executed between Arif Habib Investments Limited, as the Management Company and MCB Financial Services Limited, as the Trustee. The Scheme was authorized by Securities and Exchange Commission of Pakistan (Commission) on April 22, 2010.

1. Arif Habib Investments Limited, the Management Company of AH Dow Jones Safe Pakistan Titans 15 Index Fund, has in all material respects managed AH Dow Jones Safe Pakistan Titans 15 Index Fund, during year ended June 30, 2012 in accordance with the provisions of the following:
  - (i) the limitations imposed on the Asset Management Company and the Trustee under the trust deed and other applicable laws;
  - (ii) the valuation or pricing is carried out in accordance with the deed and any regulatory requirement;
  - (iii) the creation and cancellation of units are carried out in accordance with the deed;
  - (iv) and any regulatory requirement

For the purpose of information, the attention of unit holder's is drawn towards auditor's report and note 13 to financial statements relating to the pending outcome of the litigation regarding contribution to Worker's Welfare Fund (WWF) in Honorable Sindh High Court. In vie of the matters more fully discussed in the above note, provision against amounting to Rs. 0.464 million is not being maintained by the Fund.

A handwritten signature in black ink, appearing to read 'Anwar', is positioned above the printed name of the Chief Executive Officer.

Khawaja Anwar Hussain  
Chief Executive Officer  
MCB Financial Services Limited

Karachi: October 18, 2012

## **AH DOW JONES SAFE PAKISTAN TITANS 15 INDEX FUND STATEMENT OF THE COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2012**

This statement is being presented by the Board of Directors of Arif Habib Investments Limited ("the Management Company"), the Management Company of AH Dow Jones Safe Pakistan Titans 15 Index Fund ("the Fund") to comply with the Code of Corporate Governance (the Code) contained in Regulation no. 35 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.

AH Dow Jones Safe Pakistan Titans 15 Index Fund is an open end mutual fund and is listed at Karachi Stock Exchange. The Fund, being a unit trust scheme, does not have its own Board of Directors. The Management Company, Arif Habib Investments Limited, on behalf of the Fund, has applied the principles contained in the Code in the following manner:

1. The Management Company encourages representation of independent non-executive directors on its Board of Directors. At present the Board includes

Category	Names
Independent Directors	1. Dr. Salman Shah 2. Mr. Haroun Rashid 3. Mr. Mirza Mehmood
Executive Directors	1. Mr. Nasim Beg - Executive Vice Chairman 2. Mr. Yasir Qadri - Chief Executive Officer
Non - Executive Directors	1. Mian Mohammad Mansha 2. Mr. Ahmed Jehangir 3. Mr. Samad Habib

The independent directors meets the criteria of independence under clause i (b) of the Code.

2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including the Management Company.
3. All the resident directors of the Management Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. During the period no casual vacancy occurred on the board of the Management Company
5. The Management Company had prepared a 'Code of Conduct' and ensured that appropriate steps had been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed vision / mission statement, overall corporate strategy and significant policies of the Management Company. A complete record of particulars of significant policies along with the dates on which they 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 determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other executive and non-executive directors, have been taken by the Board. No new appointment of Chief Executive Officer, other executive and non-executive directors were made during the year.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose 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. As required by the Code, all the directors of the Management Company will attend the training Program for directors by the year 2016. Currently, two of the directors are exempt from obtaining mandatory training having the requisite qualification and experience. Accordingly, the Management Company is compliant with this requirement for the current year. Further Directors' have also being briefed about the recent changes made in laws and regulations to enable them to effectively manage the affairs of the management company.
10. No new appointments of Chief Financial Officer and Company Secretary were made during the year. The Board has approved the remuneration and terms and conditions of employment, as determined by the Chief Executive Officer. Subsequent to the year end, the Management Company has appointed Head of Internal Audit who is also planned to be designated as the secretary to the Audit Committee in the upcoming Audit Committee meeting.
11. The Directors' Report of the fund for the year ended June 30, 2012 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by Chief Executive Officer and Chief Financial Officer of the Management Company before approval of the Board.
13. The Directors, Chief Executive Officer and executives of the Management Company do not hold any interest in the units of the Fund other than that disclosed in the pattern of unit holding.
14. The Management Company has complied with all the corporate and financial reporting requirements of the Code.

**AH DOW JONES SAFE PAKISTAN TITANS 15 INDEX FUND  
STATEMENT OF THE COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE  
FOR THE YEAR ENDED JUNE 30, 2012**

15. The Board has formed an Audit Committee for the Management Company. It comprises of four members, three of whom are the directors of the Management Company. Two are non-executive directors and the Chairman of the Committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of the interim and final results of the Fund and as required by the Code. The terms of reference of the committee have been approved by the Board and advised to the committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises four members, of whom two are non-executive directors and the chairman of the committee is an independent director.
18. During the year, the Management Company has outsourced the internal audit function to Ernst & Young Ford Rhodes Sidat Hyder & Co. Chartered Accountants who are considered to be suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Management Company.
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 Company and units of the fund. The firm and all its partners are also in compliance with International Federation of Accountants guidelines on code of ethics as adopted by ICAP.
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 International Federation of Accountants guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities and Fund's unit, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles enshrined in the Code have been complied with towards which reasonable progress is being made by the company to seek compliance by the end of next accounting year.

On behalf of the Board

**Yasir Qadri**  
Chief Executive Officer

Karachi: August 15, 2012

**AH DOW JONES SAFE PAKISTAN TITANS 15 INDEX FUND  
REVIEW REPORT TO THE UNIT HOLDERS ON THE  
STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES  
OF THE CODE OF CORPORATE GOVERNANCE**



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**Review report to the Unit holders of AH Dow Jones SAFE Pakitan Titan 15 Index Fund “the Fund” 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 (“Statement of Compliance”) prepared by the Board of Directors of Arif Habib Investments Limited, (“the Management Company”) of the Fund to comply with the Listing Regulations of 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 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 (x) of Listing Regulations 35 notified by the Karachi Stock Exchange (Guarantee) Limited 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 procedures to determine whether the related party transactions were under taken 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 for the year ended 30 June 2012.

We draw attention to paragraph 10 of the annexed Statement of Compliance which explains that subsequent to year end the Management Company has appointed Head of Internal Audit who is also planned to be designated as Secretary to the Audit Committee in the upcoming Audit Committee meeting.

**Date: 15 August 2012**

**Karachi**

*KPMG 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.

# AH DOW JONES SAFE PAKISTAN TITANS 15 INDEX FUND INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



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Chartered Accountants  
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Karachi, 75530 Pakistan

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Fax + 92 (21) 3568 5095  
Internet [www.kpmg.com.pk](http://www.kpmg.com.pk)

## **Independent Auditors' Report to the Unit Holders**

### *Report on the Financial Statements*

We have audited the accompanying financial statements of **AH Dow Jones SAFE Pakistan Titans 15 Index Fund** ("the Fund"), which comprise of the statement of assets and liabilities as at 30 June 2012, and the income statement, statement of comprehensive income, distribution statement, cash flow statement, statement of movement in unit holders' fund for the year ended 30 June 2012 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 of the 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 Fund's preparation 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 Fund'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 2012, and of its financial performance, cash flows and transactions for the year ended 30 June 2012 in accordance with approved accounting standards as applicable in Pakistan.

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.

