



# NBP FUNDS

*Managing Your Savings*

**AM1**

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## NAFA PENSION FUND

**ANNUAL  
REPORT  
2018**



## MISSION STATEMENT

To rank in the top quartile  
in performance of  
**NBP FUNDS**  
relative to the competition,  
and to consistently offer  
Superior risk-adjusted returns to investors.

# NAFA PENSION FUND

## FUND'S INFORMATION

### Management Company

#### NBP Fund Management Limited - Management Company

#### Board of Directors of the Management Company

|                                   |                         |
|-----------------------------------|-------------------------|
| Mr. Mudassir Husain Khan          | Chairman                |
| Dr. Amjad Waheed                  | Chief Executive Officer |
| Mr. Tariq Jamali                  | Director                |
| Mr. Abdul Hadi Palekar            | Director                |
| Mr. Kamal Amir Chinoy             | Director                |
| Mr. Shehryar Faruque              | Director                |
| Dr. Foo Chiah Shiung (Kelvin Foo) | Director                |
| Mr. Humayun Bashir                | Director                |
| Mr. Wajahat Rasul Khan            | Director                |

#### Company Secretary & COO

Mr. Muhammad Murtaza Ali

#### Chief Financial Officer

Mr. Khalid Mehmood

#### Audit & Risk Committee

|                                   |          |
|-----------------------------------|----------|
| Mr. Shehryar Faruque              | Chairman |
| Mr. Tariq Jamali                  | Member   |
| Dr. Foo Chiah Shiung (Kelvin Foo) | Member   |
| Mr. Humayun Bashir                | Member   |

#### Human Resource and Remuneration Committee

|                        |          |
|------------------------|----------|
| Mr. Kamal Amir Chinoy  | Chairman |
| Mr. Abdul Hadi Palekar | Member   |
| Mr. Humayun Bashir     | Member   |

#### Strategy & Business Planning Committee

|                                   |          |
|-----------------------------------|----------|
| Mr. Humayun Bashir                | Chairman |
| Mr. Tariq Jamali                  | Member   |
| Mr. Shehryar Faruque              | Member   |
| Dr. Foo Chiah Shiung (Kelvin Foo) | Member   |

#### Trustee

Central Depository Company of Pakistan Limited (CDC)  
CDC House, 99-B, Block "B" S.M.C.H.S.,  
Main Shahra-e-Faisal, Karachi.

#### Bankers to the Fund

Allied Bank Limited  
Bank Alfalah Limited  
Habib Bank Limited  
Sindh Bank Limited  
JS Bank Limited  
MCB Bank Limited  
The Bank of Punjab  
BankAlHabib Limited  
Zarai Taraqati Bank Limited  
Soneri Bank Limited  
United Bank Limited  
BankIslami (Pakistan) Limited  
Dubai Islamic Bank Limited  
HabibMetro Bank Limited

# NAFA PENSION FUND

## **Auditors**

KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sheikh Sultan Trust Building No.02  
Beaumont Road,  
Karachi - 75530, Pakistan.

## **Legal Advisor**

M/s Jooma Law Associates  
205, E.I. Lines, Dr. Daudpota Road,  
Karachi.

## **Head Office:**

7th Floor Clifton Diamond Building, Block No. 4,  
Scheme No. 5, Clifton Karachi.  
UAN: 021 (111-111-632),  
(Toll Free): 0800-20002,  
Fax: (021) 35825329  
Website: [www.nbpffunds.com](http://www.nbpffunds.com)

## **Lahore Office:**

7-Noon Avenue, Canal Bank,  
Muslim Town, Lahore.  
UAN: 042-111-111-632  
Fax: 92-42-35861095

## **Islamabad Office:**

Plot No. 395, 396  
Industrial Area, I-9/3 Islamabad.  
UAN: 051-111-111-632  
Phone: 051-2514987  
Fax: 051-4859031

## **Peshawar Office:**

Opposite Gul Haji Plaza, 2nd Floor  
National Bank Building  
University Road Peshawar,  
UAN: 091-111 111 632  
Fax: 091-5703202

## **Multan Office:**

NBP City Branch, Hussain-a-Gahi, Multan.  
Phone No: 061-4502204  
Fax No: 061-4502203

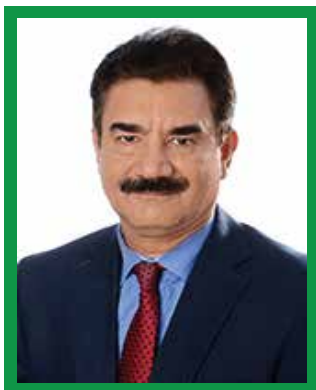


# NAFA PENSION FUND

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# Board of Directors



Dr. Amjad Waheed, CFA  
Chief Executive Officer



Mr. Mudassir Husain Khan  
Chairman



Mr. Kamal Amir Chinoy  
Director



Mr. Humayun Bashir  
Director



Mr. Tariq Jamali  
Director



Mr. Shehryar Faruque  
Director



Dr. Foo Chiah Shiung (Kelvin Foo)  
Director



Mr. Abdul Hadi Palekar  
Director



Mr. Wajahat Rasul Khan  
Director

# Senior Management



Mr. Sajjad Anwar, CFA  
Chief Investment Officer



Dr. Amjad Waheed, CFA  
Chief Executive Officer



Mr. M. Murtaza Ali  
Chief Operating Officer  
& Company Secretary



Mr. Khalid Mehmood  
Chief Financial Officer



Mr. Samiuddin Ahmed  
Country Head Corporate  
Marketing



Mr. Ozair Khan  
Chief Technology Officer



Syed Rizwan Aziez  
Country Head Sales Strategy



Mr. Muhammad Ali, CFA, FRM  
Head of Fixed Income



Mr. Taha Khan Javed, CFA  
Head of Equity



Mr. Hassan Raza, CFA  
Head of Research



Syed Ali Azhar Hasani  
Head of Internal Audit



Mr. Salman Ahmed, CFA  
Head of Risk Management



Mr. Zaheer Iqbal - ACA, FPFA  
Head Of Operations



Mr. Raheel Rehman, ACA  
Head of Compliance



Mr. Shahbaz Umer  
Head of Human Resource &  
Administration

# NAFA PENSION FUND

## DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the Sixth Annual Report of **NAFA Pension Fund (NPF)** for the year ended June 30, 2018.

This is the Sixth Annual Report for the year ended June 30, 2018, since launch of NAFA Pension Fund (NPF) on July 02, 2013.

### Fund's Performance

|                                  | <b>Fund Size<br/>(Rs. in mln)</b>                       | <b>NAV Per<br/>Unit (Rs.)<br/>June 30, 2017</b> | <b>NAV Per Unit<br/>(Rs.)<br/>June 30, 2018</b> | <b>Performance<br/>Since<br/>Launch<br/>July 02,<br/>2013</b> |
|----------------------------------|---|---|---|---|
| <b>NPF-Equity Sub-fund</b>       | <b>1,111.5</b>  | <b>331.3247</b>                                 | <b>306.8328</b>                                 | <b>24.9%</b>  |
| <b>NPF-Debt Sub-fund</b>         | <b>366.0</b>  | <b>141.4226</b>                                 | <b>147.5565</b>                                 | <b>7.8%</b>   |
| <b>NPF-Money Market Sub-fund</b> | <b>664.8</b>  | <b>128.3446</b>                                 | <b>133.9705</b>                                 | <b>5.8%</b>   |
| <b>Annualized Return</b>         | <b>[Net of management fee &amp; all other expenses]</b> |   |   |   |

FY2017-18 proved a challenging year for the stock market as the KSE-100 Index dropped by 10%. It was the first negative return for equity investors after eight years. A host of factors can be attributed to this lackluster performance of the stock market. Contrary to the market expectations, continued sell-off by the foreign investors in FY18 despite up-gradation of PSX into a widely followed MSCI Emerging Index from Frontier Market, shook investors' confidence. Adding to investors' angst was elevated uncertainty in the domestic politics linked to disqualification of elected PM in the historic judgments of Panama Leaks Case, who was later on barred from politics for lifetime. Sit-in by some religious parties in the federal capital and the uncertainty surrounding the elections also took its toll on the stock market. Much awaited Afghan Policy was unveiled by US President, Mr. Donald Trump, signaling tough stance of the US towards Pakistan also perturbed market participants. On the economic front, Current Account Deficit (CAD) sprang up to an unprecedented level of USD18bn during FY18 owing to rising crude oil prices and higher oil & LNG imports, rising imports of industrial raw material, transport vehicles, and machinery that remained a cause of grave concern for the market. To rein in aggregate demand pressures, series of steps were undertaken that included a measured PKR devaluation, deepening and broadening of duties on non-essential imported items, and hike in interest rates. In a bid to shore up the dwindling Foreign exchange reserves and documentation of economy, the government also announced a Foreign & Domestic Assets Declaration Schemes that fell below expectations.

In terms of sectoral performance, Oil & Gas Exploration, Fertilizer and Commercial Bank sectors out-performed the market during FY18, while Cement, Refinery, Engineering, and Automobile Parts & Accessories sectors lagged behind. Foreign investors remained net sellers with outflows of USD 289 million during the aforesaid period. Among local Investors, Insurance and Companies remained major net buyers, taking fresh equity exposure worth USD 204 million and USD 100 million, respectively. Mutual Funds, on the other hand, remained net sellers, off-loading shares worth USD 35 million.

The trading activity in TFCs/Sukuks improved but remained skewed towards high quality debt issues with cumulative traded value of Rs. 20.8 billion in FY18 compared to Rs. 9.1 billion during the previous year. The trades were mainly concentrated in the banking sector debt securities with 66% contribution. During FY 2018, State Bank of Pakistan (SBP) held six (06) bi-monthly monetary policy reviews. During the first half of FY18, the SBP maintained the policy rate at 5.75% owing to strong likelihood of continued growth momentum; contained inflation; and anticipation of gain in exports due to improvement in domestic energy supplies and incentives given to exports industry. However, in the latter half, the SBP cumulatively increased the policy rate by 75 basis points to 6.5% in response to growing pressures on the external front driven by ballooning Current Account Deficit (CAD), preempt overheating of the economy, and rein in inflationary pressures. Sovereign yields responded to increase in the policy rate whereby 3-month, 6-month, and 12-month T-Bills yields went up by 79 bps, 90 bps, and 116 bps, respectively.

The equity sub-fund decreased by 7.4% during FY18 compared with 10.0% decreased in the benchmark KSE-100 Index during the same period.

The debt sub-fund yielded 4.3% return during FY18.

The money market sub-fund delivered a return of 4.4% during the year. These returns are net of management fee and all other expenses. The asset allocation of the Fund as on June 30, 2018 is as follows:



# NAFA PENSION FUND

| Asset Allocation (% of Net Assets) |                |
|------------------------------------|----------------|
| <b>Equity Sub-fund</b>             |                |
| Equity                             | 91.7%          |
| Cash Equivalents                   | 8.66%          |
| Others                             | -0.36%         |
| <b>Total</b>                       | <b>100.00%</b> |
| <b>Debt Sub-fund</b>               |                |
| TFCs/Sukuks                        | 22.9%          |
| T-Bills                            | 27.6%          |
| Cash Equivalents                   | 56.7%          |
| Others                             | -7.2%          |
| <b>Total</b>                       | <b>100.00%</b> |
| <b>Money Market Sub-fund</b>       |                |
| Bank Placement                     | 18.3%          |
| Cash Equivalents                   | 82.4%          |
| Others                             | -0.7%          |
| <b>Total</b>                       | <b>100.00%</b> |

## Taxation

No provision for taxation for the year ended June 30, 2018 has been made in view of the exemption available under clause 57 (1) (viii) of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001.

## Auditors

The present auditors Messrs KPMG Taseer Hadi & Co Chartered Accountants, has completed their three year tenure in the capacity of Auditor of the Fund. As per the requirement of Rules 7(h) of Voluntary Pension System Rules, 2004 their replacement would be required. The Board has approved the appointment of Messrs Deloitte Yousuf Adil & Co. Chartered Accountants, for the year ending June 30, 2019.

## Acknowledgement

The Board takes this opportunity to thank its valued unit-holders for their confidence and trust in the Management Company, and providing the opportunity to serve them. It also offers its sincere gratitude to the Securities & Exchange Commission of Pakistan and State Bank of Pakistan for their patronage and guidance.

The Board also wishes to place on record its appreciation for the hard work, dedication and commitment shown by the staff and the Trustee.

On behalf of the Board of  
NBP Fund Management Limited

Chief Executive

Director

Date: September 05, 2018  
Place: Karachi.

# NAFA PENSION FUND

## ڈائریکٹرز رپورٹ

این بی پی فنڈ منیجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز NAFA پنشن فنڈ (NPF) کی چھٹی سالانہ رپورٹ برائے سال ختمہ 30 جون 2018ء پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

NAFA پنشن فنڈ (NPF) کی 02 جولائی 2013 کو اجراء سے اب تک یہ چھٹی سالانہ رپورٹ برائے سال ختمہ 30 جون 2018ء ہے۔

### فنڈ کی کارکردگی

| 02 جولائی 2013 کو لانچ سے<br>اب تک کارکردگی | NAV فی یونٹ (روپے)<br>30 جون 2018 | NAV فی یونٹ (روپے)<br>30 جون 2017 | فنڈ کا حجم (ملین روپے) |   |
|---|-----------------------------------|-----------------------------------|------------------------|---|
| 24.9%                                       | 306.8328                          | 331.3247                          | 1,111.5                | NPF ایکویٹی سب فنڈ                            |
| 7.8%  | 147.5565                          | 141.4226                          | 366.0                  | NPF ڈیٹ سب فنڈ                                |
| 5.8%  | 133.9705                          | 128.3446                          | 664.8                  | NPF مینی مارکیٹ سب فنڈ                        |
| سالانہ بنیاد پر منافع                       |                                   |                                   |                        | منیجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص |

مالی سال 2017-2018 اسٹاک مارکیٹ کیلئے چیلنج کا سال ثابت ہوا جس میں KSE-100 انڈیکس 10% تک گر گیا۔ یہ آٹھ سال کے عرصے میں ایکویٹی سرمایہ کاروں کے منافع میں پہلی کمی تھی۔ اسٹاک مارکیٹ کی اس ناقص کارکردگی کا سبب کئی عوامل تھے۔ مارکیٹ کی توقعات کے برعکس، PSX کی فرنیچر مارکیٹ کے MSCI ایمرجنگ انڈیکس میں اپ گریڈنگ کے باوجود سرمایہ کاروں کے اعتماد کو دھچکا لگا اور مالی سال 18 میں غیر ملکی سرمایہ کاروں کی جانب سے فروخت کا سلسلہ جاری رہا۔ اس کے علاوہ سرمایہ کاروں کی تشویش میں ملکی سیاست کی بڑھتی ہوئی غیر یقینی کیفیت سے اور اضافہ ہوا جو پانامہ لیکس کیس میں منتخب وزیر اعظم کو نااہل قرار دینے کے تاریخی فیصلے سے پیدا ہوئی اور بعد میں ان کے عمر بھر کیلئے سیاست میں حصہ لینے پر پابندی کا باعث بنی۔ بعض مذہبی جماعتوں کی طرف سے وفاقی دارالحکومت میں دھرنے اور الیکشن کے قریب غیر یقینی کی فضا سے اسٹاک مارکیٹ پر مزید اثر پڑا۔ امریکی صدر مسٹر ڈونلڈ ٹرمپ نے بلاخر کا فی عرصہ سے متوقع افغان پالیسی کا اعلان کر دیا جس میں امریکہ کی جانب سے پاکستان پر مزید پابندیاں لگانے کا اشارہ دیا گیا تھا جو مارکیٹ کے شرکاء کے لئے مزید پریشانی کا باعث بنا۔ ادھر معاشی منظر نامہ میں، خام تیل کی بڑھتی ہوئی قیمتیں اور آئل اور ایل این جی کے ساتھ ساتھ صنعتی خام مال، ٹرانسپورٹ گاڑیوں اور مشینری کی بڑھتی ہوئی درآمدات کی بنا پر کرنٹ اکاؤنٹ کا خسارہ غیر روایتی سطح کی حد تک 18 ملین یو ایس ڈالر تک پہنچ گیا جو مارکیٹ میں تشویش کا بڑا سبب بنا۔ وسیع طلب کے دباؤ کو قابو کرنے کیلئے کئی اقدامات اٹھائے گئے جن میں پاکستانی روپے کی قدر میں کمی پر قابو، غیر ضروری درآمد شدہ اشیاء پر زیادہ اور وسیع حد تک ڈیوٹیز کا نفاذ اور شرح سود میں اضافہ شامل تھا۔ گرتے ہوئے غیر ملکی زرمبادلہ اور دستاویزی معیشت کو سہارا دینے کے لئے حکومت نے غیر ملکی اور ملکی اثاثہ جات ظاہر کرنے کی اسکیمیں متعارف کروائیں جو قابل توقع نتائج نہ دے سکیں۔

مالی سال میں 18 شعبہ جاتی کارکردگی کے لحاظ سے مارکیٹ میں آئل اینڈ گیس ایکسپلوریشن، فریلائیئر اور کمرشل بینک کے شعبہ جات کی کارکردگی بہت عمدہ رہی جب کہ سیمنٹ، ریفائنری، انجینئرنگ اور آٹوموبائل پارٹس اور ایسریز کے شعبہ بہت پیچھے رہے۔ غیر ملکی سرمایہ کار خالصتاً فروخت کنندہ رہے اور مذکورہ مدت میں 289 ملین یو ایس ڈالر کا سرمایہ ملک سے باہر گیا۔ مقامی سرمایہ کاروں میں انشورنس اور کنٹینر بڑے خریدار رہے اور انہوں نے بالترتیب 204 ملین یو ایس ڈالر اور 100 ملین یو ایس ڈالر کے نئے حصص حاصل کئے۔ دوسری طرف میوچوئل فنڈز خالص فروخت کنندہ رہے اور 35 ملین یو ایس ڈالر کے حصص فروخت ہوئے۔

TFCs / سکوک میں تجارتی سرگرمیوں میں بہتری آئی لیکن ان سرگرمیوں کی اعلیٰ کوالٹی اجراء کی کارروائیوں کی طرف جھکاؤ کے ساتھ مالی سال 18 میں تجارتی حجم 20.8 ملین روپے رہا جب کہ گزشتہ سال کے دوران یہ رقم 9.1 ملین روپے تھی۔ تجارت کی زیادہ توجہ بینکنگ کے شعبہ میں debt securities پر رہی اور اس کا حصہ 66% رہا۔ مالی سال 2018 کے دوران میں اسٹیٹ بینک آف پاکستان (ایس بی پی) نے مانیٹری پالیسی کے چھ (06) مرتبہ دوامی جائزے لئے۔ پہلے نصف عرصہ کے دوران، ترقی کی رفتار جاری رہنے کی قوی توقع، افراط زر کی موجودگی، اور ملکی توانائی کی فراہمی میں بہتری اور برآمدات کی صنعت کو دی گئی ترغیبات کے باعث برآمدات میں فروغ کے سلسلے میں پیش رفت کے پیش نظر، ایس بی پی نے 5.75% پالیسی کی شرح کو برقرار رکھا۔ تاہم اگلے نصف عرصہ میں، بیرونی محاذ پر کرنٹ اکاؤنٹ کے خسارے (CAD) میں اضافے کے باعث بڑھتے ہوئے دباؤ، معیشت میں پہلے سے موجود افراط زر اور افراط زر پر قابو کیلئے پانے کے لئے، ایس بی پی نے پالیسی کی شرح میں 75 بیس پوائنٹ کا اضافہ کر دیا اور پالیسی کی شرح 6.5% ہو گئی۔ پالیسی کی شرح میں اضافہ سے اچھے نتائج برآمد ہوئے اور 3 ماہ، 6 ماہ اور 12 ماہ T-Bills کے منافع بالترتیب 79 bps، 90 bps اور 116 bps سے بڑھ گئے۔

