Dawood Family Takaful Limited

Compliance with Unit Linked products
and Fund Rules, 2015
For the year ended December 31, 2019

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Deloitte.

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INDEPENDENT ASSURANCE REPORT TO THE BOARD OF DIRECTORS OF THE COMPANY ON COMPANY'S ANNUAL STATEMENT OF COMPLIANCE WITH UNIT LINKED PRODUCTS AND FUND RULES, 2015

Opinion

We have audited the accompanying Statement of Net Assets, Statement of Changes in Net Assets and Statement of Performance Measurement and other explanatory notes (the Statements) of Dawood Family Takaful Limited (the Company) as at December 31, 2019.

In our opinion, the Statements as of December 31, 2019, are prepared, in all material respects, in accordance with the Rules.

Basis for Opinion

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

Basis of Preparation and Restriction on Distribution and Use

The Statements have been prepared by the management in accordance with SRO 343 'Unit Linked Product and Fund Rules, 2015' dated 22 April 2015 issued by SECP (the Rules). The Statements are prepared to assist the Company to meet the requirements of Securities and Exchange Commission of Pakistan (SECP). As a result, the Statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Management's Responsibility for the Statements

Management is responsible for the preparation and presentation of these Statements in accordance with the Rules and for such internal control as management determines is necessary to enable the preparation of the Statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Statements

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

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the 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 Company'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 Statements.

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

- Identify and assess the risks of material misstatement of the Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.

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

Deloitte Yousuf Adil
Chartered Accountants

Place: Karachi
Dated: March 10, 2020

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DAWOOD FAMILY TAKAFUL LIMITED
STATEMENT OF NET ASSETS
AS AT DECEMBER 31, 2019

	Balanced Fund Rupees	Income Fund Rupees	Aggressive Fund Rupees	Total Rupees
Assets				
Bank Balances	49,187,687	14,056,769	36,808,578	100,053,034
Allocated Contribution and Surplus	46,317,933	28,566,608	32,498,818	107,383,358
Investement in GOP IJARAH Sukuk	-	-	-	-
Investment in Other Sukuks	751,271,620	377,940,315	118,757,992	1,247,969,927
Insvestment in Short Term Deposits	430,000,000	120,000,000	30,000,000	580,000,000
Investment in Listed Shariah Compliant shares	594,751,703	34,609,790	592,411,941	1,221,773,434
Accured profit	24,070,609	12,246,496	3,370,115	39,687,220
Advance Taxation	12,048,367	2,121,135	868,837	15,038,339
Security Deposit	1,350,000	-	1,250,000	2,600,000
Other Receivables	984,175	184,074	1,110,474	2,278,723
Total Assets	**1,909,982,094**	**589,725,187**	**817,076,755**	**3,316,784,035**
Liabilities				
Investment Management Fee Payable	2,392,364	1,451,347	1,657,140	5,500,851
Payable in respect of Redemptions	3,046,626	2,998,542	1,494,955	7,540,123
Payable in respect of Mortality Charges	7,089,425	2,207,258	3,726,867	13,023,550
Other Paybales	5,237,193	2,443,026	1,961,283	9,641,502
Total Liabilities	**17,765,608**	**9,100,173**	**8,840,245**	**35,706,026**
Net Assets	**1,892,216,485**	**580,625,014**	**808,236,510**	**3,281,078,009**

Chief Executive Officer

Director

Director

Chairman

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DAWOOD FAMILY TAKAFUL LIMITED
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Balanced Fund Rupees	Income Fund Rupees	Aggressive Fund Rupees	Total Rupees
Fund Balance Brought Forward	1,574,216,105	405,060,291	606,866,824	2,586,143,220
New Allocations in Fund	452,327,225	223,393,904	297,740,699	973,461,828
Investment income earned	147,274,903	50,981,808	37,050,579	235,307,290
Gain on disposal of investments	12,984,681	(3,084)	14,733,319	27,714,916
Increase (decrease) in unrealized gains (losses)	(23,302,744)	(492,934)	(23,201,699)	(46,997,377)
Redemption from fund	(156,039,815)	(59,633,071)	(69,492,649)	(285,165,535)
Taxes and other charges	(6,940,523)	(995,426)	(5,921,313)	(13,857,262)
Bid Offer Share	(22,562,086)	(10,749,361)	(14,657,230)	(47,968,677)
Tharawat fee	(24,870,998)	(7,109,810)	(9,435,817)	(41,416,625)
Mortality and Morbidity Charges	(60,870,262)	(19,827,303)	(25,446,204)	(106,143,769)
Fund Balance Carried Forward	1,892,216,485	580,625,014	808,236,510	3,281,078,009

Chief Executive Officer | Director | Director | Chairman

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DAWOOD FAMILY TAKAFUL LIMITED