**AH DOW JONES SAFE PAKISTAN TITANS 15 INDEX FUND  
INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS**



**KPMG Taseer Hadi & Co.**

*Emphasis of matter*

We draw attention to note 13 to the financial statements relating to provision for Workers' Welfare Fund (WWF) which refers to the pending outcome of the litigation regarding contribution to WWF in Honourable Sind High Court. In view of the matter more fully discussed in the above note, provision against WWF amounting to Rs. 0.464 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: 15 August 2012**

**Karachi**

*KPMG Taseer Hadi & Co.*

**KPMG Taseer Hadi & Co.**

**Chartered Accountants**

**Mazhar Saleem**

# **FINANCIAL STATEMENTS**

**AH DOW JONES SAFE PAKISTAN TITANS 15 INDEX FUND  
STATEMENT OF ASSETS AND LIABILITIES  
AS AT JUNE 30, 2012**

	<i>Note</i>	<b>2012</b>	2011
		<b>(Rupees in '000)</b>	
<b>Assets</b>			
Bank balances	4	228	1,682
Investments	5	97,846	108,713
Dividend and profit receivable	6	217	521
Advances deposits and prepayments	7	2,600	2,600
Preliminary expenses and floatation costs	8	658	858
Receivable against sale of investments		-	12,734
Receivable against sale of units		-	25
<b>Total assets</b>		<b>101,549</b>	127,133
<b>Liabilities</b>			
Payable to the Management Company	9	93	3,812
Payable to Trustee	10	55	57
Annual Fee payable to Securities and Exchange Commission of Pakistan	11	109	80
Accrued expenses and other liabilities	12	664	497
<b>Total liabilities</b>		<b>921</b>	4,446
<b>Contingency</b>	13		
<b>Net assets</b>		<b>100,628</b>	122,687
<b>Unit holders' fund</b> (as per the statement attached)		<b>100,628</b>	122,687
		<b>(Number of units)</b>	
<b>Number of units in issue</b> (face value of units is Rs. 50 each)		<b>1,749,946</b>	2,114,290
		<b>(Rupees)</b>	
<b>Net asset value per unit</b>		<b>57.50</b>	58.03

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

**For Arif Habib Investments Limited  
(Management Company)**

  
\_\_\_\_\_  
Director

**AH DOW JONES SAFE PAKISTAN TITANS 15 INDEX FUND  
INCOME STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2012**

	<i>Note</i>	<b>For the year ended 30 June 2012</b>	For the period from 16 August 2010 to 30 June 2011
		<b>(Rupees in '000)</b>	
<b>Income</b>			
Profit on bank deposits		415	422
Dividend income		8,527	5,180
(Loss)/Gain on sale of investments - net		(641)	2,080
Unrealized appreciation in the value of investments 'at fair value through profit and loss'		2,733	11,815
<b>Total income</b>		<b>11,034</b>	<b>19,497</b>
<b>Expenses</b>			
Remuneration to the Management Company	9.1	1,144	846
Service tax charges	9.2	183	-
Remuneration to Trustee	10.1	700	497
Annual fee to Securities and Exchange Commission of Pakistan	11	109	80
Settlement and bank charges		227	155
Auditor's remuneration	14	499	419
Brokerage and FED charges		127	323
Annual listing fee		130	80
Professional charges		186	75
Printing and related cost		108	105
Amortisation of preliminary expenses and floatation costs	8.1	200	142
<b>Total expenses</b>		<b>3,613</b>	<b>2,722</b>
<b>Net income from operating activities</b>		<b>7,421</b>	<b>16,775</b>
Net element of (loss)/income and capital (losses)/gains included in prices of units issued less those in units redeemed		(1,188)	198
<b>Net income carried forward</b>		<b>6,233</b>	<b>16,973</b>
Earning per unit	16		

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

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

**For Arif Habib Investments Limited  
(Management Company)**

  
\_\_\_\_\_  
Director

**AH DOW JONES SAFE PAKISTAN TITANS 15 INDEX FUND  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2012**

	<b>For the year ended 30 June 2012</b>	For the period from 16 August 2010 to 30 June 2011
	<b>(Rupees in '000)</b>	
Net income for the year / period	<b>6,233</b>	16,973
Other comprehensive income	-	-
<b>Total comprehensive income for the year / period</b>	<b><u>6,233</u></b>	<b><u>16,973</u></b>

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

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

**For Arif Habib Investments Limited  
(Management Company)**

  
\_\_\_\_\_  
Director

**AH DOW JONES SAFE PAKISTAN TITANS 15 INDEX FUND  
DISTRIBUTION STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2012**

	<b>For the year ended 30 June 2012</b>	For the period from 16 August 2010 to 30 June 2011
	<b>(Rupees in '000)</b>	
Undistributed income brought forward		
- Unrealized gains	11,815	-
- Realised gains	5,158	-
	<u>16,973</u>	<u>-</u>
Final distribution at the rate of Rs. 2.2 per unit for the year ended 30 June 2011		
- Issue of bonus units	(3,771)	-
- Cash dividend	(880)	-
	<u>(4,651)</u>	<u>-</u>
Final distribution at the rate of Rs. 1.912 per unit for the year ended 30 June 2012 (date of distribution: 25 June 2012)		
- Issue of bonus units	(1,343)	-
- Cash dividend	(1,957)	-
	<u>(3,300)</u>	<u>-</u>
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount representing unrealised appreciation / (diminution)	(2,124)	-
Comprehensive income for the year / period	6,233	16,973
Undistributed income carried forward	<u>13,131</u>	<u>16,973</u>
Undistributed income carried forward:		
- Unrealized gains	10,587	11,815
- Realised gains	2,544	5,158
Undistributed income carried forward	<u>13,131</u>	<u>16,973</u>

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

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

**For Arif Habib Investments Limited  
(Management Company)**

  
\_\_\_\_\_  
Director

**AH DOW JONES SAFE PAKISTAN TITANS 15 INDEX FUND  
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND  
FOR THE YEAR ENDED JUNE 30, 2012**

	<b>For the year ended 30 June 2012</b>	<b>For the period from 16 August 2010 to 30 June 2011</b>
	<b>(Rupees in '000)</b>	
Net assets at the beginning of the period	122,687	-
Issuance of 32,659 units (2011: 2,408,918 units) for the period	1,799	122,726
Issue of 91,127 bonus units (2011: Nil) for the period	5,114	-
Redemption of 488,129 units (2011: 294,628 units) for the period	(28,442)	(16,814)
	<b>(21,529)</b>	105,912
Element of (income) / loss in prices of units issued less those in units redeemed		
- amount representing loss/(income) and capital losses/(gain) transferred to the Income Statement	1,188	(198)
- amount representing unrealised capital losses that forms part of unit holder's fund transferred to Distribution Statement	2,124	-
	<b>3,312</b>	<b>(198)</b>
Element of loss representing unrealised capital losses that forms part of unit holder's fund transferred to Distribution Statement	<b>(2,124)</b>	-
Final distribution for the year ended 30 June 2011 @ Rs. 2.2 per unit		
- Cash distribution	(880)	-
- Bonus distribution	(3,771)	-
	<b>(4,651)</b>	-
Final distribution at the rate of Rs. 1.912 per unit for the year ended 30 June 2012 (date of distribution: 25 June 2012)		
- Cash distribution	(1,957)	-
- Bonus distribution	(1,343)	-
	<b>(3,300)</b>	-
Capital Gain/(Loss) on Sale of Investment	(641)	2,080
Unrealised (diminution) / appreciation in the value of investments 'at fair value through profit or loss'	2,733	11,815
Other Income for the year / period	4,141	3,078
Net income for the year / period	<b>6,233</b>	<b>16,973</b>
<b>Net assets at the end of the year / period</b>	<b>100,628</b>	<b>122,687</b>