مالی سال 18 کے دوران میں ایکویٹی سب فنڈ میں 7.4% سے کم ہو گیا۔ جب کہ اسی مدت کے لئے KSE-100 انڈیکس میں بھی 10.0% کی کمی وقوع پذیر ہوئی۔

مالی سال 18 میں قرضہ کے ذیلی فنڈ کے منافع میں بھی 4.3% کی شرح سے اضافہ دیکھنے میں آیا۔

اس مالی سال کے دوران میں مینی مارکیٹ سب فنڈ سے آمدنی میں اضافہ کی شرح 4.4% رہی۔ یہ ریٹرنز منیجمنٹ کی فیس اور تمام دوسرے اخراجات کیلئے خالص رقم ہے۔

فنڈ کی ایسیٹ الیکیشن 30 جون 2018 کو بمطابق ذیل ہے:

# NAFA PENSION FUND

| ایسٹ ایلوکیشن (نیٹ ایسٹس کا %) |             |
|--------------------------------|-------------|
| ایکویٹی سب فنڈ                 |             |
| ایکویٹی                        | 91.7%       |
| کیش کے مساوی                   | 8.66%       |
| دیگر                           | -0.36%      |
| <b>100.00%</b>                 | <b>ٹوٹل</b> |
| ڈیٹ سب فنڈ                     |             |
| صکوک/TFCs                      | 22.9%       |
| T-بلز                          | 27.6%       |
| کیش کے مساوی                   | 56.7%       |
| دیگر                           | -7.2%       |
| <b>100.00%</b>                 | <b>ٹوٹل</b> |
| منی مارکیٹ سب فنڈ              |             |
| بینک پلیسمنٹ                   | 18.3%       |
| کیش کے مساوی                   | 82.4%       |
| دیگر                           | -0.7%       |
| <b>100.00%</b>                 | <b>ٹوٹل</b> |

## ٹیکسیشن

فنڈ پر انکم ٹیکس آرڈیننس 2001 کے سینڈ شیڈول کے پارٹ I کی شق (viii)(1) 57 کے مطابق ٹیکس سے استثنیٰ ہونے کی بناء پر 30 جون 2018 کو ختم ہونے والے سال کے لئے ٹیکس کا کوئی پروویژن نہیں تھا۔

## آڈیٹرز

موجودہ آڈیٹرز میسرز پی ایم جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، نے اپنی تین سالہ مدت کو بحیثیت فنڈ آڈیٹر مکمل کی۔ والینٹری مینشن سسٹم رولز 2004، کے قوانین 7 (h)، کے تحت، انکی تبدیلی مطلوب تھی۔ بورڈ نے میسرز Deloitte یوسف عادل اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، کو 30 جون 2019 کو ختم ہونے والے سال کے لیے تقرر کرنے کی منظوری دی۔

## اعتراف

بورڈ اس موقع کا فائدہ اٹھاتے ہوئے منجمنٹ کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر یونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ یہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان سے بھی ان کی سرپرستی اور رہنمائی کے لیے پُر خلوص اظہارِ تشکر کرتا ہے۔ بورڈ اپنے اسٹاف اور رٹسٹی کی طرف سے محنت، لگن اور عزم کے مظاہرے پر اپنا خراج تحسین بھی ریکارڈ پر لانا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

NBP فنڈ منجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

بتاریخ

05 ستمبر 2018ء

مقام: کراچی



# NAFA PENSION FUND

## TRUSTEE REPORT TO THE PARTICIPANTS

### Report of the Trustee pursuant to Rule 31(h) of the Voluntary Pension System Rules, 2005

We, Central Depository Company of Pakistan Limited, being the Trustee of NAFA Pension Fund (the Fund) are of the opinion that NBP Fund Management Limited being the Pension Fund Manager of the Fund has in all material respects managed the Fund during the year ended June 30, 2018 in accordance with the provisions of the constitutive documents of the Fund and the Voluntary Pension System Rules, 2005.

**Aftab Ahmed Diwan**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi, September 25, 2018

# NAFA PENSION FUND

## FUND MANAGER REPORT

### NAFA Pension Fund

NAFA Pension Fund is an Open-ended Voluntary Pension Scheme

### Investment Objective of the Fund

To provide a secure source of savings and regular income after retirement to the Participants.

### Fund performance review

|   | Fund Size<br>(Rs. in mln) | NAV Per Unit<br>(Rs.)<br>June 30, 2017 | NAV Per Unit (Rs.)<br>June 30, 2018 | Performance<br>Since Launch<br>July 02, 2013 |
|---|---------------------------|--|-------------------------------------|--|
| NPF-Equity Sub-fund   | 1111.5                    | 331.3247                               | 306.8328                            | 24.9%  |
| NPF-Debt Sub-fund   | 366.0                     | 141.4226                               | 147.5565                            | 7.8%   |
| NPF-Money Market Sub-fund   | 664.8                     | 128.3446                               | 133.9705                            | 5.8%   |
| <b>Annualized Return [Net of management fee &amp; all other expenses]</b> |                           |  |                                     |  |

This is the sixth annual report of the Fund. FY2017-18 turned out to be a challenging year for the stock market with first negative return since 2009, as the benchmark KSE-100 Index dropped by 10% on a yearly basis. This lackluster performance, in sharp contrast to FY2010-17 period, in which market surged at a CAGR of 26.3%, is attributable to a host of factors. The upgrade of Pakistan's market to a widely followed MSCI Emerging Index from Frontier Market status failed to live up to expectations and unabated sell-off by the foreign investors during the year shook investors' confidence. Amplified uncertainty in the domestic politics linked to disqualification of elected PM in the historic judgments surrounding Panama Leaks Case, who was later on barred from politics for lifetime also unnerved the investors. Sit-in by some religious parties in the federal capital and uncertainty surrounding the elections also took its toll on the stock market. Market participants were also perturbed by the US Policy toward Afghanistan, signaling challenges for Pakistan.

On the economic front, twin deficits remained a challenge for the government. Current Account Deficit (CAD) sprang up to an unprecedented level of USD18bn during FY18 owing to rising crude oil prices and higher oil & LNG imports, rising imports of industrial raw material, transport vehicles, and machinery that remained a cause of grave concern for the market. To rein in aggregate demand pressures, series of steps were undertaken of late that included exchange rate adjustment, deepening and broadening of duties on non-essential imported items, and hike in interest rates. In a bid to shore up the dwindling Foreign exchange reserves and documentation of economy, the government also announced a much awaited Foreign & Domestic Assets Declaration Schemes that however, failed to live up to the expectations.

During FY 2018, State Bank of Pakistan (SBP) held six (06) bi-monthly monetary policy reviews. During the first half, the SBP maintained the policy rate at 5.75% owing to strong likelihood of continued growth momentum; contained inflation; and anticipation of gain in exports due to improvement in domestic energy supplies and incentives given to exporting industry. However, in the latter half, in response to growing pressures on the external front driven by ballooning Current Account Deficit (CAD) and rein in inflationary pressures, the SBP cumulatively increased the policy rate by 75 basis points from 5.75% to 6.5%. Sovereign yields responded to increase in the policy rate whereby 3-month, 6-month, and 12-month T-Bills yields went up by 79 bps, 90 bps, and 116 bps, respectively.

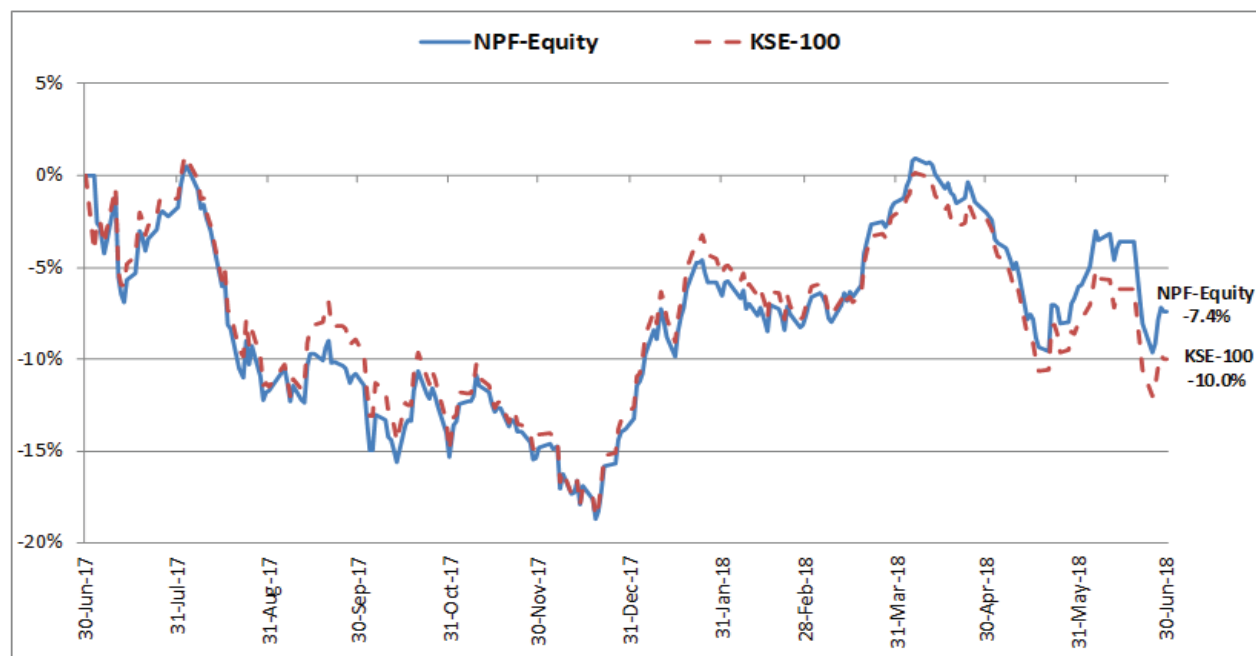
The equity sub-fund decreased by 7.4% during FY18 compared with 10.0% decreased in the benchmark KSE-100 Index during the same period.

# NAFA PENSION FUND

The debt sub-fund yielded 4.3% return during FY18.

The money market sub-fund delivered a return of 4.4% during the year. These returns are net of management fee and all other expenses.

**NPF-Equity Performance vs. KSE-100 during FY18**



## Asset Allocation of the Fund (% of NAV)

| Asset Allocation (% of Net Assets) |               |
|------------------------------------|---------------|
| <b>Equity Sub-fund</b>             |               |
| Equity                             | 91.7%         |
| Cash Equivalents                   | 8.66%         |
| Others                             | -0.36%        |
| <b>Total</b>                       | <b>100.0%</b> |
| <b>Debt Sub-fund</b>               |               |
| TFCs/Sukuks                        | 22.9%         |
| T-Bills                            | 27.6%         |
| Cash Equivalents                   | 56.7%         |
| Others                             | -7.2%         |
| <b>Total</b>                       | <b>100.0%</b> |
| <b>Money Market Sub-fund</b>       |               |
| Bank Placement                     | 18.3%         |
| Cash Equivalents                   | 82.4%         |
| Others                             | -0.7%%        |
| <b>Total</b>                       | <b>100.0%</b> |

## During the period under question

During the period there has been no significant change in the state of affairs of the Fund, other than stated above. During the year there were no circumstances that materially affected any interests of the unit holders. The Fund does not have any soft commission arrangement with any broker in the industry.

## Sindh Workers' Welfare Fund (SWWF)

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability in Equity Sub Fund , Debt Sub Fund & Money Market Sub fund to the tune of Rs. 8.15 million, 1.21 million & 1.21 million respectively. If the same were not made the NAV per unit would be higher by Rs.2.250, Rs.0.491 and 0.244 per unit respectively in Equity Sub Fund , Debt Sub Fund & Money Market Sub fund. For details investors are advised to read note 12.1 of the Financial Statement of the Scheme for the year ended June 30, 2018.

# NAFA PENSION FUND

## INDEPENDENT AUDITORS' REPORT TO THE PARTICIPANTS

We have audited the annexed financial statements comprising:

- i. Statement of Assets and Liabilities;
- ii. Income Statement and Statement of Comprehensive Income;
- iii. Cash Flow Statement; and
- iv. Statement of Movement in Participants' Sub-Fund,

of **NAFA Pension Fund** ("the Fund") as at 30 June 2018 and for the year then ended together with the notes forming part thereof.

### **Pension Fund Manager's responsibility for the financial statements**

The Pension Fund Manager is responsible for the preparation and fair presentation of these financial statements in accordance with Accounting and Reporting Standards as applicable in Pakistan, and for such internal control as the Pension Fund Manager determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion:

- (a) the financial statements have been prepared in accordance with the relevant provisions of the Trust Deed and the Voluntary Pension System Rules, 2005 including the guidelines there under;
- (b) a true and fair view is given of the disposition of the Fund as at 30 June 2018 and of the transactions of the Fund for the year ended 30 June 2018 in accordance with the Accounting and Reporting Standards as applicable in Pakistan;
- (c) the allocation and reallocation of units of the sub-funds for all the participants have been made according to the Voluntary Pension System Rules, 2005;
- (d) the cost and expenses debited to the pension fund and apportionment of expenses between sub-funds are as specified in the constitutive documents of the pension fund;
- (e) proper books and records have been kept by the Pension Fund Manager and the financial statements prepared are in agreement with the pension fund's books and records;
- (f) we were able to obtain all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit; and
- (g) no zakat was deductible at source under the Zakat and Usher Ordinance, 1980.

**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**  
**Engagement Partner**  
**Muhammad Nadeem**

Date: September 05, 2018  
Place: Karachi

# NAFA PENSION FUND

## Balance Sheet As at 30 June 2018

| Note  | 2018               |                      |                             |                    |                  | 2017                 |                  |                             |             |           |                      |
|---|--------------------|----------------------|-----------------------------|--------------------|------------------|----------------------|------------------|-----------------------------|-------------|-----------|----------------------|
|   | Equity<br>Sub-Fund | Debt<br>Sub-Fund     | Money<br>Market<br>Sub-Fund | Others             | Total            | Equity<br>Sub-Fund   | Debt<br>Sub-Fund | Money<br>Market<br>Sub-Fund | Others      | Total     |                      |
|   | (Rupees)           |                      |                             |                    |                  |                      |                  |                             |             |           |                      |
| <b>Assets</b>   |                    |                      |                             |                    |                  |                      |                  |                             |             |           |                      |
| Bank balances   | 5                  | 96,242,228           | 207,518,978                 | 545,833,957        | 2,475,488        | 852,070,651          | 77,447,447       | 273,092,363                 | 291,082,871 | 3,252,253 | 644,874,934          |
| Investments   | 6                  | 1,019,710,359        | 184,545,214                 | 121,543,927        | -                | 1,325,799,500        | 1,013,270,959    | 166,822,200                 | 165,209,609 | -         | 1,345,302,768        |
| Dividend receivables  |                    | 2,138,975            | -                           | -                  | -                | 2,138,975            | 2,577,650        | -                           | -           | -         | 2,577,650            |
| Profit receivables  | 7                  | 185,257              | 1,467,024                   | 1,166,622          | -                | 2,818,903            | 26,463           | 1,754,450                   | 350,892     | -         | 2,131,805            |
| Receivable against sale of investments                              |                    | -                    | -                           | -                  | -                | -                    | 1,591,204        | -                           | -           | -         | 1,591,204            |
| Advance, deposits and other receivables                             | 8                  | 5,671,647            | 439,644                     | 100,000            | -                | 6,211,291            | 3,036,646        | 439,644                     | 100,029     | -         | 3,576,319            |
| <b>Total assets</b>   |                    | <b>1,123,948,466</b> | <b>393,970,860</b>          | <b>668,644,506</b> | <b>2,475,488</b> | <b>2,189,039,320</b> | 1,097,950,369    | 442,108,657                 | 456,743,401 | 3,252,253 | 2,000,054,680        |
| <b>Liabilities</b>  |                    |                      |                             |                    |                  |                      |                  |                             |             |           |                      |
| Payable to NBP Fund Management Limited - Pension Fund Manager       | 9                  | 1,596,147            | 573,637                     | 998,942            | 420,860          | 3,589,586            | 1,625,374        | 650,056                     | 686,048     | 1,310,578 | 4,272,056            |
| Payable to Central Depository Company of Pakistan Limited - Trustee | 10                 | 142,060              | 41,015                      | 94,569             | -                | 277,644              | 149,127          | 56,961                      | 60,719      | -         | 266,807              |
| Payable to Securities and Exchange Commission of Pakistan           | 11                 | 342,454              | 126,348                     | 176,574            | -                | 645,376              | 285,875          | 129,428                     | 123,090     | -         | 538,393              |
| Payable against purchase of Investments                             |                    | -                    | 24,453,212                  | -                  | -                | 24,453,212           | -                | -                           | -           | -         | -                    |
| Accrued expenses and other liabilities                              | 12                 | 10,378,523           | 2,802,230                   | 2,556,113          | 2,054,628        | 17,791,494           | 10,286,335       | 2,542,703                   | 2,412,855   | 1,941,675 | 17,183,568           |
| <b>Total liabilities</b>  |                    | <b>12,459,184</b>    | <b>27,996,442</b>           | <b>3,826,198</b>   | <b>2,475,488</b> | <b>46,757,312</b>    | 12,346,711       | 3,379,148                   | 3,282,712   | 3,252,253 | 22,260,824           |
| <b>Net assets</b>   |                    | <b>1,111,489,282</b> | <b>365,974,418</b>          | <b>664,818,308</b> | <b>-</b>         | <b>2,142,282,008</b> | 1,085,603,658    | 438,729,509                 | 453,460,689 | <b>-</b>  | <b>1,977,793,856</b> |
| <b>Participants' funds (as per statement attached)</b>              |                    | <b>1,111,489,282</b> | <b>365,974,418</b>          | <b>664,818,308</b> | <b>-</b>         | <b>2,142,282,008</b> | 1,085,603,658    | 438,729,509                 | 453,460,689 | <b>-</b>  | <b>1,977,793,856</b> |
| <b>Contingency and commitment</b>                                   | 13                 |                      |                             |                    |                  |                      |                  |                             |             |           |                      |
| <b>Number of units in issue</b>                                     | 14                 | <b>3,622,459</b>     | <b>2,480,232</b>            | <b>4,962,422</b>   |                  |                      | 3,276,556        | 3,102,258                   | 3,533,149   |           |                      |
| <b>Net assets value per unit</b>                                    | Rupees             | <b>306.8328</b>      | <b>147.5565</b>             | <b>133.9705</b>    |                  |                      | 331.3247         | 141.4226                    | 128.3446    |           |                      |

The annexed notes 1 to 24 form an integral part of these financial statements.