STATEMENT OF INVESTMENT PERFORMANCE MEASUREMENT OF THE UNIT LINKED FUND

AS AT DECEMBER 31, 2019

PREVIOUS 12 MONTHS						
Sr. No.	Name of Unit Linked Fund	Type of the Fund	Date of Inception	Bid Price at the beginning of the year (31-Dec-2018) (A)	Bid Price at the end of the year (31-Dec-2019) (B)	Investment Yield % (Y=(B-A)/A x 100%)
1	Shariah Income Fund	Low Risk	12/1/2006	206.1542	225.1021	9.19%
2	Shariah Barlanced Fund	Medium Risk	12/1/2006	193.7203	205.3121	5.98%
3	Shariah Aggressive Fund	High Risk	4/29/2011	161.5821	161.5506	-0.02%

PREVIOUS 5 YEARS						
Sr. No.	Name of Unit Linked Fund	Type of the Fund	Date of Inception	Bid Price at the beginning of the year (31-Dec-2014) (A)	Bid Price at the end of the year (31-Dec-2019) (B)	Investment Yield % (Y=(B-A)/A x 100%)
1	Shariah Income Fund	Low Risk	12/1/2006	172.1120	225.1021	30.79%
2	Shariah Barlanced Fund	Medium Risk	12/1/2006	177.6930	205.3121	15.54%
3	Shariah Aggressive Fund	High Risk	4/29/2011	169.9660	161.5506	-4.96%

SINCE INCEPTION						
Sr. No.	Name of Unit Linked Fund	Type of the Fund	Date of Inception	Bid Price at inception of Fund (A)	Bid Price at the end of the year (31-Dec-2019) (B)	Investment Yield % (Y=(B-A)/A x 100%)
1	Shariah Income Fund	Low Risk	12/1/2006	100.0000	225.1021	125.10%
2	Shariah Barlanced Fund	Medium Risk	12/1/2006	100.0000	205.3121	105.31%
3	Shariah Aggressive Fund	High Risk	4/29/2011	100.0000	161.5506	61.55%

Chief Executive Officer | Director | Director | Chairman

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DAWOOD FAMILY TAKAFUL LIMITED

NOTES TO STATEMENT OF NET ASSETS / STATEMENT OF CHANGES IN NET ASSETS AND STATEMENT OF PERFORMANCE MEASUREMENT RELATING TO UNIT LINKED PRODUCT FOR THE YEAR ENDED DECEMBER 31, 2019

1. STATUS AND NATURE OF BUSINESS

Dawood Family Takaful Limited (the Company or DFTL) was incorporated in Pakistan as an unquoted public limited company on May 04, 2007 under the Companies Ordinance, 1984. The Company received the certificate of registration on May 16, 2008 under Section 6 of the Insurance Ordinance, 2000. The registered office of the Company is situated at 1701-A, Saima Trade Towers, I. I. Chundrigar Road, Karachi. The principal business activity of the Company is to undertake family takaful business in accordance with the Insurance Ordinance 2000, Securities and Exchange Commission (Insurance) Rules, 2002 and Takaful Rules, 2012.

To carry out the family takaful business, the Company has established the Takaful Business Statutory Fund with effect from December 01, 2008 as per Rule 8 of the Takaful Rules, 2005 and Section 15 of the Insurance Ordinance, 2000. The Takaful Business Statutory Fund has the following components in accordance with the Waqf-Wakala Model adopted by the Company.

i) Participant Takaful Fund (PTF i.e. DFTL Waqf): The Company has formed a Waqf on May 30, 2008 to manage the risk related contributions and payment of Takaful benefits. The Waqf shall support the following:

a) Group Family Takaful Business (both term and credit takaful).

b) Risk related contributions of Individual Takaful Products (mortality and morbidity charges) including supplementary rider contributions.

ii) Participant Investment Fund (PIF): Investment component of the participants contributions are managed in PIF which represents the aggregate of the individual Participant's Investment Accounts (PIA).The Company has established three sub-investment funds under PIF, with cede money, having different investment objectives.

Name of sub-funds	Effective dates
a) Islamic Income Fund	December 01, 2008
b) Islamic Balanced Fund	December 01, 2008
c) Islamic Aggressive Fund	April 29, 2011

As per Section 21 of the Insurance Ordinance, 2000 capital contribution to a statutory fund is distributable back to the shareholders' fund subject to the written advice of the appointed actuary.

2. BASIS OF PREPARATION

2.1 The Summary of the following Statements Relating to Unit Linked Product and Fund have been prepared in accordance with the requirements of SRO No.343 dated April 22, 2015 issued by Securities and Exchange Commission of Pakistan;

- Statement of Net Assets
- Statement of Changes in Net Assets
- Statement of Performance Measurement

2.2 The Statement of performance measurement has been classified into the following periods:

- Previous twelve months.
- Previous five years.
- Since inception.

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2.3 The basis of calculation of each performance measure is following for each required classification,

The basis of fund performance is measured by taking each class of fund value existing at prior reporting period and compared with the fund value at current reporting period with respect to the number of years as required above.

2.4 The basis of fund performance is measured by comparing fund value at end of reporting period with the value at beginning of reporting period (as stated above) and segregated for each fund type.

3. DATE OF AUTHORIZATION

These statements were authorized for issue on 05 MAR 2020 by the Board of Directors of the Company.

Chief Executive Officer | Director | Director | Chairman

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