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

  
Chief Executive Officer

**For Arif Habib Investments Limited  
(Management Company)**

  
Director

**AH DOW JONES SAFE PAKISTAN TITANS 15 INDEX FUND  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2012**

	<b>For the year ended 30 June 2012</b>	For the period from 16 August 2010 to 30 June 2011
	<b>(Rupees in '000)</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year / period	6,233	16,973
<b>Adjustments</b>		
Dividend income	(8,527)	(5,180)
Unrealised appreciation in the value of investments - 'at fair value through profit or loss'	(2,733)	(11,815)
Amortisation of preliminary expenses and floatation costs	200	142
Net element of (income) and capital (gains) included in prices of units issued less those in units redeemed	1,188	(198)
	<u>(3,639)</u>	<u>(78)</u>
<b>(Increase) in assets</b>		
Investments	13,601	(96,898)
Profit receivable	8	(13)
Receivable against sale of investments	12,734	(12,734)
Receivable against sale of units	25	(25)
Advances, deposits, prepayments and other receivables	-	(3,600)
	<u>26,368</u>	<u>(113,270)</u>
<b>Increase in liabilities</b>		
Payable to the Management Company	(3,719)	3,812
Payable to Trustee	(2)	57
Annual fee payable to Securities and Exchange Commission of Pakistan	29	80
Accrued expenses and other liabilities	167	497
	<u>(3,525)</u>	<u>4,446</u>
Dividend received	8,823	4,672
<b>Net cash generating from / (used in) operating activities</b>	<u>28,027</u>	<u>(104,230)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend Paid	(2,837)	-
Net receipts from issuance / redemption of units	(26,644)	105,912
<b>Net cash (used in) / generated from financing activities</b>	<u>(29,481)</u>	<u>105,912</u>
Net increase in cash and cash equivalents during the year / period	<u>(1,454)</u>	<u>1,682</u>
Cash and cash equivalents at the beginning of the year / period	1,682	-
Cash and cash equivalents at the end of the year / period	<u>228</u>	<u>1,682</u>

  
Chief Executive Officer

For Arif Habib Investments Limited  
(Management Company)

  
Director

**AH DOW JONES SAFE PAKISTAN TITANS 15 INDEX FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

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

AH Dow Jones SAFE Pakistan Titans 15 Index Fund (the Fund) was established under a Trust Deed executed on 30 March 2010 between Arif Habib Investments Limited as Management Company and MCB Financial Services Limited as Trustee of the Fund. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on 19 March 2010 in accordance with the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

Formation of the Fund as open end fund was authorized by SECP on 22 April 2010. The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by SECP. The registered office of the Management Company is situated at 8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi, Pakistan.

Based on shareholders' resolutions of MCB Asset Management Company Limited (MCBAMCL) and Arif Habib Investment Limited (AHIL) the two companies have merged as of 27 June 2011 through operation of an order from the Securities and Exchange Commission of Pakistan (SECP) issued under Section 282L of the Companies Ordinance 1984 (Order through letter no. SCD/NBFC-II/MCBAMCL & AHIL/271/2011 dated 10 June 2011). AHIL being a listed company is the surviving entity and in compliance of SBP's approval, it is a subsidiary of MCB Bank. However subsequent to the completion of the merger, the SECP issued an order postponing the effective date of the merger to 30 July 2011 (through letter no. SCD/PR & DD/AMCW/MCB-AMCL & AHI/348/2011 dated 27 June 2011). Since the merger had already taken place and the subsequent order of the SECP could not be complied with, the Company has sought a ruling by the Honourable Sindh High Court (SHC). The Honourable SHC has held the SECP's subsequent order in abeyance and instructed SECP to treat the companies as merged pending a final ruling. Irrespective of the final ruling, the Fund's assets and NAV remain unaffected.

The Fund is an index tracker scheme and aims to provide investors with a total return that before, expenses closely corresponds to the return of the Dow Jones SAFE Pakistan Titans 15 Index by tracking the return of Dow Jones SAFE Pakistan Titans 15 Index, thus providing exposure to the constituents of Dow Jones SAFE Pakistan Titans 15 Index in a single security.

The Fund invests in local equity stocks in respective weightages of Dow Jones SAFE Pakistan Titans 15 Index to achieve the investment objective. The fund manager monitors the performance of the Fund and the benchmark index on a continuous basis. Upon Rebalancing of the Index the Management Company may also rebalance the portfolio within 21 Dealing Days with the objective to minimize the tracking error.

The Fund shall strive to remain fully invested in accordance with the stated index; however, under no circumstances shall it be invested less than 85% of its net assets in securities covered in the index during the year based on monthly average investment calculated on daily basis. The uninvested amount shall be kept in:

- (a) Cash and / or near cash instruments where near cash instruments include cash in bank account (excluding TDRs); and

**AH DOW JONES SAFE PAKISTAN TITANS 15 INDEX FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

(b) Treasury Bills not exceeding 90 Days maturity.

The duration of the Fund is perpetual. It offers and redeems units on a continuous basis.

The initial offer price of the units was Rs 50 per unit.

Title to the assets of the Fund are held in the name of MCB Financial Services Limited as trustee of the Fund.

**2. BASIS OF PRESENTATION**

**2.1 Statement of compliance**

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 and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC rules and regulations). In case, the requirements differ, the provisions or directives of the Companies Ordinance, 1984, the requirements of the Trust Deed and Non Banking Finance Companies (Establishment and Regulation) Rules, 2003, Non Banking Finance Companies and Notified Entities Regulations, 2008 shall prevail.

**2.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention, except that investments are measured at fair value.

**2.3 Functional and presentation currency**

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

**2.4 Use of estimates and judgment**

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan 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 the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are 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 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 in the next year are as follows:

**AH DOW JONES SAFE PAKISTAN TITANS 15 INDEX FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

- Classification and valuation of investments (Note 3.1, 3.10 and 18)
- Workers welfare fund liability (Note 13)
- Taxation (Note 3.8)
- Other assets - Judgment is involved in assessing the realisability of other assets balances.

**2.5 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:

Amendments to IAS 12 – deferred tax on investment property (effective for annual periods beginning on or after 1 January 2012). The 2010 amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset’s economic benefits over the life of the asset. The amendment has no impact on financial statements of the Fund.

IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation.

Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after 1 July 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard. The amendments would result in certain changes in disclosure.

IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective 1 January 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on financial statements of the Fund.

**AH DOW JONES SAFE PAKISTAN TITANS 15 INDEX FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on financial statements of the Fund.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of ‘currently has a legally enforceable right of set-off’; and that some gross settlement systems may be considered equivalent to net settlement. The amendments have no impact on financial statements of the Fund.

Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement. The amendments have no impact on fund’s financial statements.

Annual Improvements 2009–2011 (effective for annual periods beginning on or after 1 January 2013). The new cycle of improvements contains amendments to the following five standards, with consequential amendments to other standards and interpretations.

- IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the ‘third statement of financial position’, when required, is only required if the effect of restatement is material to statement of financial position. The amendments have no impact on fund’s financial statements.
- IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of ‘property, plant and equipment’ in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories. The amendments have no impact on fund’s financial statements.
- IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12. The amendments have no impact on fund’s financial statements.

**AH DOW JONES SAFE PAKISTAN TITANS 15 INDEX FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

- IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment. The amendments have no impact on fund's financial statements.

The amendments in IAS 16 would result in reclassification of certain plant specific spares amounting to Rs. – million at 30 June 2012 as property, plant and equipment when the amended standard becomes applicable. The other amendments have no impact on financial statements of the Company. The amendments have no impact on financial statements of the Fund.

IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after 1 January 2013). The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The amendments have no impact on financial statements of the Fund.

**SIGNIFICANT ACCOUNTING POLICIES**

3. The following significant accounting policies have been applied in the preparation of these financial statements. These accounting policies have been applied consistently to all years presented.

**Financial instruments**

- 3.1 The Fund classifies its financial instruments in the following categories:

*a) Financial instruments at fair value through profit or loss*

An instrument is classified at fair value through profit or loss if it is held-for-trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss upon initial recognition if the Fund manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Fund's documented risk management or investment strategy. Financial assets which are acquired principally for the purpose of generating profit from short term price fluctuation or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading or a derivative.

Upon initial recognition attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes there in are recognised in Income Statement.

**AH DOW JONES SAFE PAKISTAN TITANS 15 INDEX FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

*b) Available-for-sale*

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any other category.