For NBP Fund Management Limited  
(Pension Fund Manager)

Chief Financial Officer

Chief Executive Officer

Director

# NAFA PENSION FUND

## Income Statement For the year ended 30 June 2018

| Note   | 2018                |                   |                             |                     | 2017               |                   |                             |                    |
|--|---------------------|-------------------|-----------------------------|---------------------|--------------------|-------------------|-----------------------------|--------------------|
|  | Equity<br>Sub-Fund  | Debt<br>Sub-Fund  | Money<br>Market<br>Sub-Fund | Total               | Equity<br>Sub-Fund | Debt<br>Sub-Fund  | Money<br>Market<br>Sub-Fund | Total              |
| (Rupees)   |                     |                   |                             |                     |                    |                   |                             |                    |
| <b>Income</b>  |                     |                   |                             |                     |                    |                   |                             |                    |
| Mark-up / return on bank deposits  | 4,176,932           | 6,042,383         | 10,795,206                  | 21,014,521          | 2,672,014          | 6,884,388         | 14,273,738                  | 23,830,140         |
| Income from term deposit receipt   | -                   | 1,596,869         | 9,028,471                   | 10,625,340          | -                  | -                 | 4,873,572                   | 4,873,572          |
| Mark-up / return on government securities  | -                   | 12,529,550        | 14,224,964                  | 26,754,514          | -                  | 14,718,395        | 4,575,797                   | 19,294,192         |
| Mark-up / return from term finance certificates  | -                   | 4,359,249         | -                           | 4,359,249           | -                  | 3,631,977         | -                           | 3,631,977          |
| Dividend income  | 49,145,210          | -                 | -                           | 49,145,210          | 35,979,915         | -                 | -                           | 35,979,915         |
| (Loss) / gain on sale of investments - net   | (77,436,126)        | (370,792)         | (99,293)                    | (77,906,211)        | 64,835,961         | (86,018)          | (15,289)                    | 64,734,654         |
| Net unrealised (diminution) / appreciation on re-measurement of investments<br>classified as 'financial assets at fair value through profit or loss' | (38,221,038)        | (35,722)          | -                           | (38,256,760)        | 146,830,601        | (441,402)         | (16,270)                    | 146,372,929        |
| <b>Total (loss) / income</b>   | <b>(62,335,022)</b> | <b>24,121,537</b> | <b>33,949,348</b>           | <b>(4,264,137)</b>  | <b>250,318,491</b> | <b>24,707,340</b> | <b>23,691,548</b>           | <b>298,717,379</b> |
| <b>Expenses</b>  |                     |                   |                             |                     |                    |                   |                             |                    |
| Remuneration of NBP Fund Managemen Limited - Pension Fund Manager  | 15,566,116          | 5,743,062         | 8,026,083                   | 29,335,261          | 12,994,336         | 5,883,093         | 5,594,989                   | 24,472,418         |
| Sindh Sales Tax on remuneration to Pension Fund Manager  | 2,023,595           | 746,598           | 1,043,391                   | 3,813,584           | 1,689,264          | 764,802           | 727,348                     | 3,181,414          |
| Remuneration to Central Depository Company of Pakistan Limited - Trustee   | 1,435,526           | 536,708           | 737,257                     | 2,709,491           | 1,287,220          | 588,309           | 559,499                     | 2,435,028          |
| Sindh Sales Tax on remuneration to Central Depository Company<br>of Pakistan Limited - Trustee   | 186,619             | 69,772            | 95,843                      | 352,234             | 167,339            | 76,480            | 72,735                      | 316,554            |
| Annual fee - Securities and Exchange Commission of Pakistan  | 342,455             | 126,347           | 176,574                     | 645,376             | 285,875            | 129,428           | 123,089                     | 538,392            |
| Auditors' remuneration   | 116,401             | 116,401           | 116,401                     | 349,203             | 121,319            | 121,319           | 121,319                     | 363,957            |
| Securities transaction costs   | 1,243,057           | 18,445            | 1,816                       | 1,263,318           | 845,804            | 1,224             | 325                         | 847,353            |
| Legal and professional charges   | 29,930              | 29,565            | 29,930                      | 89,425              | 29,930             | 29,565            | 29,930                      | 89,425             |
| Printing expenses  | 14,965              | 14,965            | 14,965                      | 44,895              | 14,965             | 14,965            | 14,965                      | 44,895             |
| Settlement and bank charges  | 347,100             | 154,081           | 213,638                     | 714,819             | 148,554            | 66,843            | 140,603                     | 356,000            |
| <b>Total expenses</b>  | <b>21,305,764</b>   | <b>7,555,944</b>  | <b>10,455,898</b>           | <b>39,317,606</b>   | <b>17,584,606</b>  | <b>7,676,028</b>  | <b>7,384,802</b>            | <b>32,645,436</b>  |
| <b>Net (loss) / income from operating activities</b>   | <b>(83,640,786)</b> | <b>16,565,593</b> | <b>23,493,450</b>           | <b>(43,581,743)</b> | <b>232,733,885</b> | <b>17,031,312</b> | <b>16,306,746</b>           | <b>266,071,943</b> |
| Element of income / (loss) and capital gains / (losses) included in prices of units<br>issued less those in units redeemed - net                     | -                   | -                 | -                           | -                   | 68,229,492         | 1,580,927         | 3,022,865                   | 72,833,284         |
| Reversal of provision for Workers' Welfare Fund  | -                   | -                 | -                           | -                   | 2,346,729          | 809,223           | 351,954                     | 3,507,906          |
| Provision for Sindh Workers' Welfare Fund  | -                   | (331,312)         | (469,869)                   | (801,181)           | (8,150,678)        | (885,365)         | (742,811)                   | (9,778,854)        |
| <b>Net (loss) / income for the year</b>  | <b>(83,640,786)</b> | <b>16,234,281</b> | <b>23,023,581</b>           | <b>(44,382,924)</b> | <b>295,159,428</b> | <b>18,536,097</b> | <b>18,938,754</b>           | <b>332,634,279</b> |

The annexed notes 1 to 24 form an integral part of these financial statements.

For NBP Fund Management Limited  
(Pension Fund Manager)

Chief Financial Officer

Chief Executive Officer

Director



# NAFA PENSION FUND

## Statement of Comprehensive Income For the year ended 30 June 2018

|   | 2018                 |                   |                             |                     | 2017               |                   |                             |                    |
|---|----------------------|-------------------|-----------------------------|---------------------|--------------------|-------------------|-----------------------------|--------------------|
|   | Equity<br>Sub-Fund   | Debt<br>Sub-Fund  | Money<br>Market<br>Sub-Fund | Total               | Equity<br>Sub-Fund | Debt<br>Sub-Fund  | Money<br>Market<br>Sub-Fund | Total              |
|   | ----- (Rupees) ----- |                   |                             |                     |                    |                   |                             |                    |
| Net (loss) / income for the year                        | (83,640,786)         | 16,234,281        | 23,023,581                  | (44,382,924)        | 295,159,428        | 18,536,097        | 18,938,754                  | 332,634,279        |
| Other comprehensive income for the year                 | -                    | -                 | -                           | -                   | -                  | -                 | -                           | -                  |
| <b>Total comprehensive (loss) / income for the year</b> | <b>(83,640,786)</b>  | <b>16,234,281</b> | <b>23,023,581</b>           | <b>(44,382,924)</b> | <b>295,159,428</b> | <b>18,536,097</b> | <b>18,938,754</b>           | <b>332,634,279</b> |

The annexed notes 1 to 24 form an integral part of these financial statements.

For NBP Fund Management Limited  
(Pension Fund Manager)

Chief Financial Officer

Chief Executive Officer

Director



# NAFA PENSION FUND

## Statement of Movement in Participants' Funds For the year ended 30 June 2018

|   |      | 2018                 |                  |                             |               | 2017               |                  |                             |               |
|---|------|----------------------|------------------|-----------------------------|---------------|--------------------|------------------|-----------------------------|---------------|
|   |      | Equity<br>Sub-Fund   | Debt<br>Sub-Fund | Money<br>Market<br>Sub-Fund | Total         | Equity<br>Sub-Fund | Debt<br>Sub-Fund | Money<br>Market<br>Sub-Fund | Total         |
|   | Note | ----- (Rupees) ----- |                  |                             |               |                    |                  |                             |               |
| Net assets at beginning of the year   |      | 1,085,603,658        | 438,729,509      | 453,460,689                 | 1,977,793,856 | 562,943,502        | 377,792,686      | 332,032,998                 | 1,272,769,186 |
| Amount received / receivable on issuance of units   | 16   | 253,299,551          | 113,932,521      | 273,367,527                 | 640,599,599   | 308,984,156        | 126,561,254      | 197,134,125                 | 632,679,535   |
| Amount paid / payable on redemption of units  |      | (104,677,905)        | (130,854,315)    | (196,196,303)               | (431,728,523) | (57,323,163)       | (60,491,438)     | (69,641,259)                | (187,455,860) |
| Reallocation among sub-funds  |      | (39,095,236)         | (72,067,578)     | 111,162,814                 | -             | 44,069,227         | (22,088,163)     | (21,981,064)                | -             |
|   |      | 109,526,410          | (88,989,372)     | 188,334,038                 | 208,871,076   | 295,730,220        | 43,981,653       | 105,511,802                 | 445,223,675   |
| Element of (income) / loss and capital (gains) / losses included<br>in prices of units issued less those in units redeemed - net                        |      |                      |                  |                             |               |                    |                  |                             |               |
| - amount representing (income) transferred to income statement  |      | -                    | -                | -                           | -             | (68,229,492)       | (1,580,927)      | (3,022,865)                 | (72,833,284)  |
| (Loss) / gain on sale of investments - net  |      | (77,436,126)         | (370,792)        | (99,293)                    | (77,906,211)  | 64,835,961         | (86,018)         | (15,289)                    | 64,734,654    |
| Net unrealised (diminution) / appreciation on re-measurement of<br>investments classified as 'financial assets at fair value through<br>profit or loss' |      | (38,221,038)         | (35,722)         | -                           | (38,256,760)  | 146,830,601        | (441,402)        | (16,270)                    | 146,372,929   |
| Other net income for the year   |      | 32,016,378           | 16,640,795       | 23,122,874                  | 71,780,047    | 83,492,866         | 19,063,517       | 18,970,313                  | 121,526,696   |
| Total comprehensive (loss) / income for the year  |      | (83,640,786)         | 16,234,281       | 23,023,581                  | (44,382,924)  | 295,159,428        | 18,536,097       | 18,938,754                  | 332,634,279   |
| Net assets at end of the year   |      | 1,111,489,282        | 365,974,418      | 664,818,308                 | 2,142,282,008 | 1,085,603,658      | 438,729,509      | 453,460,689                 | 1,977,793,856 |
| Net assets value per unit at beginning of the year  |      | 331.3247             | 141.4226         | 128.3446                    |               | 241.2424           | 135.4476         | 122.9843                    |               |
| Net assets value per unit at end of the year  |      | 306.8328             | 147.5565         | 133.9705                    |               | 331.3247           | 141.4226         | 128.3446                    |               |

The annexed notes 1 to 24 form an integral part of these financial statements.

For NBP Fund Management Limited  
(Pension Fund Manager)

Chief Financial Officer

Chief Executive Officer

Director

# NAFA PENSION FUND

## Cash Flow Statement For the year ended 30 June 2018

|   | 2018               |                  |                          |           |               | 2017               |                  |                          |           |               |
|---|--------------------|------------------|--------------------------|-----------|---------------|--------------------|------------------|--------------------------|-----------|---------------|
|   | Equity<br>Sub-Fund | Debt<br>Sub-Fund | Money Market<br>Sub-Fund | Others    | Total         | Equity<br>Sub-Fund | Debt<br>Sub-Fund | Money Market<br>Sub-Fund | Others    | Total         |
|   | (Rupees)           |                  |                          |           |               |                    |                  |                          |           |               |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                    |                  |                          |           |               |                    |                  |                          |           |               |
| Net (loss) / income for the year  | (83,640,786)       | 16,234,281       | 23,023,581               | -         | (44,382,924)  | 295,159,428        | 18,536,097       | 18,938,754               | -         | 332,634,279   |
| <b>Adjustments:</b>   |                    |                  |                          |           |               |                    |                  |                          |           |               |
| Net unrealised (appreciation) / diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss' | 38,221,038         | 35,722           | -                        | -         | 38,256,760    | (146,830,601)      | 441,402          | 16,270                   | -         | (146,372,929) |
| Loss / (gain) on sale of investments - net  | 77,436,126         | 370,792          | 99,293                   | -         | 77,906,211    | (64,835,961)       | 86,018           | 15,289                   | -         | (64,734,654)  |
| Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net                     | -                  | -                | -                        | -         | -             | (68,229,492)       | (1,580,927)      | (3,022,865)              | -         | (72,833,284)  |
|   | 32,016,378         | 16,640,795       | 23,122,874               | -         | 71,780,047    | 15,263,374         | 17,482,590       | 15,947,448               | -         | 48,693,412    |
| <b>(Increase) / decrease in assets</b>  |                    |                  |                          |           |               |                    |                  |                          |           |               |
| Investments   | (122,096,564)      | (18,129,528)     | 43,566,389               | -         | (96,659,703)  | (270,033,101)      | 156,529,548      | (104,551,100)            | -         | (218,054,653) |
| Dividend receivables  | 438,675            | -                | -                        | -         | 438,675       | (1,340,820)        | -                | -                        | -         | (1,340,820)   |
| Profit receivables  | (158,794)          | 287,426          | (815,730)                | -         | (687,098)     | 30,871             | 1,441,557        | 564,966                  | -         | 2,037,394     |
| Receivable against sale of investments  | 1,591,204          | -                | -                        | -         | 1,591,204     | (1,591,204)        | -                | -                        | -         | (1,591,204)   |
| Advance, deposits and other receivables   | (2,635,001)        | -                | 29                       | -         | (2,634,972)   | (2,924,496)        | (339,644)        | (29)                     | -         | (3,264,169)   |
|   | (122,860,480)      | (17,842,102)     | 42,750,688               | -         | (97,951,894)  | (275,858,750)      | 157,631,461      | (103,986,163)            | -         | (222,213,452) |
| <b>Increase / (decrease) in liabilities</b>   |                    |                  |                          |           |               |                    |                  |                          |           |               |
| Payable to NBP Fund Management Limited - Pension Fund Manager   | (29,227)           | (76,419)         | 312,894                  | (889,718) | (682,470)     | 737,224            | 51,985           | 150,195                  | 733,926   | 1,673,330     |
| Payable to Central Depository Company of Pakistan Limited - Trustee   | (7,067)            | (15,946)         | 33,850                   | -         | 10,837        | 70,051             | 6,207            | 15,907                   | -         | 92,165        |
| Payable to Securities and Exchange Commission   | 56,579             | (3,080)          | 53,484                   | -         | 106,983       | 131,411            | 14,994           | 34,668                   | -         | 181,073       |
| Payable against purchase of Investments   | -                  | 24,453,212       | -                        | -         | 24,453,212    | -                  | -                | -                        | -         | -             |
| Accrued expenses and other liabilities  | 92,188             | 348,640          | 501,186                  | 112,953   | 1,054,967     | 5,888,919          | 90,401           | 452,417                  | (15,401)  | 6,416,336     |
|   | 112,473            | 24,706,407       | 901,414                  | (776,765) | 24,943,529    | 6,827,605          | 163,587          | 653,187                  | 718,525   | 8,362,904     |
| <b>Net cash (used in) / generated from operating activities</b>   | (90,731,629)       | 23,505,100       | 66,774,976               | (776,765) | (1,228,318)   | (253,767,771)      | 175,277,638      | (87,385,528)             | 718,525   | (165,157,136) |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                    |                  |                          |           |               |                    |                  |                          |           |               |
| Amount received on issuance of units  | 253,299,551        | 113,932,521      | 273,367,527              | -         | 640,599,599   | 308,984,156        | 126,561,254      | 197,134,125              | -         | 632,679,535   |
| Amount paid on redemption of units  | (104,677,905)      | (130,943,428)    | (196,554,231)            | -         | (432,175,564) | (57,323,163)       | (60,402,325)     | (69,283,331)             | -         | (187,008,819) |
| Reallocation among sub-funds  | (39,095,236)       | (72,067,578)     | 111,162,814              | -         | -             | 44,069,227         | (22,088,163)     | (21,981,064)             | -         | -             |
| <b>Net cash from / (used in) financing activities</b>   | 109,526,410        | (89,078,485)     | 187,976,110              | -         | 208,424,035   | 295,730,220        | 44,070,766       | 105,869,730              | -         | 445,670,716   |
| <b>Net increase / (decrease) in cash and cash equivalents</b>   | 18,794,781         | (65,573,385)     | 254,751,086              | (776,765) | 207,195,717   | 41,962,449         | 219,348,404      | 18,484,202               | 718,525   | 280,513,580   |
| Cash and cash equivalents at beginning of the year  | 77,447,447         | 273,092,363      | 291,082,871              | 3,252,253 | 644,874,934   | 35,484,998         | 53,743,959       | 272,598,669              | 2,533,728 | 364,361,354   |
| <b>Cash and cash equivalents at end of the year</b>   | 96,242,228         | 207,518,978      | 545,833,957              | 2,475,488 | 852,070,651   | 77,447,447         | 273,092,363      | 291,082,871              | 3,252,253 | 644,874,934   |

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For NBP Fund Management Limited  
(Pension Fund Manager)

The annexed notes 1 to 24 form an integral part of these financial statements.

Chief Financial Officer  
Annual Report 2018

Chief Executive Officer

Director

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# NAFA PENSION FUND

## Notes to and forming part of the Financial Statements For the year ended 30 June 2018

### 1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** NAFA Pension Fund (“the Fund”) was established under a Trust Deed, dated 12 October 2012, between NBP Fund Management Limited as the Pension Fund Manager and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan (SECP) as a pension fund on 16 November 2012.
- 1.2** The Pension Fund Manager has been licensed to act as a Pension Fund Manager under the Voluntary Pension System Rules, 2005 (VPS Rules) through a certificate of registration issued by the SECP. The registered office of the Pension Fund Manager is situated at 7th floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi.
- 1.3** The Fund is an unlisted open end pension scheme and offers units for public subscription on a continuous basis. The units are non-transferable except in the circumstances mentioned in VPS Rules and can be redeemed by surrendering to the Fund. Further, as per the Offering document, no distribution of income or dividend is allowed from any of the sub-funds.
- 1.4** The objective of the Fund is to provide individuals with a portable, individualised, funded (based on defined contribution), flexible pension scheme, assisting and facilitating them to plan and provide for their retirement.
- 1.5** The Fund consists of three sub-funds namely, NAFA Pension Fund Equity Sub-Fund (“Equity Sub-Fund”), NAFA Pension Fund Debt Sub-Fund (“Debt Sub-Fund”) and NAFA Pension Fund Money Market Sub-Fund (“Money Market Sub-Fund”) (collectively the “Sub-Funds”). The investment policy for each of the sub-funds are as follows:
- The Equity sub-fund consists of a minimum 90% of net assets invested in listed equity securities, investment in a single company is restricted to lower of 10% of Net Asset Value (NAV) of equity sub-fund or paid-up capital of the investee company. Investment in a single stock exchange sector is restricted to the higher of 30% of NAV of equity sub-fund or index weight, subject to a maximum of 35% of NAV of equity sub-fund. Remaining assets of the equity sub-fund may be invested in government treasury bills or government securities having less than one year time to maturity, or be deposited with scheduled commercial banks having at least 'A' rating.

# NAFA PENSION FUND

- The Debt Sub-Fund consists of tradable debt securities with weighted average duration of the investment portfolio of the Sub-Fund not exceeding five years. At least twenty five percent (25%) of the net assets of debt sub-fund shall be invested in securities issued by the Federal Government. Up to twenty five percent (25%) may be deposited with banks having not less than “AA Plus” rating with a stable outlook. Exposure to securities issued by companies of a single sector shall not exceed 20% except for banking sector for which the exposure limit shall be up to 30% of net assets of a debt sub-fund. Deposit in a single bank shall not exceed 10% of net asset of the debt sub-fund. Composition of the remaining portion of the investments shall be according to the criteria mentioned in the offering document.
- The Money Market sub-fund consists of short term debt instruments with weighted average time to maturity not exceeding ninety days. There is no restriction on the amount of investment in securities issued by the Federal Government and deposit with commercial banks having 'A Plus' or higher rating. Investment in securities issued by provincial or city government, government corporate entities with 'A' or higher rating or a government corporations with 'A plus' or higher rating shall be in proportion as defined in offering document.

**1.6** The Fund offers six types of allocation schemes, as prescribed by the SECP under VPS Rules, to the contributors of the Fund namely High Volatility, Medium Volatility, Low Volatility, Lower Volatility, Customized Allocation and Life Cycle Allocation. The participants of the Fund voluntarily determine the contribution amount, subject to the minimum limit fixed by the Pension Fund Manager. The Participant has the option to select any one from the Allocation Schemes or products being offered by the Pension Fund Manager at the date of opening his / her Individual Pension Account. The Participant may change the Allocation Scheme not more than twice a year. Thereafter, the contribution amount may be paid by the contributor on a periodic basis such as annual, semi annual, quarterly or monthly basis or with any other frequency.