*c) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the Fund as fair value through profit or loss or available-for-sale. This includes receivable against sale of investments and other receivables and are carried at amortised cost using the effective yield method, less impairment losses, if any.

*d) Financial liabilities*

Financial liabilities, other than those at fair value through profit or loss, are measured at amortised cost using the effective yield method.

*Recognition*

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

A regular way purchase of financial assets is recognised using trade date accounting. From this date, any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded.

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

*Measurement*

Financial instruments are measured initially at Fair Value (transaction price) plus, in case of a financial instruments not at 'fair value through profit or loss', transaction costs that are directly attributable to the acquisition or issue of the financial instruments. Transaction costs on financial instrument at fair value through profit or loss are expensed out immediately.

Subsequent to initial recognition, financial instruments classified as at 'fair value through profit or loss' and available for sale' are measured at fair value. Gains or losses arising, from changes in the fair value of the financial assets 'at fair value through profit or loss' are recognised in the Income Statement.

Changes in the fair value of financial instruments classified as 'available-for-sale' are recognised in Unit Holders' Funds until derecognised or impaired, when the accumulated adjustments recognised in Unit Holders' Funds are included in the Income Statement. Unquoted securities are carried at investment price or break-up value which ever is lower, except for government and debt securities which are stated at fair value.

*Basis of valuation of Equity Securities*

The fair value of quoted equity securities is based on their price quoted on the Karachi Stock Exchange at the balance sheet date.

**AH DOW JONES SAFE PAKISTAN TITANS 15 INDEX FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

*Basis of valuation of Government Securities*

The investment in government securities are valued at their fair values (determined by reference to the quotations obtained from the PKRV rate sheet on the Reuters page), based on the remaining tenor of the security. Mark up accrued on treasury bills are included in the carrying value of these investments.

*Derecognition*

The Fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expires or it transfers the financial asset and the transfer qualifies for derecognition in accordance with International Accounting Standard 39: Financial Instruments; Recognition and Measurement.

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

*Derivatives Financial Instruments*

These are measured at fair value. The fair value of a derivative is based on quoted bid price of Stock Exchange ruling at the balance sheet date. Derivatives with positive market values (unrealized gains) are included in other assets and derivatives with negative market values (unrealized losses) are included in other liabilities in the balance sheet. The resultant gains and losses are included in the income currently. Gain or loss on remeasurement of value of derivative financial instrument is recognised in income statement.

**3.2 Unit holders' Fund**

Unit holders' Fund represents the units issued by the Fund, carried at the redemption amount representing the investors' right to a residual interest in the Fund assets.

**3.3 Issue and redemption of units**

Units issued are recorded at the offer price determined by the Management Company for the application received by the distributors during business hours on that date. The offer price represents the net assets value per units as of the close of business day plus the allowable front-end load, provision for transaction cost and any provision for duties and charges, if applicable. The front-end load is payable to the investment facilitator, distributors and the Management Company.

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

**3.4 Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units repurchased**

An equalisation account called the "element of income / (loss) and capital gain / (losses) 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.

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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”). As per the revised calculation element to the extent that it is represented by income / (loss) earned / (incurred) during the period is recognised in the income statement and the element represented by income/ (loss) earned / (incurred) carried forward from prior year is included in the distribution statement. Previously the entire element was recorded 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 2012 would have been higher by Rs. 2.124 million.

**3.5 Provisions**

A provision is recognised in the balance sheet when the Fund has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provision are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

**3.6 Preliminary expenses and floatation cost**

Preliminary expenses and floatation costs represents expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortised over the period of five years from 15 October 2010 as per the Trust deed of the Fund approved by Securities and Exchange Commission of Pakistan.

**3.7 Net asset value per unit**

The net asset value per unit as disclosed on the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in issue.

**3.8 Taxation**

The income of the Fund is exempt from income tax under clause 99 of part I of the second schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed among the unit holders.

**3.9 Revenue recognition**

Gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.

Unrealised gains / (losses) arising on revaluation of investments classified as financial assets at fair value through profit or loss and derivatives are included in the Income Statement in the period in which they arise.

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Unrealised gains / (losses) arising on the revaluation of derivatives to fair value are taken to the Income Statement in the period in which they arise.

Dividend income is recognised when the right to receive the payment is established

Income on government securities is recognised on accrual basis using the effective interest rate method.

Profit on bank deposit is recognised on time proportion basis taking into account effective yield.

Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed is included in the Income Statement on the date of issue and redemption of units (subject to para 3.4).

**3.10 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.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of estimated cash flows discounted at the original effective interest rate.

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 income statement.

**3.11 Expenses**

All expenses are recognised in the income statement on an accrual basis.

**3.12 Cash and cash equivalents**

For the purpose of cash flow statement, cash and cash equivalents comprise of balances with the banks and deposits with bank having original maturities of three months or less.

**3.13 Offsetting of financial instruments**

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

**3.14 Other assets**

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

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**3.15 Proposed dividend and transfer between reserves**

Dividends declared and transfers between reserves made subsequent to the balance sheet date are considered as non-adjusting events and are recognised in the financial statements in the period in which such dividends are declared / transfers are made.

<b>4. BANK BALANCES</b>	<b>2012</b>	<b>2011</b>
	<b>(Rupees in '000)</b>	
4.1	<u><b>228</b></u>	<u><b>1,682</b></u>
In deposit accounts		

**4.1** These balances in saving deposit accounts is maintained with a Habib Metropolitan Bank Limited (a connected person) carrying profit rates ranging from of 9.5% to 10.5% per annum (2011: 5% to 10.5%).

**5. INVESTMENTS - 'AT FAIR VALUE THROUGH PROFIT OR LOSS' (held for trading)**

	<b>2012</b>	<b>2011</b>
	<b>(Rupees in '000)</b>	
Investment in shares listed in Pakistan	5.1 <u><b>97,846</b></u>	<u><b>108,713</b></u>

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### 5.1 Investment in shares listed in Pakistan

	Number of shares			Balance as at 30 June 2012		Market value as percentage of net assets	Market value as percentage of total investments	Par value as percentage of issued capital of the investee company
	As at 1 July 2011	Purchases during the period	Bonus / right issue	Sales during the period	As at 30 June 2012			
	As at 1 July 2011	Purchases during the period	Bonus / right issue	Sales during the period	As at 30 June 2012	Cost	Carrying / Market value	Appreciation / (diminution)
SHARES OF LISTED COMPANIES - Fully paid ordinary shares of Rs. 10 each unless stated otherwise								
------(Rupees in '000)-----								
<b>Oil and gas producers</b>								
Pakistan State Oil Company Limited	22,271	4,642	-	(7,459)	19,454	5,123	4,588	(535)
Pakistan Oilfields Limited	19,196	3,559	-	(5,922)	16,833	6,076	6,177	101
Pakistan Petroleum Limited	45,291	9,336	4,854	(15,936)	43,545	8,183	8,199	16
Oil and Gas Development Company Limited	188,669	6,167	-	(95,809)	99,027	15,192	15,888	696
						34,574	34,852	278
<b>Chemicals</b>								
Dawood Hercules Chemicals Limited	50,273	7,641	-	(57,914)	-	-	-	-
Fatima Fertilizer Company Limited	-	156,067	-	(15,085)	140,982	3,288	3,478	190
Fauji Fertilizer Company Limited	83,341	15,418	41,639	(31,317)	109,081	11,046	12,113	1,067
Fauji Fertilizer Bin Qasim Limited	53,024	8,811	-	(15,482)	46,353	1,966	1,892	(74)
Engro Corporation Limited	42,695	8,612	12,756	(15,439)	48,624	5,996	4,952	(1,044)
						22,296	22,435	139
<b>Construction and Materials</b>								
Lucky Cement Limited	40,286	13,980	-	(11,571)	42,695	3,422	4,927	1,505
						3,422	4,927	1,505
<b>Electricity</b>								
Hub Power Company Limited	125,888	21,879	-	(37,499)	110,268	4,140	4,619	479
						4,140	4,619	479
<b>Banks</b>								
Bank AL-Habib Limited	126,416	25,081	18,786	(42,603)	127,680	3,286	3,635	349
Habib Bank Limited	27,072	5,644	2,695	(20,478)	14,933	1,580	1,685	105
MCB Bank Limited	61,023	84,137	12,311	(37,306)	120,165	20,464	19,976	(488)
National Bank of Pakistan	73,187	13,731	7,201	(23,632)	70,487	3,239	3,069	(170)
United Bank Limited	38,578	7,553	-	(12,354)	33,777	2,112	2,648	536
						30,681	31,013	332
<b>Total - 30 June 2012</b>						<b>1,043,904</b>	<b>97,846</b>	<b>2,733</b>
<b>Total - 30 June 2011</b>						<b>1,037,496</b>	<b>108,713</b>	<b>11,815</b>

**5.1.1** Investments include shares with market value of Rs.43,307,927 which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in term of Circular No. 11 dated 23 October 2007 issued by the Securities & Exchange Commission of Pakistan.