**1.7** Under the provisions of the Offering Document of the fund, Contributions received from or on behalf of any Participant by Trustee in cleared funds on any business day shall be credited to the Individual Pension Account of the Participant after deducting the Front-end Fees, any premia payable in respect of any schemes selected by the Participant pursuant to the offering document and any bank charges in respect of the receipt of such Contributions. The net Contribution received in the Individual Pension Account shall be used to allocate such number of Units of the relevant Sub-Funds in accordance with the Allocation Policy selected by the Participant as is determined in accordance with the Trust Deed and the Units shall be allocated at Net Asset Value notified by the Pension Fund Manager at the close of that business day.

**1.8** Pakistan Credit Rating Agency (PACRA) has assigned management quality rating of ‘AM1’ to the Pension Fund Manager while the Fund is currently not rated.

**1.9** Title to the assets of the Fund are held in the name of CDC as the Trustee of the Fund.

## **2 BASIS OF PREPARATION**

### **2.1 Statement of compliance**

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The Accounting and reporting standards applicable in Pakistan comprise of:

# NAFA PENSION FUND

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of the Voluntary Pension System Rules, 2005 (the VPS Rules); and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of the VPS Rules or provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the requirements of the VPS Rules or provisions of and directives issued under the Companies Act, 2017 have been followed.

## **2.2 Accounting convention**

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

## **2.3 Functional and presentation currency**

These financial statements are presented in Pakistan Rupees, which is the Fund's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded to the nearest rupees, except otherwise stated.

## **2.4 Critical accounting estimates and judgments**

In preparing these financial statements, management has made judgement, estimates and assumptions that affect the application of the Fund's accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from the estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognised prospectively. Information about judgements made in applying accounting policies that have the most significant effects on the amount recognised in the financial statements and assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the subsequent years related to classification and valuation of investments (refer note 4.1 and note 6).

## **3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective**

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2018:



# NAFA PENSION FUND

- Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 01 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and / or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on the Fund's financial statements.
- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after 01 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on the Fund's financial statements.
- Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after 01 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on the Fund's financial statements.
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 01 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The application of interpretation is not likely to have an impact on the Fund's financial statements.
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on the Fund's financial statements.

# NAFA PENSION FUND

- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 01 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The application of the standard is not likely to have an impact on the Fund's financial statements.
- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 01 July 2018 and 01 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The application of the standard is not likely to have an impact on the Fund's financial statements.
- IFRS 16 'Leases' (effective for annual period beginning on or after 01 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leased. The application of the standard is not likely to have an impact on the Fund's financial statements.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 01 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on the Fund's financial statements.
- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 01 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on the Fund's financial statements
- Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:



# NAFA PENSION FUND

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 01 January 2019 and are not likely to have an impact on the Fund's financial statements.

## 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements have been consistently applied to all periods presented except for the change in accounting policies as stated below:

### **New, Amended and Revised Standards and Interpretations of IFRSs**

There are new and amended standards and interpretations that are mandatory for accounting periods beginning 01 July 2017 but are considered not to be relevant or do not have any significant effect on the the Funds' financial statements and are therefore not stated in these financial statements.

### **Application of Companies Act, 2017**

The Companies Act, 2017 was enacted on 30 May 2017 and SECP vide its circular 23 of 2017 which application has been deferred till 31 December 2017. Therefore, the provision of the Companies Act, 2017 are applicable from 01 January 2018 (refer note 2.1). However, it does not have any significant impact on the Fund's financial statements.

### **Element of Income / (loss)**

Up to 30 June 2017, the element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed to the extent that it is represented by income earned during the accounting period is recognized in income statement and to the extent that it is represented by unrealised appreciation / (diminution) arising during the year on available for sale securities is included in distribution statement.

# NAFA PENSION FUND

Effective from 1 July 2017, the Fund has discontinued to record the element of income in line with the requirements of Voluntary Pension Scheme (VPS) Rules 2005 and the industry practice. As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Pension Fund Manager has applied the above changes in accounting policy prospectively from 1 July 2017 in view of clarification provided by SECP vide its email dated 7 February 2018 to mutual fund industry. Accordingly, corresponding figures have not been restated.

Had the element of income been recognised as per the previous accounting policy, the loss of the Equity Sub Fund would have been higher by Rs. 5.080 million. However, the change in accounting policy does not have any impact on net asset value per unit of the Equity Sub Fund. The income of the Debt Sub Fund and Money Market Sub Fund would have been (lower) / higher by Rs. 1 million and Rs. 4.797 million respectively, net off charge for SWWF in respect of element of income / loss and consequently NAV per unit would have been higher / (lower) by Rs. 0.0082 and Rs. 0.0197 for Debt Sub Fund and Money Market Sub Fund.

## **4.1 Financial assets**

### **4.1.1 Classification**

The Fund classifies its financial assets into the following categories: loans and receivables, at fair value through profit or loss and available for sale. The classification depends on the purpose for which the financial assets were acquired. The Pension Fund Manager determines the classification of its financial assets at initial recognition.

#### **a) Loans and receivables**

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

#### **b) Financial assets at fair value through profit or loss**

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as held for trading in the financial assets 'at fair value through profit or loss' category.

#### **c) Available for sale**

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables and (b) financial assets at fair value through profit or loss. These are intended to be held for an indefinite period of time which may be sold in response to needs for liquidity or changes in prices.

All investments in Sub-Funds as at 30 June 2018 are classified as 'financial assets at fair value through profit and loss' and 'loans and receivables'.

# NAFA PENSION FUND

## 4.1.2 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset.

## 4.1.3 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement.

## 4.1.4 Subsequent measurement

Subsequent to initial recognition, financial assets designated by the management as at fair value through profit or loss and available for sale are valued as follows:

### a) Basis of valuation of debt securities (other than government securities)

The debt securities are valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities vide its Circular No. 33 of 2012 dated 24 October 2012. In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

### b) Basis of valuation of government securities

The government securities are valued on the basis of rates announced by the Financial Markets Association of Pakistan.

### c) Basis of valuation of equity securities

The investment of the Fund in equity securities is valued on the basis of closing quoted market prices available at the stock exchange.

Net gains and losses arising from changes in fair value of available for sale financial assets are taken to the 'statement of comprehensive income' until these are derecognised or impaired. At this time, the cumulative gain or loss previously recognised directly in the 'statement of comprehensive income' is transferred to the 'income statement'.

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

# NAFA PENSION FUND

## **Loans and receivables**

Subsequent to initial recognition, financial assets classified as 'loans and receivables' are carried at amortised cost using the effective interest method.

### **4.1.5 Impairment of financial assets**

The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement.

#### **a) Debt securities**

Provision for non-performing debt securities is made on the basis of time based criteria as prescribed under circular 33 of 2012 dated 24 October 2012 issued by SECP.

As allowed under circular no. 13 of 2009 dated 4 May 2009 and circular no. 33 of 2012 dated 24 October 2012 issued by SECP the management may also make provision against debt securities over and above the minimum provision requirement prescribed in the aforesaid circular, in accordance with a provisioning policy approved by the Board of Directors and disseminated by the Pension Fund Manager on its website.

#### **b) Loans and receivables**

For financial assets classified as 'loans and receivables', a provision for impairment is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The amount of the provision and its subsequent reversal is determined based on the provisioning criteria specified by SECP.

### **4.1.6 Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

### **4.1.7 Offsetting of financial assets and liabilities**

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

# NAFA PENSION FUND

## **4.2 Cash and cash equivalents**

Cash and cash equivalents comprise of deposits and current accounts maintained with banks. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

## **4.3 Financial liabilities**

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. They are initially recognised at fair value and subsequently stated at amortised cost. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

## **4.4 Preliminary expenses and floatation costs**

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortised over a period of three years in accordance with the requirements set out in the Trust Deed of the Fund and the VPS Rules.

## **4.5 Provisions**

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

## **4.6 Taxation**

The income of the Fund is exempt from Income Tax under clause 57(3)(viii) of Part I of the Second Schedule to the Income Tax Ordinance, 2001.

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

## **4.7 Issue and redemption of units**

Contribution received in the individual pension account after deduction of takaful premia (for optional Takaful covers), if any, followed by deduction of applicable front end fee, is used to purchase the units of sub-funds of the Fund according to the Allocation Scheme selected by the participant. The units are allotted at the net assets value notified by the Pension Fund Manager at the close of the business day for each sub-fund. The front end fee is if applicable, payable to the distributors and the Pension Fund Manager.

# NAFA PENSION FUND

The Pension Fund Manager makes reallocation of the sub-fund units between the sub-funds at least once a year to ensure that the allocation of the sub-fund units of all the Participants are according to the allocation schemes selected by the Participants. In case of withdrawal before retirement, units are redeemed at the net assets value of each of the Sub-Funds as of the close of the business day on which such request is received by the distributor before the cut off time. Redemption of units is recorded on acceptance of application for redemption.

In case of retirement of the participant, units are redeemed at the net assets value of each of the Sub-Fund as of the close of the business day on which retirement age is reached. In case of change of Pension Fund Manager, units are redeemed at the net assets value of each of the Sub-Fund as of the close of the business day corresponding to the date of change specified by the participant.

## **4.8 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.

## **4.9 Net assets value per unit**

The Net Asset Value (NAV) per unit is calculated by dividing the net assets of each of the Sub-Fund by the number of units in circulation of that Sub-Fund at the year end.

## **4.10 Revenue recognition**

- Realised gains / (losses) arising on sale of investments are included in the Income Statement on the date at which transactions take place.
- Unrealised appreciation / (diminution) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are included in the income statement in the period in which they arise.
- Unrealised appreciation / (diminution) arising on re-measurement of investments classified as 'available for sale' investments are included in the statement of comprehensive income in the period in which they arise.
- Dividend income is recognised when the right to receive the dividend is established.



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- Discount on purchase of Market Treasury Bills is amortised to income statement using the straight line method.
- Mark-up / return on bank deposits, term deposit receipts, reverse repo transactions and certificates of investments is recognised using the effective interest method.

## 5 BANK BALANCES

|                     |      | 2018            |               |                       |                | 2017        |                 |               |                       |                |             |
|---------------------|------|-----------------|---------------|-----------------------|----------------|-------------|-----------------|---------------|-----------------------|----------------|-------------|
|                     | Note | Equity Sub-Fund | Debt Sub-Fund | Money Market Sub-Fund | Others ( 5.2 ) | Total       | Equity Sub-Fund | Debt Sub-Fund | Money Market Sub-Fund | Others ( 5.2 ) | Total       |
| <div>(Rupees)</div> |      |                 |               |                       |                |             |                 |               |                       |                |             |
| Savings accounts    | 5.1  | 96,242,228      | 207,518,978   | 545,833,957           | 2,475,488      | 852,070,651 | 77,447,447      | 273,092,363   | 291,082,871           | 3,252,253      | 644,874,934 |

5.1 These accounts carry mark-up rates ranging from 3.75% to 7.25% per annum (30 June 2017: 3.75% to 7.43% per annum).

5.2 This represents collection accounts maintained by the Fund. The balances in these accounts represent front-end fee along with Government levies and withholding tax payable to the Pension Fund Manager and the tax authorities respectively (refer note 1).

## 6 INVESTMENTS

|   |      | 2018            |               |                       |               | 2017            |               |                       |               |
|---|------|-----------------|---------------|-----------------------|---------------|-----------------|---------------|-----------------------|---------------|
|   | Note | Equity Sub-Fund | Debt Sub-Fund | Money Market Sub-Fund | Total         | Equity Sub-Fund | Debt Sub-Fund | Money Market Sub-Fund | Total         |
| ----- (Rupees) -----                                    |      |                 |               |                       |               |                 |               |                       |               |
| Investments by category                                 |      |                 |               |                       |               |                 |               |                       |               |
| At fair value through profit or loss - held for trading |      |                 |               |                       |               |                 |               |                       |               |
| Listed equity securities                                | 6.1  | 1,019,710,359   | -             | -                     | 1,019,710,359 | 1,013,270,959   | -             | -                     | 1,013,270,959 |
| Government securities - Market Treasury Bills           | 6.2  | -               | 100,870,426   | -                     | 100,870,426   | -               | 104,689,413   | 89,752,150            | 194,441,563   |
| Government securities - Pakistan                        |      |                 |               |                       |               |                 |               |                       |               |
| Investment Bonds  | 6.3  | -               | -             | -                     | -             | -               | 13,847,699    | -                     | 13,847,699    |
| Term finance certificates                               | 6.4  | -               | 83,674,788    | -                     | 83,674,788    | -               | 48,285,088    | -                     | 48,285,088    |
|   |      | 1,019,710,359   | 184,545,214   | -                     | 1,204,255,573 | 1,013,270,959   | 166,822,200   | 89,752,150            | 1,269,845,309 |
| Loans and receivables                                   |      |                 |               |                       |               |                 |               |                       |               |
| Term deposit receipts                                   | 6.7  | -               | -             | 121,543,927           | 121,543,927   | -               | -             | 75,457,459            | 75,457,459    |
|   |      | 1,019,710,359   | 184,545,214   | 121,543,927           | 1,325,799,500 | 1,013,270,959   | 166,822,200   | 165,209,609           | 1,345,302,768 |



# NAFA PENSION FUND

## Listed equity securities

### Held by Equity Sub-Fund

All Shares have a nominal face value of Rs. 10 each except for shares of Al-Ghazi Tractors Limited, Agriautos Industries Limited, Shabbir Tiles & Ceramics Limited, Thal Limited and Dynea Limited which have a face value of Rs. 5.

| Name of the investee company                         | As at 01 July 2017 | Purchases during the year | Bonus shares issue during the year | Right shares subscribed during the year | Sales during the year | As at 30 June 2018 | Market value / carrying value as at 30 June 2018 | Market value / carrying value as a percentage of net assets of sub-fund | Market value / carrying value as a percentage of investments of the sub-fund | Par value as a percentage of issued capital of the investee company |
|--|--------------------|---------------------------|------------------------------------|---|-----------------------|--------------------|--|---|--|---|
|  | (Number of shares) |                           |                                    |   |                       |                    | (Rupees)   | -( % )  |  |   |
| <b>Automobile Assembler</b>                          |                    |                           |                                    |   |                       |                    |  |   |  |   |
| Honda Atlas Cars (Pakistan) Limited                  | 29,400             | 5,100                     | -                                  | -                                       | 34,500                | -                  | -  | 0.00  | 0.00   | 0.00  |
| Sazgar Engineering Works Limited                     | 29,500             | -                         | -                                  | -                                       | 29,500                | -                  | -  | 0.00  | 0.00   | 0.00  |
| Pak Suzuki Motor Company Limited                     | 13,000             | -                         | -                                  | -                                       | 13,000                | -                  | -  | 0.00  | 0.00   | 0.00  |
| Millat Tractors Limited                              | 14,500             | -                         | -                                  | -                                       | 7,020                 | 7,480              | 8,886,689  | 0.80  | 0.87   | 0.02  |
| Al- Ghazi Tractors Limited                           | 2,150              | -                         | -                                  | -                                       | 2,150                 | -                  | -  | 0.00  | 0.00   | 0.00  |
| Indus Motor Company Limited                          | 10,650             | -                         | -                                  | -                                       | 4,600                 | 6,050              | 8,599,833  | 0.77  | 0.84   | 0.01  |
|  | 99,200             | 5,100                     | -                                  | -                                       | 90,770                | 13,530             | 17,486,522                                       | 1.57  | 1.71   |   |
| <b>Automobile Parts and Accessories</b>              |                    |                           |                                    |   |                       |                    |  |   |  |   |
| Agriautos Industries Limited                         | 3,400              | -                         | -                                  | -                                       | -                     | 3,400              | 1,003,000  | 0.09  | 0.10   | 0.01  |
| Baluchistan Wheels Limited                           | 88,400             | 100                       | -                                  | -                                       | -                     | 88,500             | 9,576,585  | 0.86  | 0.94   | 0.66  |
| Thal Limited   | 4,500              | 28,600                    | -                                  | -                                       | 12,800                | 20,300             | 9,693,859  | 0.87  | 0.95   | 0.03  |
|  | 96,300             | 28,700                    | -                                  | -                                       | 12,800                | 112,200            | 20,273,444                                       | 1.82  | 1.99   |   |
| <b>Cable &amp; Electrical Goods</b>                  |                    |                           |                                    |   |                       |                    |  |   |  |   |
| Pak Elektron Limited                                 | 201,250            | 23,000                    | -                                  | -                                       | 136,500               | 87,750             | 3,111,615  | 0.28  | 0.31   | 0.02  |
| <b>Pharmaceuticals</b>                               |                    |                           |                                    |   |                       |                    |  |   |  |   |
| Abbot Laboratories (Pakistan) Limited                | 14,650             | 8,000                     | -                                  | -                                       | 12,900                | 9,750              | 6,678,750  | 0.60  | 0.65   | 0.01  |
| AGP Limited  | -                  | 99,375                    | -                                  | -                                       | 56,000                | 43,375             | 3,851,266  | 0.35  | 0.38   | 0.02  |
| GlaxoSmithKline (Pakistan) Limited                   | 20,860             | -                         | -                                  | -                                       | 3,000                 | 17,860             | 2,964,760  | 0.27  | 0.29   | 0.01  |
| GlaxoSmithKline Consumer Healthcare Pakistan Limited | 6,258              | -                         | -                                  | -                                       | 6,258                 | -                  | -  | 0.00  | 0.00   | 0.00  |
| The Searle Company Limited (note 6.1.2)              | 19,278             | 17,400                    | 1,855                              | -                                       | 25,600                | 12,933             | 4,390,904  | 0.40  | 0.43   | 0.01  |
| Ferozsons Laboratories Limited                       | 14,500             | -                         | -                                  | -                                       | -                     | 14,500             | 2,823,585  | 0.25  | 0.28   | 0.05  |
| Highnoon Laboratories Limited (note 6.1.2)           | 45                 | -                         | -                                  | -                                       | 9                     | 36                 | 14,779   | 0.00  | 0.00   | 0.00  |
|  | 75,591             | 124,775                   | 1,855                              | -                                       | 103,767               | 98,454             | 20,724,044                                       | 1.87  | 2.03   |   |
| <b>Chemical</b>                                      |                    |                           |                                    |   |                       |                    |  |   |  |   |
| Engro Polymer and Chemicals Limited                  | -                  | 649,500                   | -                                  | 240,287                                 | 47,000                | 842,787            | 21,013,723                                       | 1.89  | 2.06   | 0.13  |
| AkzoNobel Pakistan Limited                           | 42,400             | -                         | -                                  | -                                       | -                     | 42,400             | 7,918,624  | 0.71  | 0.78   | 0.09  |
| Ittehad Chemical Limited                             | -                  | 335,000                   | -                                  | -                                       | 33,000                | 302,000            | 10,497,520                                       | 0.94  | 1.03   | 0.39  |
| Dynea Pakistan Limited                               | 69,000             | -                         | -                                  | -                                       | 52,000                | 17,000             | 2,160,700  | 0.19  | 0.21   | 0.09  |
|  | 111,400            | 984,500                   | -                                  | 240,287                                 | 132,000               | 1,204,187          | 41,590,567                                       | 3.73  | 4.08   |   |
| <b>Cement</b>  |                    |                           |                                    |   |                       |                    |  |   |  |   |
| Pioneer Cement Limited                               | 107,200            | 44,000                    | -                                  | -                                       | 88,500                | 62,700             | 2,938,122  | 0.26  | 0.29   | 0.03  |
| Fauji Cement Company Limited                         | 303,000            | 287,000                   | -                                  | -                                       | 400,500               | 189,500            | 4,330,075  | 0.39  | 0.42   | 0.01  |
| Maple Leaf Cement Factory Limited                    | 138,000            | 55,000                    | -                                  | 4,063                                   | 142,063               | 55,000             | 2,790,750  | 0.25  | 0.27   | 0.01  |
| Lucky Cement Limited                                 | 56,350             | 1,600                     | -                                  | -                                       | 23,400                | 34,550             | 17,548,982                                       | 1.58  | 1.72   | 0.01  |
| D. G. Khan Cement Company Limited                    | 123,900            | 151,700                   | -                                  | -                                       | 136,800               | 138,800            | 15,891,212                                       | 1.43  | 1.56   | 0.03  |
| Kohat Cement Company Limited                         | 47,000             | 93,500                    | -                                  | -                                       | 93,700                | 46,800             | 5,759,676  | 0.52  | 0.56   | 0.03  |
| Fecto Cement Limited                                 | 49,900             | -                         | -                                  | -                                       | 49,900                | -                  | -  | 0.00  | 0.00   | 0.00  |
| Attock Cement (Pakistan) Limited                     | 68,200             | -                         | -                                  | -                                       | -                     | 68,200             | 9,171,536  | 0.83  | 0.90   | 0.06  |
|  | 893,550            | 632,800                   | -                                  | 4,063                                   | 934,863               | 595,550            | 58,430,353                                       | 5.26  | 5.72   |   |
| <b>Refinery</b>                                      |                    |                           |                                    |   |                       |                    |  |   |  |   |
| Attock Refinery Limited                              | 11,300             | 14,500                    | -                                  | -                                       | 25,400                | 400                | 86,124   | 0.01  | 0.01   | 0.00  |
|  | 11,300             | 14,500                    | -                                  | -                                       | 25,400                | 400                | 86,124   | 0.01  | 0.01   |   |

# NAFA PENSION FUND

| Name of the investee company                | As at 01 July 2017 | Purchases during the year | Bonus shares issue during the year | Right shares subscribed during the year | Sales during the year | As at 30 June 2018 | Market value / carrying value as at 30 June 2018 | Market value / carrying value as a percentage of net assets of sub-fund | Market value / carrying value as a percentage of investments of the sub-fund | Par value as a percentage of issued capital of the investee company |
|---|--------------------|---------------------------|------------------------------------|---|-----------------------|--------------------|--|---|--|---|
|   | (Number of shares) |                           |                                    |   |                       |                    | (Rupees)   | -( % )-   |  |   |
| <b>Commerical banks</b>                     |                    |                           |                                    |   |                       |                    |  |   |  |   |
| United Bank Limited                         | 166,660            | 111,300                   | -                                  | -                                       | 82,100                | 195,860            | 33,096,423                                       | 2.98  | 3.25   | 0.02  |
| Allied Bank Limited                         | 178,300            | 95,500                    | -                                  | -                                       | -                     | 273,800            | 28,242,470                                       | 2.54  | 2.77   | 0.02  |
| MCB Bank Limited                            | 151,100            | 42,200                    | -                                  | -                                       | 64,500                | 128,800            | 25,472,776                                       | 2.29  | 2.50   | 0.01  |
| Habib Metro Bank Limited                    | -                  | 412,000                   | -                                  | -                                       | -                     | 412,000            | 17,860,200                                       | 1.61  | 2  | 0.04  |
| Habib Bank Limited                          | 155,928            | 440,100                   | -                                  | -                                       | 219,700               | 376,328            | 62,636,032                                       | 5.64  | 6.14   | 0.03  |
| Faysal Bank Limited (note 6.1.2)            | 3,905              | 830,000                   | 118,486                            | -                                       | -                     | 952,391            | 24,762,160                                       | 2.23  | 2.43   | 0.06  |
| Bank Alfalah Limited                        | -                  | 1,133,500                 | -                                  | -                                       | -                     | 1,133,500          | 59,270,715                                       | 5.33  | 6  | 0.07  |
| Bank Alhabib Limited                        | 134,150            | 304,000                   | -                                  | -                                       | 69,000                | 369,150            | 29,100,094                                       | 2.62  | 2.85   | 0.03  |
|   | 790,043            | 3,368,600                 | 118,486                            | -                                       | 435,300               | 3,841,829          | 280,440,870                                      | 25.24   | 27.50  |   |
|   |                    |                           |                                    |   | -                     |                    |  |   |  |   |
| <b>Paper and Board</b>                      |                    |                           |                                    |   |                       |                    |  |   |  |   |
| Century Paper and Board Mills Limited       | 208,500            | -                         | -                                  | -                                       | 181,000               | 27,500             | 1,746,250  | 0.16  | 0.17   | 0.02  |
|   |                    |                           |                                    |   |                       |                    |  |   |  |   |
| <b>Fertilizer</b>                           |                    |                           |                                    |   |                       |                    |  |   |  |   |
| Engro Fertilizer Limited                    | 258,500            | 532,000                   | -                                  | -                                       | 231,500               | 559,000            | 41,874,690                                       | 3.77  | 4.11   | 0.04  |
| Engro Corporation Limited                   | 117,000            | 114,700                   | -                                  | -                                       | 61,500                | 170,200            | 53,418,972                                       | 4.81  | 5.24   | 0.03  |
| Dawood Hercules Corporation Limited         | 100,000            | 22,300                    | -                                  | -                                       | 69,700                | 52,600             | 5,827,028  | 0.52  | 0.57   | 0.01  |
| Fauji Fertilizer Company Limited            | -                  | 341,000                   | -                                  | -                                       | 51,500                | 289,500            | 28,628,655                                       | 2.58  | 2.81   | 0.02  |
| Fauji Fertilizer Bin Qasim Limited          | 197,500            | -                         | -                                  | -                                       | 197,500               | -                  | -  | 0.00  | 0.00   | 0.00  |
|   | 673,000            | 1,010,000                 | -                                  | -                                       | 611,700               | 1,071,300          | 129,749,345                                      | 11.68   | 12.73  |   |
|   |                    |                           |                                    |   |                       |                    |  |   |  |   |
| <b>Power Generation and Distribution</b>    |                    |                           |                                    |   |                       |                    |  |   |  |   |
| The Hub Power Company Limited               | 195,600            | 242,000                   | -                                  | -                                       | 115,500               | 322,100            | 29,684,736                                       | 2.67  | 2.91   | 0.04  |
| Kot Addu Power Company Limited              | 236,500            | -                         | -                                  | -                                       | 120,000               | 116,500            | 6,280,515  | 0.57  | 0.62   | 0.01  |
|   | 432,100            | 242,000                   | -                                  | -                                       | 235,500               | 438,600            | 35,965,251                                       | 3.24  | 3.53   |   |
|   |                    |                           |                                    |   |                       |                    |  |   |  |   |
| <b>Textile Composite</b>                    |                    |                           |                                    |   |                       |                    |  |   |  |   |
| Nishat (Chunian) Limited                    | 193,500            | 516,500                   | -                                  | -                                       | 298,500               | 411,500            | 19,538,020                                       | 1.76  | 1.92   | 0.17  |
| Nishat Mills Limited                        | 177,000            | 49,500                    | -                                  | -                                       | 82,500                | 144,000            | 20,292,480                                       | 1.83  | 1.99   | 0.04  |
| Kohinoor Textile Mills Limited (note 6.1.2) | 192,475            | 11,978                    | -                                  | -                                       | 36,000                | 168,453            | 9,263,234  | 0.83  | 0.91   | 0.06  |
| The Crescent Textile Mills Limited          | 108,500            | -                         | -                                  | -                                       | 108,500               | -                  | -  | 0.00  | 0.00   | 0.00  |
| Dawood Lawrencepur Limited                  | 40,900             | -                         | -                                  | -                                       | -                     | 40,900             | 7,187,766  | 0.65  | 0.70   | 0.07  |
| Sapphire Fibres Mills Limited               | 6,200              | -                         | -                                  | -                                       | -                     | 6,200              | 5,719,500  | 0.51  | 0.56   | 0.03  |
|   | 718,575            | 577,978                   | -                                  | -                                       | 525,500               | 771,053            | 62,001,000                                       | 5.58  | 6.08   |   |
|   |                    |                           |                                    |   |                       |                    |  |   |  |   |
| <b>Sugar and Allied Industries</b>          |                    |                           |                                    |   |                       |                    |  |   |  |   |
| Faran Sugar Mills Limited                   | 67,500             | 3,000                     | -                                  | -                                       | -                     | 70,500             | 5,858,550  | 0.53  | 0.57   | 0.28  |
|   | 67,500             | 3,000                     | -                                  | -                                       | -                     | 70,500             | 5,858,550  | 0.53  | 0.57   |   |

# NAFA PENSION FUND

| Name of the investee company                                   | As at 01 July 2017 | Purchases during the year | Bonus shares issue during the year | Right shares subscribed during the year | Sales during the year | As at 30 June 2018 | Market value / carrying value as at 30 June 2018 | Market value / carrying value as a percentage of net assets of sub-fund | Market value / carrying value as a percentage of investments of the sub-fund | Par value as a percentage of issued capital of the investee company |
|--|--------------------|---------------------------|------------------------------------|---|-----------------------|--------------------|--|---|--|---|
|  | (Number of shares) |                           |                                    |   | (Rupees)              |                    | -( % )   |   |  |   |
| <b>Oil and Gas Exploration Companies</b>                       |                    |                           |                                    |   |                       |                    |  |   |  |   |
| Pakistan Petroleum Limited (note 6.1.3)                        | 256,178            | 107,500                   | -                                  | -                                       | 83,300                | 280,378            | 60,253,232                                       | 5.42  | 5.91   | 0.01  |
| Pakistan Oilfields Limited (note 6.1.3)                        | 70,500             | 82,200                    | -                                  | -                                       | 72,400                | 80,300             | 53,944,737                                       | 4.85  | 5.29   | 0.03  |
| Oil and Gas Development Company Limited (note 6.1.3)           | 186,300            | 138,400                   | -                                  | -                                       | 28,500                | 296,200            | 46,094,644                                       | 4.15  | 4.52   | 0.01  |
| Mari Petroleum Company Limited                                 | 29,980             | 8,300                     | -                                  | -                                       | 13,680                | 24,600             | 37,052,028                                       | 3.33  | 3.63   | 0.02  |
|  | 542,958            | 336,400                   | -                                  | -                                       | 197,880               | 681,478            | 197,344,641                                      | 17.75   | 19.35  |   |
| <b>Oil and Gas Marketing Companies</b>                         |                    |                           |                                    |   |                       |                    |  |   |  |   |
| Sui Northern Gas Pipelines                                     | -                  | 242,800                   |                                    |   | 53,000                | 189,800            | 19,021,756                                       | 1.71  | 1.87   |   |
| Attock Petroleum Limited                                       | 7,800              | -                         | -                                  | -                                       | -                     | 7,800              | 4,601,922  | 0.41  | 0.45   | 0.01  |
| Pakistan State Oil Company Limited (note 6.1.2 & 6.1.3)        | 71,730             | 81,800                    | 15,806                             | -                                       | 91,900                | 77,436             | 24,648,653                                       | 2.22  | 2.42   | 0.02  |
| Hascal Petroleum Limited (note 6.1.2)                          | 300                | 18,000                    | -                                  | 27                                      | -                     | 18,327             | 5,750,154  | 0.52  | 0.56   | 0.01  |
| Shell Pakistan Limited   | 29,000             | -                         | -                                  | -                                       | 17,700                | 11,300             | 3,571,817  | 0.32  | 0.35   | 0.01  |
|  | 108,830            | 342,600                   | 15,806                             | 27                                      | 162,600               | 304,663            | 57,594,302                                       | 5.18  | 5.65   |   |
| <b>Engineering</b>   |                    |                           |                                    |   |                       |                    |  |   |  |   |
| Mughal Iron and Steel Industries Limited (note 6.1.2)          | 107,310            | 45,000                    |                                    |   | 71,000                | 81,310             | 4,994,060  | 0.45  | 0.49   | 0.03  |
| Ittefaq Iron Industries  | -                  | 192,000                   |                                    |   | 192,000               | -                  | -  | 0.00  | 0.00   | 0.00  |
| Crescent Steel & Allied Products                               | 20,400             | -                         |                                    |   | 19,000                | 1,400              | 127,638  | 0.01  | 0.01   | 0.00  |
| Aisha Steel Limited  | -                  | 540,000                   |                                    | -                                       | 540,000               | -                  | -  | 0.00  | 0.00   | 0.00  |
| Amreli Steels Limited  | 222,500            | -                         |                                    |   | 206,000               | 16,500             | 1,164,075  | 0.10  | 0.11   | 0.01  |
|  | 350,210            | 777,000                   | -                                  | -                                       | 1,028,000             | 99,210             | 6,285,773  | 0.56  | 0.61   |   |
| <b>Technology and communication</b>                            |                    |                           |                                    |   |                       |                    |  |   |  |   |
| Avanceon Limited   | 183,500            | -                         |                                    |   | 147,000               | 36,500             | 2,417,760  | 0.22  | 0.24   | 0.03  |
| NetSol Technologies Limited                                    | -                  | 150,000                   |                                    |   | -                     | 150,000            | 18,160,500                                       | 1.63  | 1.78   | 0.17  |
| Systems Limited  | 211,500            | 11,000                    |                                    |   | 54,000                | 168,500            | 17,055,570                                       | 1.53  | 1.67   | 0.15  |
|  | 395,000            | 161,000                   | -                                  | -                                       | 201,000               | 355,000            | 37,633,830                                       | 3.38  | 3.69   |   |
| <b>Food and Personal Care Products</b>                         |                    |                           |                                    |   |                       |                    |  |   |  |   |
| Rafhan Maize Products Limited.                                 | 20                 | -                         |                                    |   | 20                    | -                  | -  | 0.00  | 0.00   | 0.00  |
| Matco Foods Limited  | -                  | 758,500                   |                                    |   | 458,000               | 300,500            | 11,292,790                                       | 1.02  | 1.11   | 0.26  |
| Al-Shaheer Corporation Limited (note 6.1.2)                    | 208,552            | 57,000                    |                                    |   | 128,000               | 137,552            | 3,748,306  | 0.34  | 0.37   | 0.10  |
|  | 208,572            | 815,500                   | -                                  | -                                       | 586,020               | 438,052            | 15,041,096                                       | 1.36  | 1.48   |   |
| <b>Glass and Ceramics</b>                                      |                    |                           |                                    |   |                       |                    |  |   |  |   |
| Ghani Glass Ltd  | -                  | 28,000                    |                                    |   | -                     | 28,000             | 1,727,040  | 0.16  | 0.17   | 0.01  |
| Tariq Glass Limited  | 131,500            | 19,000                    | -                                  | -                                       | -                     | 150,500            | 16,127,580                                       | 1.45  | 1.58   | 0.20  |
|  | 131,500            | 47,000                    | -                                  | -                                       | -                     | 178,500            | 17,854,620                                       | 1.61  | 1.75   |   |
| <b>Insurance</b>   |                    |                           |                                    |   |                       |                    |  |   |  |   |
| Pakistan Reinsurance Company                                   | 149,500            | -                         | -                                  | -                                       | 149,500               | -                  | -  | 0.00  | 0.00   | 0.00  |
| <b>Glass and Ceramics</b>                                      |                    |                           |                                    |   |                       |                    |  |   |  |   |
| Shabbir Tiles & Ceramics Limited                               | 876,000            | -                         | -                                  | -                                       | 663,500               | 212,500            | 4,475,250  | 0.40  | 0.44   | 0.06  |
|  | 876,000            | -                         | -                                  | -                                       | 663,500               | 212,500            | 4,475,250  | 0.40  | 0.44   |   |
| <b>Miscellaneous</b>   |                    |                           |                                    |   |                       |                    |  |   |  |   |
| Tri-Pack Films Limited   | 43,000             | -                         |                                    |   | 43,000                | -                  | -  | 0.00  | 0.00   | 0.00  |
| Synthetic Products Enterprises Limited (note 6.1.2)            | 141,250            | 13,500                    | -                                  | -                                       | 37,000                | 117,750            | 6,016,912  | 0.53  | 0.60   | 0.14  |
|  | 184,250            | 13,500                    | -                                  | -                                       | 80,000                | 117,750            | 6,016,912  | 0.53  | 0.60   |   |
| <b>Total 30 June 2018</b>                                      | <b>7,325,129</b>   | <b>9,507,953</b>          | <b>136,147</b>                     | <b>244,377</b>                          | <b>6,493,600</b>      | <b>10,720,006</b>  | <b>1,019,710,359</b>                             | <b>91.74</b>  | <b>100.00</b>  |   |
| Carrying value before fair value adjustment as at 30 June 2018 |                    |                           |                                    |   |                       |                    | <b>1,057,931,397</b>                             |   |  |   |

# NAFA PENSION FUND

**6.1.2** The Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the Company declaring bonus shares which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Funds Association of Pakistan, has filed a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the mutual funds based on the premise of exemption given to mutual funds under clause 47B and 99 of Second Schedule of Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case. Accordingly, the investee company(s) has withheld the shares equivalent to 5% of bonus announcement amounting to Rs. 1.220 million (30 June 2017: Rs. 1.012 million) and not yet deposited in CDC account of department of Income Tax. The Pension Fund Manager is of the view that the decision will be in the favour and accordingly has recorded the bonus shares on gross basis.

**6.1.3** Investments include shares with market value of Rs. 27.212 million (30 June 2017: Rs. 22.686 million ) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular dated 23 October 2007 issued by the Securities and Exchange Commission of Pakistan.

## 6.2 Government securities - Market Treasury bills

### 6.2.1 Held by Debt Sub-Fund

|                   |          | Face value            |                                 |                                       |                       | Market value /<br>carrying value<br>as at<br>30 June 2018 | Market value /<br>carrying value as<br>a percentage of<br>net assets of sub-<br>fund | Market value /<br>carrying value as a<br>percentage of total<br>investments of sub-<br>fund |
|-------------------|----------|-----------------------|---------------------------------|---------------------------------------|-----------------------|---|--|---|
| Issue date        | Tenor    | As at 01 July<br>2017 | Purchases<br>during<br>the year | Sales / matured<br>during<br>the year | As at<br>30 June 2018 |   |  |   |
|                   |          |                       |                                 |                                       |                       |   |  |   |
| 13 April 2017     | 3 Months | 14,000,000            | -                               | 14,000,000                            | -                     | -   | -  | -   |
| 27 April 2017     | 3 Months | 91,000,000            | 20,000,000                      | 111,000,000                           | -                     | -   | -  | -   |
| 19 January 2017   | 3 Months | -                     | 75,000,000                      | 75,000,000                            | -                     | -   | -  | -   |
| 22 June 2017      | 3 Months | -                     | 145,000,000                     | 145,000,000                           | -                     | -   | -  | -   |
| 22 June 2017      | 6 Months | -                     | 135,000,000                     | 135,000,000                           | -                     | -   | -  | -   |
| 20 July 2017      | 3 Months | -                     | 130,000,000                     | 130,000,000                           | -                     | -   | -  | -   |
| 03 August 2017    | 3 Months | -                     | 93,000,000                      | 93,000,000                            | -                     | -   | -  | -   |
| 17 August 2017    | 3 Months | -                     | 73,000,000                      | 73,000,000                            | -                     | -   | -  | -   |
| 31 August 2017    | 3 Months | -                     | 194,000,000                     | 194,000,000                           | -                     | -   | -  | -   |
| 14 September 2017 | 3 Months | -                     | 135,000,000                     | 135,000,000                           | -                     | -   | -  | -   |
| 12 October 2017   | 3 Months | -                     | 20,000,000                      | 20,000,000                            | -                     | -   | -  | -   |
| 26 October 2017   | 3 Months | -                     | 50,000,000                      | 50,000,000                            | -                     | -   | -  | -   |
| 23 November 2017  | 3 Months | -                     | 50,000,000                      | 50,000,000                            | -                     | -   | -  | -   |
| 23 November 2017  | 3 Months | -                     | 69,000,000                      | 69,000,000                            | -                     | -   | -  | -   |
| 04 January 2018   | 3 Months | -                     | 3,000,000                       | 3,000,000                             | -                     | -   | -  | -   |
| 04 January 2018   | 3 Months | -                     | 1,000,000                       | 1,000,000                             | -                     | -   | -  | -   |
| 04 January 2018   | 3 Months | -                     | 25,000,000                      | 25,000,000                            | -                     | -   | -  | -   |
| 18 January 2018   | 3 Months | -                     | 50,000,000                      | 50,000,000                            | -                     | -   | -  | -   |
| 01 February 2018  | 3 Months | -                     | 35,000,000                      | 35,000,000                            | -                     | -   | -  | -   |
| 01 February 2018  | 3 Months | -                     | 9,500,000                       | 9,500,000                             | -                     | -   | -  | -   |
| 01 February 2018  | 3 Months | -                     | 67,000,000                      | 67,000,000                            | -                     | -   | -  | -   |
| 15 February 2018  | 3 Months | -                     | 69,000,000                      | 69,000,000                            | -                     | -   | -  | -   |
| 15 February 2018  | 3 Months | -                     | 2,000,000                       | 2,000,000                             | -                     | -   | -  | -   |
| 15 February 2018  | 3 Months | -                     | 127,500,000                     | 127,500,000                           | -                     | -   | -  | -   |
| 01 March 2018     | 3 Months | -                     | 100,000,000                     | 100,000,000                           | -                     | -   | -  | -   |
| 12 April 2018     | 3 Months | -                     | 4,000,000                       | 4,000,000                             | -                     | -   | -  | -   |
| 12 April 2018     | 3 Months | -                     | 169,000,000                     | 169,000,000                           | -                     | -   | -  | -   |
| 26 April 2018     | 3 Months | -                     | 111,500,000                     | 111,500,000                           | -                     | -   | -  | -   |
| 07 June 2018      | 3 Months | -                     | 102,000,000                     | -                                     | 102,000,000           | 100,870,426   | 27.56  | 54.66   |
|                   |          | 105,000,000           | 2,064,500,000                   | 2,067,500,000                         | 102,000,000           | 100,870,426   | 27.56  | 54.66   |

6.2.2

6.2.2

Carrying value before fair value adjustment as at 30 June 2018

**100,876,521**

# NAFA PENSION FUND

**6.2.2** These Market Treasury Bills carry rate of return ranging from 5.96% to 6.62% per annum (2017: 5.96% to 5.97% per annum).