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**6. DIVIDEND AND PROFIT RECEIVABLE**

Dividend receivable	<b>212</b>	508
Profit receivable on bank deposit	<b>5</b>	13
	<u><b>217</b></u>	<u>521</u>

**7. ADVANCES DEPOSITS AND PREPAYMENTS**

Deposit with Central Depository Company of Pakistan Limited	<b>100</b>	100
Deposit with National Clearing Company of Pakistan Limited	<b>2,500</b>	2,500
	<u><b>2,600</b></u>	<u>2,600</u>

**8. PRELIMINARY EXPENSES AND FLOATATION COSTS**

Preliminary expenses and floatation costs	<b>858</b>	1,000
Amortisation during the period	<b>(200)</b>	(142)
	<u><b>658</b></u>	<u>858</u>

**8.1** This represents expenses incurred on the formation of the Fund. The offering document of the Fund, approved by the Securities and Exchange Commission of Pakistan, permits the deferral of the cost over a period not exceeding five years. Accordingly the said expenses are being amortised over a period of five years effective from 15 October 2010, i.e. after the close of initial public offer of the Fund.

**9. PAYABLE TO THE MANAGEMENT COMPANY**

Management fee	9.1	<b>80</b>	102
Sindh sales tax	9.2	<b>13</b>	-
Preliminary expenses and floatation costs		-	1,000
Other payables		-	2,710
		<u><b>93</b></u>	<u>3,812</u>

**9.1** Under the provisions of NBFC Regulations 2008, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter of an amount equal to two percent of such assets of the Fund. The Management Company has charged its remuneration at the rate of 1% per annum. The management fee is monthly paid to the Management Company in arrears.

**9.2** During the current period the Sindh government has levied General Sales Tax at the rate of 16% on the remuneration of the Management Company through Sindh Sales Tax on Services Act 2011 effective from 1 July 2011. Accordingly the Management fee charged during the year includes General Sales Tax.

**9.3** During the year, the Fund has reimbursed Rs. 1 million in respect of preliminary expenses and floatation costs and Rs. 2.710 million in respect of account opening deposit to bank, central depository company of Pakistan and National Clearing Company of Management Company.

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<b>10. PAYABLE TO TRUSTEE</b>		<b>2012</b>	<b>2011</b>
		<b>(Rupees in '000)</b>	
Trustee fee	10.1	<u>55</u>	<u>57</u>

**10.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the average daily net asset value of the Fund. The remuneration has been paid to the trustee according to the following tariff structure:

<b>Amount of Funds under Management (Average Net Asset Value)</b>	<b>Tariff per annum</b>
On Net Assets upto Rs. 500 million	Rs. 0.7 million or 0.20% per annum of the Net Assets, which ever is higher.
On Net Assets exceeding Rs.500 million to Rs. 1,000 million	Rs.1.0 million plus 0.15% per annum of the amount exceeding Rs.500 million.
On Net Assets exceeding Rs.1,000 million to Rs. 2,000 million	Rs.1.75 million plus 0.08% per annum of the amount exceeding Rs.1,000 million.
On Net Assets over Rs. 2,000 million	Rs.2.55 million plus 0.05% per annum of the amount exceeding Rs.2,000 million.

<b>11. ANNUAL FEE PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>		<b>2012</b>	<b>2011</b>
		<b>(Rupees in '000)</b>	
SECP Fee	11.1	<u>109</u>	<u>80</u>

**11.1** 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% of the average daily net assets of the fund in accordance with regulation 62 of NBFC Regulations, 2008.

**12. ACCRUED EXPENSES AND OTHER LIABILITIES**

Brokerage and FED payable	<b>34</b>	20
Auditors' remuneration	<b>340</b>	270
Legal and professional charges	<b>79</b>	75
Capital gain tax payable	-	42
Others	<b>211</b>	90
	<u><b>664</b></u>	<u>497</u>

**13. CONTINGENCY**

**Provision for Worker's 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 may be construed 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 Honourable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending for an adjudication.

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Subsequent to the year ended 30 June 2010, 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. However on 14 December 2010 the Ministry filed its response against the Constitutional petition requesting the court to dismiss the petition. According to the legal council who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in Court.

Subsequent to 30 June 2011, the Honourable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. The Management Company is hopeful that the decision of the LHC, will lend further support to the Constitutional Petition which is pending in the SHC. Pending the decision of the said constitutional petition, the Management Company believes that the Fund is not liable to contribute to WWF and hence no provision has been recognised by the Management Company. The aggregate unrecognised amount of WWF as at 30 June 2012 amounted to Rs 0.464 million.

<b>14. AUDITORS' REMUNERATION</b>	<b>2012</b>	<b>2011</b>
	<b>(Rupees in '000)</b>	
Annual audit fee	<b>230</b>	210
Half yearly review fee	<b>120</b>	100
Other certifications and services	<b>110</b>	90
Out of pocket expenses	<b>39</b>	19
	<b><u>499</u></b>	<b><u>419</u></b>

**15. 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 Regulation, 2008, the fund is required to distribute 90% of the net accounting income other than unrealised capital gains to the unit holders. The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance 2001. Since the Management Company has distributed the income earned by the Fund during the period to the unit holders in the manner explained above, no provision for taxation has been made in these financial statements.

**16. EARNINGS PER UNIT**

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

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

Connected persons of the Fund include the Management Company, other collective investment schemes being managed by the Management Company, MCB Bank Limited being the holding company of the Management Company, the Trustee, directors and key management personnel, other associated undertaking and investors holding 10% or more of units of the Fund.

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Rules 2003, the NBFC Regulations 2008 and Trust Deed respectively. Other transactions are at agreed rates.

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Details of transactions and balances at year end with related parties / connected persons, other than those which have been disclosed elsewhere in these financial statements, are as follows:

17.1 Transactions during the year / period with connected persons / related parties		For period ended 30 June 2012	For the period from 16 August 2010 to 30 June 2011	
(Rupees in '000)				
<i>Arif Habib Investments Limited - Management Company</i>				
Remuneration for the year / period		1,144	846	
Front end load for the year / period		-	73	
Mark-up on core investment		-	475	
<i>Arif Habib Limited</i>				
Brokerage	16.3	9	62	
<i>MCB Financial Services Limited - Trustee</i>				
Remuneration for the year / period		700	497	
<b>17.2 Balance outstanding as at the year / period end</b>				
<i>Arif Habib Investments Limited - Management Company</i>				
Remuneration payable		80	102	
Payable against Formation Costs		-	3,710	
<i>MCB Financial Services Limited - Trustee</i>				
Remuneration payable		55	57	
<b>Units sold to:</b>				
	2012		2011	
	Units	Rs in '000	Units	Rs in '000
Arif Habib Investments Limited - Management Company	-	-	600,000	30,000
Directors and executives of the Management Company	9,930	526	27,452	1,434
National Bank of Pakistan - more than 10% unit holder	-	-	600,000	30,000
Habib Metropolitan Bank Limited - more than 10% unit holder	-	-	400,000	20,000
Allied Bank Limited - more than 10% unit holder	-	-	400,000	20,000
<b>Units redeemed by:</b>				
Arif Habib Investments Limited - Management Company	213,465	13,000	-	-
Directors and executives of the Management Company	10,747	610	24,128	1,285
National Bank of Pakistan - more than 10% unit holder	20,927	1,192	-	-
Habib Metropolitan Bank Limited - more than 10% unit holder	175,654	10,000	-	-
Allied Bank Limited - more than 10% unit holder	29,184	1,645	-	-
<b>Bonus units issued:</b>				
Arif Habib Investments Limited - Management Company	37,407	2,104	-	-
Directors and executives of the Management Company	72	4	-	-
National Bank of Pakistan - more than 10% unit holder	44,570	2,512	-	-
Habib Metropolitan Bank Limited - more than 10% unit holder	23,819	1,339	-	-
Allied Bank Limited - more than 10% unit holder	29,184	1,645	-	-
<b>Units held by:</b>				
Arif Habib Investments Limited - Management Company	423,942	24,377	600,000	34,817
Directors and executives of the Management Company	597	34	3,324	193
National Bank of Pakistan - more than 10% unit holder	623,643	35,859	600,000	34,818
Habib Metropolitan Bank Limited - more than 10% unit holder	248,165	14,269	400,000	23,212
Allied Bank Limited - more than 10% unit holder	400,000	23,000	400,000	23,212

17.3 The amount disclosed represents the amount of brokerage paid to connected persons and not the purchase or sale value of securities transacted through them. The purchase or sale value has not been treated as transactions with connected persons as the ultimate counter parties are not connected persons.

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**18 FINANCIAL RISK MANAGEMENT**

The Board of Directors of Management Company has overall responsibility for the establishment and oversight of the Fund's risk management framework. The Board is also responsible for developing and monitoring the Fund's risk management policies.

The Fund's risk management policies are established to identify and analyze the risks faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The Fund primarily invests in equity securities of listed companies, Such investments are subject to varying degrees of risk. These risks emanate from various factors that include, but are not limited to:

- market risk
- credit risk
- liquidity risk
- operational risk

**18.1 Market risk**

Market risk is the risk that the value of the financial instruments may fluctuate as a result of changes in market interest rates or the market price of securities due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand for securities and liquidity in the market.

The Fund is passively managed, investing proportionately in the securities present in the underlying benchmark and is exposed to downside risk similar to that of the benchmark. Nevertheless, the Fund holds a diversified portfolio of 15 stocks from different economic sectors, which mitigates stock specific adverse price movement.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

*Currency risk*

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

*Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

At the reporting date, the interest rate profile of Funds' interest-bearing financial instruments is as follows:

		2012	2011
		(Rupees in '000)	
<b>Variable rate instruments</b>			
Financial assets	4	<u>228</u>	<u>1,682</u>

None of the financial liabilities carry any interest rate. In addition, none of the other financial assets bear variable interest rate.

*Fair Value sensitivity analysis for variable rate instruments*

A change of 100 basis points in interest rates at the year end would not have material impact on the loss for the year and unit holders' fund.

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*Other price risk*

Other price risk is the risk of changes in the fair value of equity securities as the result of changes in the levels of Karachi Stock Exchange (KSE) and other respective market indices and the value of individual shares. The equity price risk exposure arises from the Fund's investments in equity securities. This arises from investments held by the Fund for which prices in the future are uncertain. The Fund's policy is to manage price risk through diversification within specified limits set by internal risk management guidelines.

The Fund manages those risks arising from local investments by limiting exposure to any single investee company to the extent of the weightage of that security in the tracking index and also maintaining the investment restrictions as prescribed by the NBFC Regulations, 2008. The Fund Manager also manages its exposure to price risk by reviewing portfolio allocation on a continuous basis and also by the investment committee on a regular basis in respect of allocation within industry and individual stock within that allocation.

A summary analysis of local investments by industry sector, the percentage in relation to Fund's own net assets and the issued capital of the investee company is presented in note 5.1.

The table below summarises the sensitivity of the Fund's net assets attributable to unit holders to equity price movements as at 30 June 2011. The analysis is based on the assumption that KSE-100 index increased by 5% and decreased by 5%, with all other variables held constant and that the fair value of the Fund's portfolio of equity securities 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, having regard to the historical volatility of index of past three years.

At 30 June, the fair value of equity securities exposed to price risk is disclosed in note 5.1.

The impact below arises from the reasonable possible change in the fair value of listed equity securities.

	2012	2011
	(Rupees in '000)	
Effect on income statement, net assets attributable to unit holders and equity investments due to increase / decrease in the index	<u>5,529</u>	<u>5,922</u>

The sensitivity analysis presented is based upon the portfolio composition as at 30 June 2012 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 and other respective market indices, is expected to change over time. Accordingly, the sensitivity analysis prepared as at 30 June 2012 is not necessarily indicative of the effect on the Fund's net assets attributed to unit holders of future movements in the level of the KSE and other respective market indices.

**18.2 Credit risk**

*Credit risk management*

Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of placements or other arrangements to fulfil their obligations. There is a possibility of default by participants and of failure of the financial markets, the depositories, the settlements or clearing system etc.

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*Management of credit risk*

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Board of Directors. In addition, credit risk is also minimised due to the fact that the Fund invests only in high quality financial assets, majority of which have been rated by a reputable rating agency. All transactions in listed securities are settled / paid for upon delivery using the National Clearing Company of Pakistan Limited. The risk of default is considered minimal due to inherent

The above variable rate financial instruments represent profit and loss sharing bank balances and carry profit rates ranging between 9.5% to 10.5% per annum. These are withdrawable as demanded.

The composition of the Fund's investment portfolio and change in interest rates are expected to change over time. Accordingly, the sensitivity analysis prepared as at 30 June 2012 is not necessarily indicative of the fact on the Funds' net assets of future movement in interest rates.

Nevertheless, the Fund is required to hold at least 85% of net assets in the constituents of the underlying index, which are listed shares in the stock exchanges. These shares are not subject to interest rate risk. During the period under review, the Fund remained, on average, 95% invested in equities.

Yield / interest rate sensitivity position for on balance sheet financial instruments based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments based on settlement date at period end is as follow:

As at 30 June 2012				
Effective rate of mark- up / return	Exposed to yield / interest rate		Not exposed to yield / interest rate risk	Total
	Upto three months	Above three months		
----- (Rupees in '000) -----				
<b>On-balance sheet financial instruments</b>				
<b>Financial assets</b>				
Bank balances	9.5 to 10.5	228	-	228
Investments		-	97,846	97,846
Dividend and profit receivable		-	217	217
Receivable against sale of investments		-	-	-
Receivable against sale of units		-	-	-
Deposits and other receivables		-	2,600	2,600
		228	100,663	100,891
<b>Financial liabilities</b>				
Payable to Management Company		-	93	93
Payable to Trustee		-	-	55
Annual Fee payable to Securities and Exchange		-	-	109
Commission Pakistan		-	664	664
Accrued expenses and other liabilities		-	757	921
		228	99,906	99,970
<b>On-balance sheet gap</b>				
		228	-	99,970
<b>Off-balance sheet financial instruments</b>				
		-	-	-
<b>Off-balance sheet gap</b>				
		-	-	-