**6.2.3 Held by Money Market Sub-Fund**

| Held by Money Market Sub-Fund                                  |      |          | Face value            |                                 |                                       |                       | Market value /<br>carrying value<br>as at<br>30 June 2018 | Market value /<br>carrying value as<br>a percentage of<br>net assets of sub-<br>fund | Market value /<br>carrying value as a<br>percentage of total<br>investments of sub-<br>fund |
|--|------|----------|-----------------------|---------------------------------|---------------------------------------|-----------------------|---|--|---|
| Issue date   | Note | Tenor    | As at 01 July<br>2017 | Purchases<br>during<br>the year | Sales / matured<br>during<br>the year | As at<br>30 June 2018 |   |  |   |
|  |      |          |                       |                                 |                                       |                       |   |  |   |
| 13 April 2017  |      | 3 Months | 70,000,000            | -                               | 70,000,000                            | -                     | -   | -  |   |
| 27 April 2017  |      | 3 Months | 20,000,000            | -                               | 20,000,000                            | -                     | -   | -  |   |
| 02 March 2017  |      | 3 Months | -                     | 18,000,000                      | 18,000,000                            | -                     | -   | -  |   |
| 16 March 2017  |      | 3 Months | -                     | 7,000,000                       | 7,000,000                             | -                     | -   | -  |   |
| 27 April 2017  |      | 3 Months | -                     | 12,000,000                      | 12,000,000                            | -                     | -   | -  |   |
| 08 June 2017   |      | 3 Months | -                     | 32,000,000                      | 32,000,000                            | -                     | -   | -  |   |
| 22 June 2017   |      | 3 Months | -                     | 16,000,000                      | 16,000,000                            | -                     | -   | -  |   |
| 20 July 2017   |      | 3 Months | -                     | 73,000,000                      | 73,000,000                            | -                     | -   | -  |   |
| 03 August 2017   |      | 3 Months | -                     | 206,000,000                     | 206,000,000                           | -                     | -   | -  |   |
| 04 August 2017   |      | 3 Months | -                     | 5,000,000                       | 5,000,000                             | -                     | -   | -  |   |
| 17 August 2017   |      | 3 Months | -                     | 2,500,000                       | 2,500,000                             | -                     | -   | -  |   |
| 17 August 2017   |      | 3 Months | -                     | 99,000,000                      | 99,000,000                            | -                     | -   | -  |   |
| 31 August 2017   |      | 3 Months | -                     | 128,000,000                     | 128,000,000                           | -                     | -   | -  |   |
| 14 September 2017  |      | 3 Months | -                     | 23,000,000                      | 23,000,000                            | -                     | -   | -  |   |
| 14 September 2017  |      | 3 Months | -                     | 142,000,000                     | 142,000,000                           | -                     | -   | -  |   |
| 28 September 2017  |      | 3 Months | -                     | 200,000,000                     | 200,000,000                           | -                     | -   | -  |   |
| 12 October 2017  |      | 3 Months | -                     | 30,000,000                      | 30,000,000                            | -                     | -   | -  |   |
| 26 October 2017  |      | 3 Months | -                     | 9,000,000                       | 9,000,000                             | -                     | -   | -  |   |
| 09 November 2017   |      | 3 Months | -                     | 2,500,000                       | 2,500,000                             | -                     | -   | -  |   |
| 09 November 2017   |      | 3 Months | -                     | 2,500,000                       | 2,500,000                             | -                     | -   | -  |   |
| 23 November 2017   |      | 3 Months | -                     | 50,000,000                      | 50,000,000                            | -                     | -   | -  |   |
| 23 November 2017   |      | 3 Months | -                     | 131,000,000                     | 131,000,000                           | -                     | -   | -  |   |
| 04 January 2018  |      | 3 Months | -                     | 37,500,000                      | 37,500,000                            | -                     | -   | -  |   |
| 18 January 2018  |      | 3 Months | -                     | 49,000,000                      | 49,000,000                            | -                     | -   | -  |   |
| 01 February 2018   |      | 3 Months | -                     | 300,000,000                     | 300,000,000                           | -                     | -   | -  |   |
| 15 February 2018   |      | 3 Months | -                     | 146,500,000                     | 146,500,000                           | -                     | -   | -  |   |
| 15 February 2018   |      | 3 Months | -                     | 156,000,000                     | 156,000,000                           | -                     | -   | -  |   |
| 01 March 2018  |      | 3 Months | -                     | 160,000,000                     | 160,000,000                           | -                     | -   | -  |   |
| 12 April 2018  |      | 3 Months | -                     | 311,000,000                     | 311,000,000                           | -                     | -   | -  |   |
| 26 April 2018  |      | 3 Months | -                     | 222,000,000                     | 222,000,000                           | -                     | -   | -  |   |
|  |      |          | <b>90,000,000</b>     | <b>2,570,500,000</b>            | <b>2,660,500,000</b>                  | <b>-</b>              | <b>-</b>  | <b>-</b>   |   |
| Carrying value before fair value adjustment as at 30 June 2018 |      |          | -                     |                                 |                                       |                       |   |  |   |

**6.2.4** These Market Treasury Bills carry rate of return ranging from 5.96% to 6.62% per annum (2017: 5.96% to 5.97%).

**6.3 Government securities - Pakistan Investment Bonds**

**6.3.1 Held by Debt Sub-Fund**

| Issue date   |       | Tenor   | Face value            |                                 |                                       |                       | Market value /<br>carrying value<br>as at<br>30 June 2018 | Market value /<br>carrying value as<br>a percentage of<br>net assets of sub-<br>fund | Market value /<br>carrying value as a<br>percentage of total<br>investments of sub-<br>fund |
|--|-------|---------|-----------------------|---------------------------------|---------------------------------------|-----------------------|---|--|---|
|  |       |         | As at 01 July<br>2017 | Purchases<br>during<br>the year | Sales / matured<br>during<br>the year | As at<br>30 June 2018 |   |  |   |
|  |       |         | ----- (Rupees) -----  |                                 |                                       |                       |   |  |   |
| 19 July 2012   |       | 10 Year | 5,000,000             | -                               | 5,000,000                             | -                     | -   | -  |   |
| 17 July 2014   |       | 3 Year  | 7,800,000             | -                               | 7,800,000                             | -                     | -   | -  |   |
|  | 6.3.2 |         | <b>12,800,000</b>     | <b>-</b>                        | <b>12,800,000</b>                     | <b>-</b>              | <b>-</b>  | <b>-</b>   |   |
| Carrying value before fair value adjustment as at 30 June 2018 |       |         |                       |                                 |                                       |                       | -   |  |   |

# NAFA PENSION FUND

6.3.2 These Pakistan Investment Bonds carry yield ranging from 11.25 % to 12% per annum. (2017: 11.25 % to 12% per annum)

## 6.4 Government securities - Term Finance Certificates

### 6.4.1 Held by Debt Sub-Fund

Note

| Name of the investee company                                   | As at 01 July 2017         | Purchases during the year | Disposals during the year | As at 30 June 2018 | Market value / carrying value as at 30 June 2018 | Market value / carrying value as a percentage of net assets of sub-fund | Market value / carrying value as a percentage of total investments of sub-fund |
|--|----------------------------|---------------------------|---------------------------|--------------------|--|---|--|
|  | -(Number of certificates)- |                           |                           |                    | (Rupees)   | -(%)  |  |
| JS Bank Limited  | 1,800                      | -                         | 300                       | 1,500              | 7,550,854  | 2.06  | 4.09   |
| Faysal Bank Limited - III                                      | 300                        | -                         | 300                       | -                  | -  | -   | -  |
| Standard Chartered Bank Limited - IV                           | 470                        | -                         | 470                       | -                  | -  | -   | -  |
| Jahangir Siddiqui Company Limited - II                         | 5,000                      | -                         | -                         | 5,000              | 8,778,438  | 2.40  | 4.76   |
| Jahangir Siddiqui Company Limited - III                        | 600                        | -                         | -                         | 600                | 2,276,208  | 0.62  | 1.23   |
| Askari Commercial Bank Limited                                 | 3,600                      | -                         | 300                       | 3,300              | 16,529,544                                       | 4.52  | 8.96   |
| MCB Bank Limited   | -                          | 4,920                     | -                         | 4,920              | 24,601,804                                       | 6.72  | 13.33  |
| Dawood Hercules Corporation Ltd                                | -                          | 80                        | -                         | 80                 | 8,016,000  | 2.19  | 4.34   |
| Bank Alfalah Limited - V - Revised                             | -                          | 1,600                     | -                         | 1,600              | 8,028,918  | 2.19  | 4.35   |
| Jahangir Siddiqui Company Limited - X                          | -                          | 1,560                     | -                         | 1,560              | 7,893,023  | 2.16  | 4.28   |
| 6.4.2  | <b>11,770</b>              | <b>8,160</b>              | <b>1,370</b>              | <b>18,560</b>      | <b>83,674,788</b>                                | <b>22.86</b>  | <b>45.34</b>   |
| Carrying value before fair value adjustment as at 30 June 2018 |                            |                           |                           |                    | <b>83,704,415</b>                                |   |  |

6.4.2 The Term Finance Certificates held by the fund are generally secured against hypothecation of stocks and receivables and mortgage of fixed assets of the issuer.

6.5 Significant terms and conditions of term finance certificates outstanding at the year end are as follows:

| Name of security                        | Number of certificates | Unredeemed face value (Rupees) | Mark-up rate (per annum) | Issue Date        | Tenor    | Secured / unsecured | Rating |
|---|------------------------|--------------------------------|--------------------------|-------------------|----------|---------------------|--------|
| JS Bank Limited                         | 1,500                  | 7,495,500                      | 6 month KIBOR + 1.40%    | 30 September 2014 | 7 years  | Secured             | A+     |
| Jahangir Siddiqui Company Limited - II  | 5,000                  | 8,750,000                      | 6 months KIBOR + 1.75%   | 08 April 2014     | 5 years  | Secured             | AA+    |
| Askari Commercial Bank Limited          | 3,300                  | 16,476,900                     | 6 months KIBOR + 1.20%   | 30 September 2014 | 10 years | Secured             | AA-    |
| Jahangir Siddiqui Company Limited - III | 600                    | 2,250,000                      | 6 months KIBOR + 1.65%   | 24 June 2016      | 5 years  | Secured             | AA+    |
| MCB Bank Limited                        | 4,920                  | 24,560,640                     | 6 months KIBOR + 1.12%   | 19 June 2014      | 8 years  | Secured             | AAA    |
| Dawood Hercules Corporation Ltd         | 80                     | 8,000,000                      | 6 months KIBOR + 1.00%   | 16 November 2017  | 5 years  | Secured             | AA     |
| Bank Alfalah Limited - V - Revised      | 1,600                  | 7,984,000                      | 6 months KIBOR + 1.06%   | 20 February 2013  | 8 years  | Secured             | AA     |
| Jahangir Siddiqui Company Limited - X   | 1,560                  | 7,800,000                      | 6 months KIBOR + 1.40%   | 18 July 2017      | 5 years  | Secured             | AA+    |



# NAFA PENSION FUND

## 6.6 Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'

|  | 2018                |                 |                       |                     | 2017               |                  |                       |                    |
|--|---------------------|-----------------|-----------------------|---------------------|--------------------|------------------|-----------------------|--------------------|
|  | Equity Sub-Fund     | Debt Sub-Fund   | Money Market Sub-Fund | Total               | Equity Sub-Fund    | Debt Sub-Fund    | Money Market Sub-Fund | Total              |
| ----- ( Rupees ) -----                       |                     |                 |                       |                     |                    |                  |                       |                    |
| Market value / carrying value of investments | 1,019,710,359       | 184,545,214     | 121,543,927           | 1,325,799,500       | 1,013,270,959      | 166,822,200      | 165,209,609           | 1,345,302,768      |
| Less: Carrying cost of investments           | (1,057,931,397)     | (184,580,936)   | (121,543,927)         | (1,364,056,260)     | (866,440,358)      | (167,263,602)    | (165,225,879)         | (1,198,929,839)    |
|  | <u>(38,221,038)</u> | <u>(35,722)</u> | <u>-</u>              | <u>(38,256,760)</u> | <u>146,830,601</u> | <u>(441,402)</u> | <u>(16,270)</u>       | <u>146,372,929</u> |

6.7 This represents term deposit receipts placed with JS Bank Limited carrying mark-up at the rate of 7.40% per annum and matures on 30 June 2018.

## 7 PROFIT RECEIVABLES

Profit receivable on:

|   |                |                  |                  |                  |               |                  |                |                  |
|---|----------------|------------------|------------------|------------------|---------------|------------------|----------------|------------------|
| - Savings accounts                            | 185,257        | 305,632          | 501,294          | 992,183          | -             | 1,306,419        | -              | 1,306,419        |
| - Term Deposit Receipts                       | -              | -                | 665,328          | 665,328          | 26,463        | 448,031          | 220,125        | 694,619          |
| - Profit accrued on Term Finance Certificates | -              | 1,161,392        | -                | 1,161,392        | -             | -                | 130,767        | 130,767          |
|   | <u>185,257</u> | <u>1,467,024</u> | <u>1,166,622</u> | <u>2,818,903</u> | <u>26,463</u> | <u>1,754,450</u> | <u>350,892</u> | <u>2,131,805</u> |

## 8 ADVANCE, DEPOSITS AND OTHER RECEIVABLES

|  |                  |                |                |                  |                  |                |                |                  |
|--|------------------|----------------|----------------|------------------|------------------|----------------|----------------|------------------|
| Advance tax  | 436,647          | 339,644        | -              | 776,291          | 436,646          | 339,644        | 29             | 776,319          |
| Security deposit with National Clearing Company of Pakistan Limited  | 2,500,000        | -              | -              | 2,500,000        | 2,500,000        | -              | -              | 2,500,000        |
| Security deposit with Central Depository Company of Pakistan Limited | 100,000          | 100,000        | 100,000        | 300,000          | 100,000          | 100,000        | 100,000        | 300,000          |
| Other receivable   | 2,635,000        | -              | -              | 2,635,000        | -                | -              | -              | -                |
|  | <u>5,671,647</u> | <u>439,644</u> | <u>100,000</u> | <u>6,211,291</u> | <u>3,036,646</u> | <u>439,644</u> | <u>100,029</u> | <u>3,576,319</u> |

## 9 PAYABLE TO NBP FUND MANAGEMENT COMPANY LIMITED - PENSION FUND MANAGER

|  |     | 2018               |                  |                          |         |           | 2017               |                  |                             |           |           |
|--|-----|--------------------|------------------|--------------------------|---------|-----------|--------------------|------------------|-----------------------------|-----------|-----------|
|  |     | Equity<br>Sub-Fund | Debt<br>Sub-Fund | Money Market<br>Sub-Fund | Others  | Total     | Equity<br>Sub-Fund | Debt<br>Sub-Fund | Money<br>Market<br>Sub-Fund | Others    | Total     |
| <hr style="border-top: 1px dashed black;"/>      |     |                    |                  |                          |         |           |                    |                  |                             |           |           |
| (Rupees)   |     |                    |                  |                          |         |           |                    |                  |                             |           |           |
| Remuneration to Pension Fund Manager             | 9.1 | 1,346,147          | 441,272          | 817,647                  | -       | 2,605,066 | 1,372,009          | 508,903          | 540,750                     | -         | 2,421,662 |
| Sindh Sales Tax on management remuneration       | 9.2 | 175,000            | 57,365           | 106,295                  | -       | 338,660   | 178,365            | 66,153           | 70,298                      | -         | 314,816   |
| Preliminary expenses and floatation cost payable |     | 75,000             | 75,000           | 75,000                   | -       | 225,000   | 75,000             | 75,000           | 75,000                      | -         | 225,000   |
| Sales load                                       |     | -                  | -                | -                        | 370,045 | 370,045   | -                  | -                | -                           | 1,147,291 | 1,147,291 |
| Sindh Sales Tax on sales load                    |     | -                  | -                | -                        | 50,815  | 50,815    | -                  | -                | -                           | 163,287   | 163,287   |
|  |     | 1,596,147          | 573,637          | 998,942                  | 420,860 | 3,589,586 | 1,625,374          | 650,056          | 686,048                     | 1,310,578 | 4,272,056 |

# NAFA PENSION FUND

**9.1** As per rule 11 of the Voluntary Pension System Rules, 2005, the Pension Fund Manager has charged its remuneration at the rate of 1.5 percent per annum of the average annual net assets of each of the Sub-Fund for the current year. The remuneration is paid on a monthly basis in arrears.

**9.2** The Sindh Provincial Government has levied Sindh Sales Tax on the remuneration of the Pension Fund Manager and sales load through Sindh Sales Tax on Services Act, 2011, effective from 01 July 2011. During the year, Sindh Sales Tax at the rate of 13% (30 June 2017: 13%) was charged on management remuneration and sales load.

## **10 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE**

|   |      | 2018            |               |                       |                | 2017            |               |                       |                |
|---|------|-----------------|---------------|-----------------------|----------------|-----------------|---------------|-----------------------|----------------|
|   |      | Equity Sub-Fund | Debt Sub-Fund | Money Market Sub-Fund | Total          | Equity Sub-Fund | Debt Sub-Fund | Money Market Sub-Fund | Total          |
| ----- (Rupees) -----                    |      |                 |               |                       |                |                 |               |                       |                |
| Trustee remuneration                    | 10.1 | 125,715         | 36,297        | 83,689                | 245,701        | 132,562         | 50,887        | 54,074                | 237,523        |
| Sindh Sales Tax on trustee remuneration | 10.2 | 16,345          | 4,718         | 10,880                | 31,943         | 16,565          | 6,074         | 6,645                 | 29,284         |
|   |      | <b>142,060</b>  | <b>41,015</b> | <b>94,569</b>         | <b>277,644</b> | <b>149,127</b>  | <b>56,961</b> | <b>60,719</b>         | <b>266,807</b> |

**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 daily net assets of the Fund.

Based on the Trust Deed, the tariff structure applicable to the Fund as at 30 June 2018 is as follows:

### **Net assets**

Upto Rs. 1,000 million  
Exceeding Rs. 1,000 million upto Rs. 3,000 million  
Exceeding Rs. 3,000 million upto Rs. 6,000 million  
Exceeding Rs. 6,000 million

### **Tariff**

Rs. 0.3 million or 0.15% p.a of net asset value, whichever is higher  
Rs. 1.5 million plus 0.10% p.a of net asset value exceeding Rs. 1,000 million  
Rs. 3.5 million plus 0.08% p.a of net asset value exceeding Rs. 3,000 million  
Rs. 5.9 million plus 0.06% p.a of net asset value exceeding Rs. 6,000 million

The remuneration is paid to the Trustee monthly in arrears.