**AH DOW JONES SAFE PAKISTAN TITANS 15 INDEX FUND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
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Effective rate of mark-up / return %	As at 30 June 2011			Total	
	Exposed to yield / interest rate		Not exposed to yield / interest rate risk		
	Upto three months	Above three months			
----- (Rupees in '000) -----					
<b>On-balance sheet financial instruments</b>					
<b>Financial assets</b>					
Bank balances	5 to 10.5	1,682	-	-	1,682
Investments		-	-	108,713	108,713
Dividend and profit receivable		-	-	521	521
Receivable against sale of investments		-	-	12,734	12,734
Receivable against sale of units		-	-	25	25
Deposits and other receivables		-	-	2,600	2,600
		1,682	-	124,593	126,275
<b>Financial liabilities</b>					
Payable to Management Company		-	-	3,812	3,812
Payable to Trustee		-	-	57	57
Annual Fee payable to Securities and Exchange Commission Pakistan		-	-	80	80
Accrued expenses and other liabilities		-	-	497	497
		-	-	4,446	4,446
<b>On-balance sheet gap</b>		<b>1,682</b>	<b>-</b>	<b>120,147</b>	<b>121,829</b>
<b>Off-balance sheet financial instruments</b>					
<b>Off-balance sheet gap</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

*Exposure to credit risk*

In summary, compared to the maximum amount included in Statement of Assets and Liabilities, the maximum exposure to credit risk as at 30 June is as follows:

	2012	
	Statement of Asset and Liabilities	Maximum
Bank balances (including profit receivable)	233	233
Dividend receivables	212	212
Investments	97,846	-
Deposits and other receivables	2,600	2,600
	<b>100,891</b>	<b>3,045</b>

**AH DOW JONES SAFE PAKISTAN TITANS 15 INDEX FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

	2011	
	Statement of Asset and Liabilities	Maximum
Bank balances (including profit receivable)	1,695	1,695
Dividend receivables	508	508
Investments	108,713	-
Receivable against sale of investments	12,734	12,734
Deposits and other receivables	2,600	2,600
Receivable against sale of units	25	-
	<u>126,275</u>	<u>17,537</u>

Difference in the balance as per the Statement of Assets and Liabilities and maximum exposure in investments is due to the fact that investment in equity securities of Rs. 97.846 million (2011: Rs. 108.713 million) is not exposed to credit risk and receivable against sale of units amounting to Rs.nil (2011: Rs. 25,000) are not exposed to credit risk.

None of the above financial assets were considered to be past due or impaired as on 30 June 2012

All the deposits with the banks and Central Depository Company of Pakistan Limited - CDC and National Clearing Company of Pakistan Limited are highly rated and risk of default is considered minimal.

Details of the credit ratings of balances with banks, deposits and other receivables as at 30 June are as follows:

<b>Rating</b>	<b>2012</b>	2011
AA+	<b>8%</b>	10%
Others	<b>92%</b>	90%
	<u><b>100%</b></u>	<u>100%</u>

*Concentration of credit risk*

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

Details of Fund's concentration of credit risk of financial instruments by industrial distribution are as follows:

**AH DOW JONES SAFE PAKISTAN TITANS 15 INDEX FUND  
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	<u>30 June 2012</u>	
	(Rupees in '000)	(Percentage)
Commercial banks	233	7.65
Brokerage House	-	-
Others	<u>2,812</u>	<u>92.35</u>
	<u><u>3,045</u></u>	<u><u>100.00</u></u>
	<u>30 June 2011</u>	
	(Rupees in '000)	(Percentage)
Commercial banks	1,695	9.67
Brokerage House	12,734	72.61
Others	<u>3,108</u>	<u>17.72</u>
	<u><u>17,537</u></u>	<u><u>100.00</u></u>

*Settlement risk*

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

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.

**18.3 Liquidity risk**

Liquidity risk is the risk that the Fund may encounter difficulty in raising funds to meet its obligations and commitments. The Fund is exposed to daily cash redemptions, if any. Management Company manages the liquidity risk by maintaining maturities of financial assets and financial liabilities and investing a major portion of the Fund's assets in highly liquid financial assets

For the purpose of making redemptions the Fund has the ability to borrow in the short term, however such need did not arise during the period. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates.

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

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

**AH DOW JONES SAFE PAKISTAN TITANS 15 INDEX FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

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

	<b>30 June 2012</b>		
	<b>Carrying amount</b>	<b>Up to three months</b>	<b>Above three months</b>
<i>Non-derivative liabilities</i>	----- <b>(Rupees in '000)</b> -----		
Payable to Management Company	<b>93</b>	<b>93</b>	-
Payable to Trustee	<b>55</b>	<b>55</b>	-
Annual Fee payable to Securities and Exchange Commission Pakistan	<b>109</b>	<b>109</b>	-
Accrued expenses and other liabilities	<b>664</b>	<b>664</b>	-
	<b>921</b>	<b>921</b>	-
	<hr/> <hr/>		
	<b>30 June 2011</b>		
	<b>Carrying amount</b>	<b>Up to three months</b>	<b>Above three months</b>
<i>Non-derivative liabilities</i>	----- <b>(Rupees in '000)</b> -----		
Payable to Management Company	3,812	102	3,710
Payable to Trustee	57	57	-
Annual Fee payable to Securities and Exchange Commission Pakistan	80	80	-
Accrued expenses and other liabilities	497	497	-
	4,446	736	3,710
	<hr/> <hr/>		

Units of the Fund are redeemable on demand at the holder's option. However, holders of these instruments typically retain them for the medium to long term.

#### **18.4 Unit Holders' Fund risk management**

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

The Fund manages its investment portfolio and other assets in relation to benchmark index and makes adjustments in the portfolio composition if there is a change in underlying index. The capital structure depends on the issuance and redemption of units and the Fund is not exposed to the externally imposed minimum Fund maintenance requirement.

**AH DOW JONES SAFE PAKISTAN TITANS 15 INDEX FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**19 FAIR VALUE OF FINANCIAL INSTRUMENTS**

Investments on the Statement of Assets and Liabilities are carried at fair value. The Management Company is of the view that the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are essentially short term in nature.

The Fund's accounting policy on fair value measurements of its investments is discussed in note 3.1 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 prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

**30 June 2012**

**Level 1  
(Rupees in '000)**

At fair value through profit or loss

**97,846**

**30 June 2011**

At fair value through profit or loss

**108,713**

**AH DOW JONES SAFE PAKISTAN TITANS 15 INDEX FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**20 TOP TEN BROKERS / DEALERS BY PERCENTAGE  
OF COMMISSION PAID**

	<b>2012 Percentage</b>
Optimus Securities (Private) Limited	<b>14.00%</b>
Topline Securities (Private) Limited	<b>10.70%</b>
Arif Habib Limited	<b>8.60%</b>
Elixir Securities Pakistan (Private) Limited	<b>7.80%</b>
Global Securities Pakistan Limited	<b>7.80%</b>
First Capital Equities Limited	<b>7.10%</b>
Ismail Iqbal Securities Limited	<b>7.00%</b>
JS Global Capital Limited	<b>6.30%</b>
Next Capital Limited	<b>6.00%</b>
Habib Metro Financial Services (Private) Limited	<b>6.00%</b>
	<b>2011 Percentage</b>
Arif Habib Limited	22.01%
KASB Securities	13.56%
Cassim Investment (Private) Limited	6.70%
Taurus Securities Limited	3.19%
First Capital Equities Limited	4.06%
Invest Capital and Investment Bank Limited	7.56%
Elixir Securities Pakistan (Private) Limited	5.37%
Topline Securities (Private) Limited	14.14%
Invisor Securities (Private) Limited	6.09%
Global Securities Pakistan Limited	10.93%
	6.38%

**21 PATTERN OF UNIT HOLDING**

	<b>As at 30 June 2012</b>		
	<b>Number of unit holders</b>	<b>Investment amount</b>	<b>Percentage of investment</b>
	<b>(Rupees in '000)</b>		
Individuals	<b>20</b>	<b>3,093</b>	<b>3.07%</b>
Associated Companies and Directors	<b>2</b>	<b>24,403</b>	<b>24.25%</b>
Insurance Companies	-	-	<b>0.00%</b>
Banks and DFIs	<b>3</b>	<b>73,132</b>	<b>72.68%</b>
NBFCs	-	-	<b>0.00%</b>
Retirement Funds	-	-	<b>0.00%</b>
Public Limited Companies	-	-	<b>0.00%</b>
Others	-	-	<b>0.00%</b>
	<b>25</b>	<b>100,628</b>	<b>100.00%</b>