**10.2** The Sindh Provincial Government levied Sindh Sales Tax on the remuneration of the Trustee through Sindh Sales Tax on Services Act, 2011, effective from 01 July 2015. During the year, Sindh Sales Tax at the rate of 13% (30 June 2017: 13%) was charged on trustee remuneration.

## **11 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

This represents annual fee payable to Securities and Exchange Commission of Pakistan (SECP) in accordance with Rule 36 of the Voluntary Pension System Rules, 2005 whereby the Fund is required to pay SECP an amount equal to one thirtieth of 1% of the average annual net asset value of each of the Sub-Fund.

# NAFA PENSION FUND

## 12 ACCRUED EXPENSES AND OTHER LIABILITIES

|  |      | 2018              |                  |                       |                  |                   | 2017              |                  |                       |                  |                   |
|--|------|-------------------|------------------|-----------------------|------------------|-------------------|-------------------|------------------|-----------------------|------------------|-------------------|
|  |      | Equity Sub-Fund   | Debt Sub-Fund    | Money Market Sub-Fund | Others           | Total             | Equity Sub-Fund   | Debt Sub-Fund    | Money Market Sub-Fund | Others           | Total             |
| ----- (Rupees) -----                           |      |                   |                  |                       |                  |                   |                   |                  |                       |                  |                   |
| Provision for Sindh Workers' Welfare Fund      | 12.1 | 8,150,678         | 1,216,677        | 1,212,680             | -                | 10,580,035        | 8,150,678         | 885,365          | 742,811               | -                | 9,778,854         |
| Federal Excise Duty on management remuneration | 12.2 | 1,770,462         | 1,329,145        | 1,054,992             | -                | 4,154,599         | 1,770,462         | 1,329,145        | 1,054,992             | -                | 4,154,599         |
| Federal Excise Duty on sales load              |      | -                 | -                | -                     | 1,941,675        | 1,941,675         | -                 | -                | -                     | 1,941,675        | 1,941,675         |
| Auditors' remuneration                         |      | 103,281           | 103,281          | 103,281               | -                | 309,843           | 97,164            | 97,164           | 97,165                | -                | 291,493           |
| Payable against redemption of units            |      | -                 | -                | -                     | -                | -                 | -                 | 89,113           | 357,928               | -                | 447,041           |
| Legal and professional charges                 |      | 85,030            | 41,297           | 41,663                | -                | 167,990           | 65,900            | 22,532           | 22,533                | -                | 110,965           |
| Brokerage expense payable                      |      | 98,224            | 12,281           | -                     | -                | 110,505           | -                 | 899              | -                     | -                | 899               |
| Bank charges and settlement charges payable    |      | 123,602           | 68,556           | 62,789                | -                | 254,947           | 25,010            | 45,096           | 51,344                | -                | 121,450           |
| Printing charges                               |      | 31,284            | 29,085           | 29,086                | -                | 89,455            | 23,121            | 23,121           | 23,121                | -                | 69,363            |
| Withholding tax                                |      | 15,962            | 1,908            | 51,622                | 112,953          | 182,445           | 154,000           | 50,268           | 62,961                | -                | 267,229           |
|  |      | <b>10,378,523</b> | <b>2,802,230</b> | <b>2,556,113</b>      | <b>2,054,628</b> | <b>17,791,494</b> | <b>10,286,335</b> | <b>2,542,703</b> | <b>2,412,855</b>      | <b>1,941,675</b> | <b>17,183,568</b> |

- 12.1** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. Furthermore, the Honourable Supreme Court of Pakistan decided that WWF is not a tax and hence the amendments introduced through Finance Act, 2008 are ultra-vires to the Constitution. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, the MUFAP recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from 21 May 2015) and accordingly the provision maintained amounted to Rs. 2.347 million, Rs. 0.809 million and Rs. 0.352 million for Equity, Debt and Money Market sub fund respectively were reversed in the year 2017.

In the repealed Companies Ordinance, 1984 and the now applicable Companies Act, 2017, mutual funds have not been included in the definition of financial institutions. The MUFAP has held the view that SWWF is applicable on asset management companies and not on mutual funds.

Had the SWWF not been recorded in the financial statements of the Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund for the period from 21 May 2015 to 30 June 2018, the net asset value of the Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund would have been higher by Rs. 2.250, Rs. 0.491 and 0.244 (2017: Rs. 2.488, Rs. 0.285 and Rs. 0.210) per unit respectively.

- 12.2** As per the requirement of Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective 13 June 2013. The Management Company is of the view that since the remuneration is already subject to provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law, hence a petition was collectively filed by the Mutual Fund Association of Pakistan with the Honorable Sindh High Court (SHC) on 4 September 2013.

The Honorable Sindh High Court (SHC) through its recent order dated 2 June 2016, in CPD-3184 of 2014 (and others) filed by various taxpayers, has interalia declared that Federal Excise Act 2005 (FED Act) is on services, other than shipping agents and related services, is ultra vires to the Constitution from 01 July 2011. However, the declaration made by the Honorable Court, as directed, will have affect in the manner prescribed in the judgment. The Sind High Court in its decision dated 16 July 2016 in respect of constitutional petition filed by management companies of mutual funds maintained the previous order on the FED.

Sindh Revenue Board and Federal Board of Revenue have filed appeals before Honourable Supreme Court against the Sindh High Court's decision dated 2 June 2016, which is pending for the decision. However, after the exclusion of the mutual funds from federal statute on FED from 1 July 2016, the Fund has discontinued making the provision in this regard.

Since the appeal is pending in the Supreme Court of Pakistan, the Pension Fund Manager as a matter of abundant caution has retained a provision on FED on management aggregating to Rs. 1.770 million, Rs. 1.329 million and Rs. 1.055 million for Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively. Had the provision not been made, the (NAV) per unit of the Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund as at 30 June 2018 would have been higher by Rs. 0.4887, Rs. 0.5359 and Rs. 0.2126 (2017: Rs 0.5403, Rs. 0.4284, Rs. 0.2986) per unit respectively.

# NAFA PENSION FUND

## 13 CONTINGENCY AND COMMITMENT

There is no contingency and commitment outstanding as at 30 June 2018.

## 14 NUMBER OF UNITS IN ISSUE

|   | 2018              |               |                       |             | 2017            |               |                       |             |
|---|-------------------|---------------|-----------------------|-------------|-----------------|---------------|-----------------------|-------------|
|   | Equity Sub-Fund   | Debt Sub-Fund | Money Market Sub-Fund | Total       | Equity Sub-Fund | Debt Sub-Fund | Money Market Sub-Fund | Total       |
|   | (Number of units) |               |                       |             |                 |               |                       |             |
| Total units in issue at beginning of the year | 3,276,556         | 3,102,258     | 3,533,149             | 9,911,963   | 2,333,518       | 2,789,217     | 2,699,800             | 7,822,535   |
| Units issued during the year                  | 812,410           | 787,248       | 2,077,264             | 3,676,922   | 997,942         | 913,954       | 1,562,328             | 3,474,224   |
| Units redeemed during the year                | (340,150)         | (913,546)     | (1,492,808)           | (2,746,504) | (195,347)       | (437,302)     | (554,424)             | (1,187,073) |
| Reallocation during the year                  | (126,357)         | (495,729)     | 844,818               | 222,732     | 140,443         | (163,611)     | (174,555)             | (197,723)   |
| Total units in issue at end of the year       | 3,622,459         | 2,480,232     | 4,962,422             | 11,065,113  | 3,276,556       | 3,102,258     | 3,533,149             | 9,911,963   |

## 15 RECONCILIATION OF LIABILITIES ARISING OUT OF FINANCING ACTIVITIES

|                                      | Equity Sub Fund                  |                                     |               | Debt - Sub Fund                  |                                     |               | Money Market - Sub Fund          |                                     |               |
|--------------------------------------|----------------------------------|-------------------------------------|---------------|----------------------------------|-------------------------------------|---------------|----------------------------------|-------------------------------------|---------------|
|                                      | Receivable against sale of units | Payable against redemption of units | Total         | Receivable against sale of units | Payable against redemption of units | Total         | Receivable against sale of units | Payable against redemption of units | Total         |
|                                      | (Rupees)                         |                                     |               |                                  |                                     |               |                                  |                                     |               |
| Opening balance as at 1 July 2017    | -                                | -                                   | -             | -                                | (89,113)                            | (89,113)      | -                                | (357,928)                           | (357,928)     |
| Receivable against issuance of units | 253,299,551                      | -                                   | 253,299,551   | 113,932,521                      | -                                   | 113,932,521   | 384,530,341                      | -                                   | 384,530,341   |
| Payable against redemption of units  | -                                | (143,773,141)                       | (143,773,141) | -                                | (202,921,893)                       | (202,921,893) | -                                | (196,196,303)                       | (196,196,303) |
|                                      | 253,299,551                      | (143,773,141)                       | 109,526,410   | 113,932,521                      | (202,921,893)                       | (88,989,372)  | 384,530,341                      | (196,196,303)                       | 188,334,038   |
| Amount received on issuance of units | (253,299,551)                    |                                     | (253,299,551) | (113,932,521)                    | -                                   | (113,932,521) | (384,530,341)                    | -                                   | (384,530,341) |
| Amount paid on redemption of units   | -                                | 143,773,141                         | 143,773,141   | -                                | 203,011,006                         | 203,011,006   | -                                | 196,554,231                         | 196,554,231   |
|                                      | (253,299,551)                    | 143,773,141                         | (109,526,410) | (113,932,521)                    | 203,011,006                         | 89,078,485    | (384,530,341)                    | 196,554,231                         | (187,976,110) |
| Closing balance as at 30 June 2018   | -                                | -                                   | -             | -                                | -                                   | -             | -                                | -                                   | -             |

## 16 CONTRIBUTION TABLE

Contributions received during the year are as follows:

| From:       | 2018            |             |               |             |                       |             |           |             |
|-------------|-----------------|-------------|---------------|-------------|-----------------------|-------------|-----------|-------------|
|             | Equity Sub-Fund |             | Debt Sub-Fund |             | Money Market Sub-Fund |             | Total     |             |
|             | Units           | Rupees      | Units         | Rupees      | Units                 | Rupees      | Units     | Rupees      |
| Individuals | 812,410         | 253,299,551 | 787,248       | 113,932,521 | 2,077,264             | 273,367,527 | 3,676,922 | 640,599,599 |
|             | 2017            |             |               |             |                       |             |           |             |
|             | Equity Sub-Fund |             | Debt Sub-Fund |             | Money Market Sub-Fund |             | Total     |             |
|             | Units           | Rupees      | Units         | Rupees      | Units                 | Rupees      | Units     | Rupees      |
| Individuals | 997,942         | 308,984,156 | 913,954       | 126,561,254 | 1,562,328             | 197,134,125 | 3,474,224 | 632,679,535 |

## 17 AUDITORS' REMUNERATION

|   | 2018            |               |                       |         | 2017            |               |                       |         |
|---|-----------------|---------------|-----------------------|---------|-----------------|---------------|-----------------------|---------|
|   | Equity Sub-Fund | Debt Sub-Fund | Money Market Sub-Fund | Total   | Equity Sub-Fund | Debt Sub-Fund | Money Market Sub-Fund | Total   |
|   | (Rupees)        |               |                       |         |                 |               |                       |         |
| Annual audit fee  | 60,000          | 60,000        | 60,000                | 180,000 | 55,000          | 55,000        | 55,000                | 165,000 |
| Interim review fee  | 30,000          | 30,000        | 30,000                | 90,000  | 27,500          | 27,500        | 27,500                | 82,500  |
| Out of pocket expenses and others including government levy | 26,401          | 26,401        | 26,401                | 79,203  | 38,819          | 38,819        | 38,819                | 116,457 |
|   | 116,401         | 116,401       | 116,401               | 349,203 | 121,319         | 121,319       | 121,319               | 363,957 |

# NAFA PENSION FUND

## 18 FINANCIAL INSTRUMENTS BY CATEGORY

| As at 30 June 2018  |  |   |                      |  |   |                    |  |   |                       |                      |
|---|--|---|----------------------|--|---|--------------------|--|---|-----------------------|----------------------|
|   | Equity Sub-Fund                                  |   |                      | Debt Sub-Fund                                    |   |                    | Money Market Sub-Fund                            |   | Others                | Total                |
|   | Loans and receivables                            | At fair value through profit or loss - held for trading | Total                | Loans and receivables                            | At fair value through profit or loss - held for trading | Total              | Loans and receivables                            | At fair value through profit or loss - held for trading | Loans and receivables |                      |
|   | (Rupees)   |   |                      |  |   |                    |  |   |                       |                      |
| <b>Financial assets</b>   |  |   |                      |  |   |                    |  |   |                       |                      |
| Bank balances   | 96,242,228                                       | -   | 96,242,228           | 207,518,978                                      | -   | 207,518,978        | 545,833,957                                      | -   | 545,833,957           | 852,070,651          |
| Investments   | -  | 1,019,710,359   | 1,019,710,359        | -  | 184,545,214   | 184,545,214        | -  | 121,543,927   | 121,543,927           | 1,325,799,500        |
| Dividend receivables  | 2,138,975  | -   | 2,138,975            | -  | -   | -                  | -  | -   | -                     | 2,138,975            |
| Profit receivables  | 185,257  | -   | 185,257              | 1,467,024  | -   | 1,467,024          | 1,166,622  | -   | 1,166,622             | 2,818,903            |
| Security deposits   | 2,600,000  | -   | 2,600,000            | 100,000  | -   | 100,000            | 100,000  | -   | 100,000               | 2,800,000            |
|   | <b>101,166,460</b>                               | <b>1,019,710,359</b>                                    | <b>1,120,876,819</b> | <b>209,086,002</b>                               | <b>184,545,214</b>                                      | <b>393,631,216</b> | <b>547,100,579</b>                               | <b>121,543,927</b>                                      | <b>668,644,506</b>    | <b>2,185,628,029</b> |
| As at 30 June 2018  |  |   |                      |  |   |                    |  |   |                       |                      |
|   | Equity Sub-Fund                                  |   |                      | Debt Sub-Fund                                    |   |                    | Money Market Sub-Fund                            |   | Others                | Total                |
|   | Liabilities at fair value through profit or loss | At amortised cost                                       | Total                | Liabilities at fair value through profit or loss | At amortised cost                                       | Total              | Liabilities at fair value through profit or loss | At amortised cost                                       | At amortised cost     |                      |
|   | (Rupees)   |   |                      |  |   |                    |  |   |                       |                      |
| <b>Financial liabilities</b>  |  |   |                      |  |   |                    |  |   |                       |                      |
| Payable to NBP Fund Management Limited - Pension Fund Manager       | -  | 1,596,147   | 1,596,147            | -  | 573,637   | 573,637            | -  | 998,942   | 998,942               | 3,589,586            |
| Payable to Central Depository Company of Pakistan Limited - Trustee | -  | 142,060   | 142,060              | -  | 41,015  | 41,015             | -  | 94,569  | 94,569                | 277,644              |
| Payable against purchase of Investment                              | -  | -   | -                    | -  | 24,453,212  | 24,453,212         | -  | -   | -                     | 24,453,212           |
| Accrued expenses and other liabilities                              | -  | 439,223   | 439,223              | -  | 254,500   | 254,500            | -  | 236,819   | 236,819               | 930,542              |
|   | <b>-</b>   | <b>2,177,430</b>  | <b>2,177,430</b>     | <b>-</b>   | <b>25,322,364</b>                                       | <b>25,322,364</b>  | <b>-</b>   | <b>1,330,330</b>  | <b>1,330,330</b>      | <b>29,250,984</b>    |
| As at 30 June 2017  |  |   |                      |  |   |                    |  |   |                       |                      |
|   | Equity Sub-Fund                                  |   |                      | Debt Sub-Fund                                    |   |                    | Money Market Sub-Fund                            |   | Others                | Total                |
|   | Loans and receivables                            | At fair value through profit or loss - held for trading | Total                | Loans and receivables                            | At fair value through profit or loss - held for trading | Total              | Loans and receivables                            | At fair value through profit or loss - held for trading | Loans and receivables |                      |
|   | (Rupees)   |   |                      |  |   |                    |  |   |                       |                      |
| <b>Financial assets</b>   |  |   |                      |  |   |                    |  |   |                       |                      |
| Bank balances   | 77,447,447                                       | -   | 77,447,447           | 273,092,363                                      | -   | 273,092,363        | 291,082,871                                      | -   | 291,082,871           | 644,874,934          |
| Investments   | -  | 1,013,270,959   | 1,013,270,959        | -  | 166,822,200   | 166,822,200        | 89,752,150                                       | 75,457,459  | 165,209,609           | 1,345,302,768        |
| Dividend receivables  | 2,577,650  | -   | 2,577,650            | -  | -   | -                  | -  | -   | -                     | 2,577,650            |
| Profit receivables  | 26,463   | -   | 26,463               | 1,754,450  | -   | 1,754,450          | 350,892  | -   | 350,892               | 2,131,805            |
| Receivable against sale of investments                              | -  | -   | -                    | -  | -   | -                  | -  | -   | -                     | -                    |
| Receivable against sale of investments                              | 1,591,204  | -   | 1,591,204            | -  | -   | -                  | -  | -   | -                     | 1,591,204            |
| Security deposits   | 2,600,000  | -   | 2,600,000            | 100,000  | -   | 100,000            | 100,000  | -   | 100,000               | 2,800,000            |
|   | <b>84,242,764</b>                                | <b>1,013,270,959</b>                                    | <b>1,097,513,723</b> | <b>274,946,813</b>                               | <b>166,822,200</b>                                      | <b>441,769,013</b> | <b>381,285,913</b>                               | <b>75,457,459</b>                                       | <b>456,743,372</b>    | <b>1,999,278,361</b> |

# NAFA PENSION FUND

As at 30 June 2017

|   | Equity Sub-Fund                                  |                   | Debt Sub-Fund |  |                   | Money Market Sub-Fund |  |                   | Others    | Total             |
|---|--|-------------------|---------------|--|-------------------|-----------------------|--|-------------------|-----------|-------------------|
|   | Liabilities at fair value through profit or loss | At amortised cost | Total         | Liabilities at fair value through profit or loss | At amortised cost | Total                 | Liabilities at fair value through profit or loss | At amortised cost | Total     | At amortised cost |
| <hr/>   |  |                   |               |  |                   |                       |  |                   |           |                   |
| (Rupees)  |  |                   |               |  |                   |                       |  |                   |           |                   |
| <b>Financial liabilities</b>  |  |                   |               |  |                   |                       |  |                   |           |                   |
| Payable to NBP Fund Management Limited - Pension Fund Manager       | -  | 1,625,374         | 1,625,374     | -  | 650,056           | 650,056               | -  | 686,048           | 686,048   | 1,310,578         |
| Payable to Central Depository Company of Pakistan Limited - Trustee | -  | 149,127           | 149,127       | -  | 56,961            | 56,961                | -  | 60,719            | 60,719    | -                 |
| Accrued expenses and other liabilities                              | -  | 211,195           | 211,195       | -  | 277,925           | 277,925               | -  | 552,091           | 552,091   | -                 |
|   | -  | 1,985,696         | 1,985,696     | -  | 984,942           | 984,942               | -  | 1,298,858         | 1,298,858 | 1,310,578         |
|   |  |                   |               |  |                   |                       |  |                   |           | 5,580,074         |

## 19 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

**19.1** Connected persons include NBP Fund Management Limited, being the Pension Fund manager, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan (NBP) and Alexandra Fund Management Pte. Limited, being the sponsors of the Fund / Pension Fund Manager and other collective investment schemes managed by the Pension Fund Manager, directors and officers of the Pension Fund Manager and directors of connected persons and employee benefit funds of the NBP Fund Management Limited.

**19.2** Transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

**19.3** Remuneration payable to Pension Fund Manager and the Trustee is determined in accordance with the provisions of the Voluntary Pension System Rules and the Trust Deed respectively.