**PATTERN OF UNIT HOLDING**

	<b>As at 30 June 2011</b>		
	<b>Number of unit holders</b>	<b>Investment amount</b>	<b>Percentage of investment</b>
	<b>(Rupees in '000)</b>		
Individuals	28	6,435	5.24%
Associated Companies and Directors	2	34,840	28.40%
Insurance Companies	-	-	0.00%
Banks and DFIs	3	81,239	66.22%
NBFCs	-	-	0.00%
Retirement Funds	1	173	0.14%
Public Limited Companies	-	-	0.00%
Others	-	-	0.00%
	<b>34</b>	<b>122,687</b>	<b>100.00%</b>

**AH DOW JONES SAFE PAKISTAN TITANS 15 INDEX FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**22. PARTICULARS OF MEMBERS OF INVESTMENT COMMITTEE AND FUND MANAGER**

Details of members of investment committee of the Fund upto 30 June 2012 are as follows:

2012				
1	Designation	Qualification	Experience in years	
1	Yasir Qadri	Chief Executive Officer	MBA	17 Years
2	Kashif Rafi	Senior Vice President of Investment	MBA, CFA (Level I)	11 Years
3	Muhammad Asim	Vice President & Head of Equities	MBA & CFA	9 Years
4	Syed Akbar Ali	Vice President & Head of Research	MBA & CFA	7 Years
5	Mohsin Pervaiz	Vice President of Investments	MBA, CFA (Level I)	11 Years
6	Junaid Khalid	Head of Product Development	BS, FRM	11 Years
2011				
1	Designation	Qualification	Experience in years	
1	Yasir Qadri	Chief Executive Officer	MBA	16
2	Ahsan Mehanti	Director Wealth Management	CPA, ACA, ACMA	14
3	Kashif Rafi	Fund Manager (Fixed Income)	MBA, CFA (Level 1)	10
4	Muhammad Asim	Fund Manager (Equity)	MBA & CFA	8
5	Syed Akbar Ali	Senior Research Analyst	MBA & CFA	6
6	Mohsin Pervez	Senior Research Analyst	MBA	10
7	Junaid Khalid	Head of Product Development	FRM	10

Junaid Khalid is the Manager of the Fund. He has obtained a Certification in Financial Risk Management. Mr. Junaid does not manage any other fund.

**23. ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS**

The 89th, 90th, 91st, 92nd, 93rd, 94th, 95th, 96th and 97th Board meetings were held on 4 July 2011, 8 August 2011, 10 September 2011, 22 September 2011, 26 October 2011, 27 January 2012, 29 March 2012, 27 April 2012 and 25 June 2012, respectively.

Name of Director	Number of meetings			Meeting not attended
	Held	Attended	Leave Granted	
Mr. Mian Mohammad Mansha	9	4	5	89th, 90th, 93rd, 96th and 97th meeting
Mr. Nasim Beg	9	9	-	
Mr. Yasir Qadri (Chief Executive Officer)	9	9	-	
Dr. Syed Salman Ali Shah	9	8	1	92nd Meeting
Mr. Haroun Rashid	9	6	3	91st, 92nd and 95th Meeting
Mr. Ahmed Jahangir	9	7	2	91st and 92nd Meeting
Mr. Samad A. Habib	9	6	3	89th, 91st and 96th Meeting
Mr. Mirza Mehmood Ahmed	9	7	2	89th and 97th Meeting
Mr. M. Saqib Saleem (CFO & Company Secretary)	9	9	-	

**AH DOW JONES SAFE PAKISTAN TITANS 15 INDEX FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**24. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorized for issue on **August 15, 2012** by the Board of Directors of the Management Company.

**25. GENERAL**

Figures have been rounded off to the nearest thousand Rupees.

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

**For Arif Habib Investments Limited  
(Management Company)**

  
\_\_\_\_\_  
Director

**AH DOW JONES SAFE PAKISTAN TITANS 15 INDEX FUND  
PATTERN OF HOLDING AS PER REQUIREMENT OF  
CODE OF CORPORATE GOVERNANCE  
FOR THE YEAR ENDED JUNE 30, 2012**

<b>Category</b>	<b>No.of Unit Holders</b>	<b>Units</b>
<b>Associated Companies, Undertakings, and Related Parties</b>	<b>1</b>	<b>423,942</b>
Arif Habib Investment Limited		423,942
<b>Director, CEO and their spouses and minor children</b>	<b>1</b>	<b>430</b>
Nasim Beg		430
<b>Individuals</b>	<b>20</b>	<b>53,766</b>
<b>Shareholders holding 5 percent or more voting interest in the listed company</b>		
National Bank of Pakistan Limited	1	623,643
Habib Metro Bank Limited	1	248,165
Allied Bank Limited	1	400,000
	<b>25</b>	<b>1,749,946</b>

**AH DOW JONES SAFE PAKISTAN TITANS 15 INDEX FUND  
 PATTERN OF UNIT HOLDING BY SIZE  
 FOR THE YEAR ENDED JUNE 30, 2012**

<b>No. of Unit Holders</b>	<b>Units Holdings</b>	<b>Total Units Held</b>
18	(SHAREHOLDING FROM 1.0000 TO 5000.0000)	11,130.15
1	(SHAREHOLDING FROM 5001.0000 TO 10000.0000)	9,420.16
1	(SHAREHOLDING FROM 10001.0000 TO 15000.0000)	12,318.14
1	(SHAREHOLDING FROM 20001.0000 TO 25000.0000)	21,327.84
1	(SHAREHOLDING FROM 245001.0000 TO 250000.0000)	248,164.79
1	(SHAREHOLDING FROM 395001.0000 TO 400000.0000)	400,000.00
1	(SHAREHOLDING FROM 420001.0000 TO 425000.0000)	423,942.31
1	(SHAREHOLDING FROM 620001.0000 TO 625000.0000)	623,643.20
<b>25</b>	<b>Total :</b>	<b>1,749,946</b>

**AH DOW JONES SAFE PAKISTAN TITANS 15 INDEX FUND  
PERFORMANCE TABLE  
FOR THE YEAR ENDED JUNE 30, 2012**

	<b>2012</b>	<b>2011</b>
Net Assets	<b>100.628</b>	<b>122.687</b>
Net Income / (loss)	<b>6.23</b>	<b>16.97</b>
Net Asset Value per Unit	<b>57.50</b>	<b>58.03</b>
Closing selling price per unit	<b>58.67</b>	<b>59.21</b>
Closing repurchase price per unit	<b>57.50</b>	<b>58.03</b>
Highest offer price	<b>64.54</b>	<b>60.92</b>
Lowest offer price	<b>56.87</b>	<b>49.91</b>
Highest Redemption price per unit	<b>63.27</b>	<b>59.70</b>
Lowest Redemption price per unit	<b>55.75</b>	<b>48.91</b>
Dividend distribution - Final	<b>1.91</b>	<b>2.20</b>
Net Asset Value before distribution	<b>58.84</b>	<b>58.03</b>
Net Asset Value After distribution	<b>56.93</b>	<b>55.83</b>

	<b>Date of Distribution</b>	<b>Date of Distribution</b>
Final	June 25, 2012	June 30, 2012

	<b>Percentage</b>	
Total return of the Fund	6.50	16.97
Income Distribution	3.30	4.65
Capital growth	3.20	12.32

Average return of the fund		
One Year	6.50	16.1
Two Year	N/a	N/a
Three Year	N/a	N/a

**Disclaimer**

The past performance is not necessarily indicative of future performance and