The details of significant transactions carried out by the Fund with connected persons and balances with them for the year and at year end are as follows:

### 19.4 Transactions during the year

| Transactions during the year                            |       | 2018               |                  |                             |        |            | 2017               |                  |                             |        |            |
|---|-------|--------------------|------------------|-----------------------------|--------|------------|--------------------|------------------|-----------------------------|--------|------------|
|   |       | Equity<br>Sub-Fund | Debt<br>Sub-Fund | Money<br>Market<br>Sub-Fund | Others | Total      | Equity<br>Sub-Fund | Debt<br>Sub-Fund | Money<br>Market<br>Sub-Fund | Others | Total      |
| <hr/>   |       |                    |                  |                             |        |            |                    |                  |                             |        |            |
| <div>( Rupees )</div> <hr/>                             |       |                    |                  |                             |        |            |                    |                  |                             |        |            |
| NBP Fund Management Limited - Pension Fund Manager      |       |                    |                  |                             |        |            |                    |                  |                             |        |            |
| Remuneration to Pension Fund Manager                    |       | 15,566,116         | 5,743,062        | 8,026,083                   | -      | 29,335,261 | 12,994,336         | 5,883,093        | 5,594,989                   | -      | 24,472,418 |
| Sindh Sales Tax on remuneration to Pension Fund Manager |       | 2,023,595          | 746,598          | 1,043,391                   | -      | 3,813,584  | 1,689,264          | 764,802          | 727,348                     | -      | 3,181,414  |
| Reallocation in units                                   | Units | -                  | -                | -                           | -      | -          | -                  | -                | -                           | -      | -          |
| Reallocation in amount                                  |       | -                  | -                | -                           | -      | -          | -                  | -                | -                           | -      | -          |
| Number of units issued                                  | Units | 2,325              | -                | -                           | -      | 2,325      | 89,594             | 71,597           | 27,756                      | -      | 188,947    |
| Amount of units issued                                  |       | 700,075            | -                | -                           | -      | 700,075    | 25,538,904         | 9,809,117        | 3,481,867                   | -      | 38,829,888 |
| Number of units redeemed                                | Units | -                  | -                | 5,229                       | -      | 5,229      | 92,449             | 288,047          | 224,602                     | -      | 605,098    |
| Amount of units redeemed                                |       | -                  | -                | 700,075                     | -      | 700,075    | 26,385,501         | 39,650,738       | 27,943,993                  | -      | 93,980,232 |



# NAFA PENSION FUND

|   |       | 2018               |                  |                             |        |            | 2017               |                  |                             |        |            |
|---|-------|--------------------|------------------|-----------------------------|--------|------------|--------------------|------------------|-----------------------------|--------|------------|
|   |       | Equity<br>Sub-Fund | Debt<br>Sub-Fund | Money<br>Market<br>Sub-Fund | Others | Total      | Equity<br>Sub-Fund | Debt<br>Sub-Fund | Money<br>Market<br>Sub-Fund | Others | Total      |
| <b>Alexandra Fund Management Pte. Limited -</b>         |       |                    |                  |                             |        |            |                    |                  |                             |        |            |
| <b>Sponsor</b>  |       |                    |                  |                             |        |            |                    |                  |                             |        |            |
| Number of units issued                                  | Units | -                  | -                | -                           | -      | -          | -                  | 15,009           | 16,777                      | -      | 31,786     |
| Amount of units issued                                  |       | -                  | -                | -                           | -      | -          | -                  | 2,119,221        | 2,149,616                   | -      | 4,268,837  |
| Number of units redeemed                                | Units | 66,870             | 159,309          | 175,553                     | -      | 401,732    | 12,687             | -                | -                           | -      | 12,687     |
| Amount of units redeemed                                |       | 21,208,381         | 22,544,834       | 22,547,035                  | -      | 66,300,250 | 4,268,837          | -                | -                           | -      | 4,268,837  |
| <b>Employees of NBP Fund</b>                            |       |                    |                  |                             |        |            |                    |                  |                             |        |            |
| <b>Management Limited</b>                               |       |                    |                  |                             |        |            |                    |                  |                             |        |            |
| Number of units issued                                  | Units | 8,061              | 7,432            | 16,750                      | -      | 32,243     | 44,653             | 13,391           | 115,824                     | -      | 173,868    |
| Amount of units issued                                  |       | 2,447,428          | 1,060,151        | 2,199,549                   | -      | 5,707,128  | 13,114,020         | 1,844,965        | 14,751,330                  | -      | 29,710,315 |
| Number of units redeemed                                | Units | 10,673             | 7,432            | 7,584                       | -      | 25,689     | 56,497             | 50,158           | 30,080                      | -      | 136,735    |
| Amount of units redeemed                                |       | 3,231,172          | 1,061,207        | 999,186                     | -      | 5,291,564  | 16,344,321         | 6,831,919        | 3,832,389                   | -      | 27,008,629 |
| <b>Amjad Waheed - Chief Executive Officer</b>           |       |                    |                  |                             |        |            |                    |                  |                             |        |            |
| Number of units issued                                  | Units | -                  | -                | -                           | -      | -          | 43,031             | -                | -                           | -      | 43,031     |
| Amount of units issued                                  |       | -                  | -                | -                           | -      | -          | 11,200,000         | -                | -                           | -      | 11,200,000 |
| <b>Central Depository Company of Pakistan Limited -</b> |       |                    |                  |                             |        |            |                    |                  |                             |        |            |
| <b>Trustee</b>  |       |                    |                  |                             |        |            |                    |                  |                             |        |            |
| Remuneration to Trustee                                 |       | 1,435,526          | 536,708          | 737,257                     | -      | 2,709,491  | 1,287,220          | 588,309          | 559,499                     | -      | 2,435,028  |
| Sindh Sales Tax on remuneration of Trustee              |       | 186,619            | 69,772           | 95,843                      | -      | 352,234    | 167,339            | 76,480           | 72,735                      | -      | 316,554    |
| <b>Taurus Securities Limited</b>                        |       |                    |                  |                             |        |            |                    |                  |                             |        |            |
| Brokerage expense                                       |       | 75,815             | -                | -                           | -      | 75,815     | -                  | -                | -                           | -      | -          |
| <b>Humayun Bashir - Director</b>                        |       |                    |                  |                             |        |            |                    |                  |                             |        |            |
| Number of units issued                                  | Units | 1,551              | -                | 276,792                     | -      | 278,343    | 47,893             | 27,597           | -                           | -      | 75,490     |
| Amount of units issued                                  |       | 467,075            | -                | 36,524,838                  | -      | 36,991,914 | 12,296,398         | 3,832,219        | -                           | -      | 16,128,617 |
| Number of units redeemed                                | Units | 75,447             | 92,294           | 3,489                       | -      | 171,230    | 6,634              | 72,776           | -                           | -      | 79,410     |
| Amount of units redeemed                                |       | 23,117,156         | 13,407,682       | 467,075                     | -      | 36,991,914 | 2,232,219          | 9,896,398        | -                           | -      | 12,128,617 |

# NAFA PENSION FUND

|  | 2018            |               |                       |        |       | 2017            |               |                       |        |       |
|--|-----------------|---------------|-----------------------|--------|-------|-----------------|---------------|-----------------------|--------|-------|
|  | Equity Sub-Fund | Debt Sub-Fund | Money Market Sub-Fund | Others | Total | Equity Sub-Fund | Debt Sub-Fund | Money Market Sub-Fund | Others | Total |

( Rupees )

## Aamir Sattar - Director

|                          |       |   |   |   |   |           |           |         |   |           |
|--------------------------|-------|---|---|---|---|-----------|-----------|---------|---|-----------|
| Number of units issued   | Units | - | - | - | - | 10,698    | 5,785     | 3,181   | - | 19,664    |
| Amount of units issued   |       | - | - | - | - | 3,518,723 | 800,000   | 400,000 | - | 4,718,723 |
| Number of units redeemed | Units | - | - | - | - | -         | 8,284     | 4,556   | - | 12,840    |
| Amount of units redeemed |       | - | - | - | - | -         | 1,145,775 | 572,949 | - | 1,718,724 |

## Kamal A. Chinoy - Director

|                          |       |         |   |         |   |           |   |           |   |            |
|--------------------------|-------|---------|---|---------|---|-----------|---|-----------|---|------------|
| Number of units issued   | Units | 2,414   | - | -       | - | 35,313    | - | 21,813    | - | 57,126     |
| Amount of units issued   |       | 726,896 | - | -       | - | 8,500,000 | - | 2,731,885 | - | 11,231,885 |
| Number of units redeemed | Units | -       | - | 5,429   | - | 3,661     | - | -         | - | 3,661      |
| Amount of units redeemed |       | -       | - | 726,896 | - | 1,231,885 | - | -         | - | 1,231,885  |

## Nausherwan Adil - Director

|                          |       |   |   |   |   |           |   |           |   |           |
|--------------------------|-------|---|---|---|---|-----------|---|-----------|---|-----------|
| Number of units issued   | Units | - | - | - | - | 11,993    | - | 32,790    | - | 44,783    |
| Amount of units issued   |       | - | - | - | - | 3,982,163 | - | 4,130,000 | - | 8,112,163 |
| Number of units redeemed | Units | - | - | - | - | -         | - | 17,568    | - | 17,568    |
| Amount of units redeemed |       | - | - | - | - | -         | - | 2,212,163 | - | 2,212,163 |

## Khalid Mehmood - Chief Financial Officer

|                        |       |         |   |   |   |           |   |   |   |           |
|------------------------|-------|---------|---|---|---|-----------|---|---|---|-----------|
| Number of units issued | Units | 2,694   | - | - | - | 12,541    | - | - | - | 12,541    |
| Amount of units issued |       | 824,320 | - | - | - | 3,725,322 | - | - | - | 3,725,322 |

## 19.5 Amounts outstanding as at year end

### NBP Fund Management

#### Limited - Pension Fund Manager

|  |       |            |         |           |         |            |            |         |           |           |            |
|--|-------|------------|---------|-----------|---------|------------|------------|---------|-----------|-----------|------------|
| Remuneration payable                             |       | 1,346,147  | 441,272 | 817,647   | -       | 2,605,066  | 1,372,009  | 508,903 | 540,750   | -         | 2,421,662  |
| Sindh Sales Tax payable                          |       | 175,000    | 57,365  | 106,295   | -       | 338,660    | 178,365    | 66,153  | 70,298    | -         | 314,816    |
| Preliminary expenses and floatation cost payable |       | 75,000     | 75,000  | 75,000    | -       | 225,000    | -          | -       | 75,000    | -         | 75,000     |
| Sales load                                       |       | -          | -       | -         | 370,045 | 370,045    | -          | -       | -         | 1,147,291 | 1,147,291  |
| Sindh Sales Tax on sales load                    |       | -          | -       | -         | 50,815  | 50,815     | -          | -       | -         | 163,287   | 163,287    |
| Number of units held                             | Units | 118,806    | -       | 36,088    | -       | 154,894    | 116,481    | -       | 41,317    | -         | 157,798    |
| Amount of units held                             |       | 36,453,794 | -       | 4,834,782 | -       | 41,288,576 | 38,593,181 | -       | 5,302,878 | -         | 43,896,059 |

### Alexandra Fund Management Pte.

#### Limited - Sponsor

|                      |       |   |   |   |   |            |            |            |   |            |
|----------------------|-------|---|---|---|---|------------|------------|------------|---|------------|
| Number of units held | Units | - | - | - | - | 66,870     | 159,309    | 175,553    | - | 401,732    |
| Amount of units held |       | - | - | - | - | 22,155,793 | 22,529,954 | 22,531,340 | - | 67,217,087 |

### Employees of NBP Fund

#### Management Limited

|                      |       |           |   |            |   |            |           |   |            |   |            |
|----------------------|-------|-----------|---|------------|---|------------|-----------|---|------------|---|------------|
| Number of units held | Units | 21,936    | - | 94,910     | - | 116,846    | 24,549    | - | 85,744     | - | 110,293    |
| Amount of units held |       | 6,730,760 | - | 12,715,181 | - | 19,445,941 | 8,133,680 | - | 11,004,766 | - | 19,138,446 |

# NAFA PENSION FUND

|   |       | 2018               |                  |                             |        |            | 2017               |                  |                             |        |             |
|---|-------|--------------------|------------------|-----------------------------|--------|------------|--------------------|------------------|-----------------------------|--------|-------------|
|   |       | Equity<br>Sub-Fund | Debt<br>Sub-Fund | Money<br>Market<br>Sub-Fund | Others | Total      | Equity<br>Sub-Fund | Debt<br>Sub-Fund | Money<br>Market<br>Sub-Fund | Others | Total       |
| ----- ( Rupees ) -----  |       |                    |                  |                             |        |            |                    |                  |                             |        |             |
| <b>Central Depository Company of Pakistan Limited - Trustee</b> |       |                    |                  |                             |        |            |                    |                  |                             |        |             |
| Remuneration payable  |       | 125,715            | 36,297           | 83,689                      | -      | 245,701    | 132,562            | 50,887           | 54,074                      | -      | 237,523     |
| Sindh Sales Tax payable   |       | 16,345             | 4,718            | 10,880                      | -      | 31,943     | 16,565             | 6,074            | 6,645                       | -      | 29,284      |
| <b>Amjad Waheed - Chief Executive Officer</b>                   |       |                    |                  |                             |        |            |                    |                  |                             |        |             |
| Number of units held  | Units | 303,779            | -                | -                           | -      | 303,779    | 303,779            | -                | -                           | -      | 303,779     |
| Amount of units held  |       | 93,209,368         | -                | -                           | -      | 93,209,368 | 100,649,494        | -                | -                           | -      | 100,649,494 |
| <b>Humayun Bashir - Director</b>                                |       |                    |                  |                             |        |            |                    |                  |                             |        |             |
| Number of units held  | Units | 81,021             | -                | 273,304                     | -      | 354,325    | 154,916            | 92,294           | -                           | -      | 247,210     |
| Amount of units held  |       | 24,859,954         | -                | 36,614,633                  | -      | 61,474,587 | 51,327,627         | 13,052,523       | -                           | -      | 64,380,150  |
| <b>Aamir Sattar - Director</b>                                  |       |                    |                  |                             |        |            |                    |                  |                             |        |             |
| Number of units held  | Units | -                  | -                | -                           | -      | -          | 12,075             | -                | -                           | -      | 12,075      |
| Amount of units held  |       | -                  | -                | -                           | -      | -          | 4,000,811          | -                | -                           | -      | 4,000,811   |
| <b>Kamal A. Chinoy - Director</b>                               |       |                    |                  |                             |        |            |                    |                  |                             |        |             |
| Number of units held  | Units | 98,363             | -                | 39,036                      | -      | 137,399    | 95,949             | -                | 44,465                      | -      | 140,414     |
| Amount of units held  |       | 30,181,083         | -                | 5,229,621                   | -      | 35,410,704 | 31,790,256         | -                | 5,706,849                   | -      | 37,497,105  |
| <b>Nausherwan Adil - Director</b>                               |       |                    |                  |                             |        |            |                    |                  |                             |        |             |
| Number of units held  | Units | -                  | -                | -                           | -      | -          | 11,993             | -                | 73,488                      | -      | 85,481      |
| Amount of units held  |       | -                  | -                | -                           | -      | -          | 3,973,657          | -                | 9,431,856                   | -      | 13,405,513  |
| <b>Khalid Mehmood - Chief Financial Officer</b>                 |       |                    |                  |                             |        |            |                    |                  |                             |        |             |
| Number of units held  | Units | 15,235             | -                | -                           | -      | 15,235     | 12,541             | -                | -                           | -      | 12,541      |
| Amount of units held  |       | 4,674,591          | -                | -                           | -      | 4,674,591  | 4,155,143          | -                | -                           | -      | 4,155,143   |

## 20 FINANCIAL RISK MANAGEMENT

The Fund primarily invests in a portfolio of equity, debt and money market investments such as shares of listed companies, investment-grade debt securities, government securities and other money market instruments. These activities are exposed to a variety of financial risks i.e market risk (which includes currency risk, interest rate risk and price risk), credit risk and liquidity risk arising from the financial instruments it holds.

# NAFA PENSION FUND

## 20.1 Market risk

Market risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in market prices.

The Pension Fund Manager manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan.

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

### 20.1.1 Currency risk

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

### 20.1.2 Interest rate risk

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

#### a) Sensitivity analysis for variable rate instruments

As at 30 June 2018, the Fund holds KIBOR based interest bearing term finance certificates exposing the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR on 30 June 2018, with all other variables held constant, the net income for the year and net assets of the Fund would have been higher / lower by Rs. 0.828 million (30 June 2017: Rs. 0.478 million).

#### b) Sensitivity analysis for fixed rate instruments

As at 30 June 2018, the Fund holds market treasury bills and Pakistan investment bonds that expose the Fund to fair value interest rate risk. In case of 100 basis points increase in rates announced by Financial Markets Association of Pakistan for market treasury bills and 100 basis points increase in effective interest rate of term finance certificates on 30 June 2018 with all other variables held constant, the net income for the year and net assets of the Fund would have been lower by Rs. 0.167 million (30 June 2017: Rs 0.2011 million). In case of 100 basis points decrease in those rates, the net income for the year and net assets of the Fund would have been higher by Rs. 0.167 million (30 June 2017: Rs. 0.2338 million).

The composition of the Fund's investment portfolio, KIBOR rates and rates announced by Financial Markets Association of Pakistan is expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2018 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

# NAFA PENSION FUND

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

| As at 30 June 2018  |                                       |                                      |                    |   |               |                                 |                                       |                                      |                    |   |            |                                 |                                       |                                      |                    |   |             |                                 |                                       | 2018                                 |                    |   |           |           |               |           |           |               |
|---|---------------------------------------|--------------------------------------|--------------------|---|---------------|---------------------------------|---------------------------------------|--------------------------------------|--------------------|---|------------|---------------------------------|---------------------------------------|--------------------------------------|--------------------|---|-------------|---------------------------------|---------------------------------------|--------------------------------------|--------------------|---|-----------|-----------|---------------|-----------|-----------|---------------|
| Effective yield / Interest rate                               | Equity Sub-Fund                       |                                      |                    |   |               | Effective yield / Interest rate | Debt Sub-Fund                         |                                      |                    |   |            | Effective yield / Interest rate | Money Market Sub-Fund                 |                                      |                    |   |             | Effective yield / Interest rate | Others                                |                                      |                    |   |           | Total     |               |           |           |               |
|   | Exposed to yield / interest rate risk |                                      |                    | Not exposed to yield / interest rate risk | Total         |                                 | Exposed to yield / interest rate risk |                                      |                    | Not exposed to yield / interest rate risk | Total      |                                 | Exposed to yield / interest rate risk |                                      |                    | Not exposed to yield / interest rate risk | Total       |                                 | Exposed to yield / interest rate risk |                                      |                    | Not exposed to yield / interest rate risk | Total     |           |               |           |           |               |
|   | Up to three months                    | More than three months upto one year | More than one year |   |               |                                 | Up to three months                    | More than three months upto one year | More than one year |   |            |                                 | Up to three months                    | More than three months upto one year | More than one year |   |             |                                 | Up to three months                    | More than three months upto one year | More than one year |   |           |           |               |           |           |               |
| (%)   | ( Rupees )                            |                                      |                    |   |               | (%)                             | ( Rupees )                            |                                      |                    |   |            | (%)                             | (Rupees)                              |                                      |                    |   |             | (%)                             | (Rupees)                              |                                      |                    |   |           |           |               |           |           |               |
| On-balance sheet financial instruments                        |                                       |                                      |                    |   |               |                                 |                                       |                                      |                    |   |            |                                 |                                       |                                      |                    |   |             |                                 |                                       |                                      |                    |   |           |           |               |           |           |               |
| Financial assets  |                                       |                                      |                    |   |               |                                 |                                       |                                      |                    |   |            |                                 |                                       |                                      |                    |   |             |                                 |                                       |                                      |                    |   |           |           |               |           |           |               |
| Bank balances   | 3.75 - 7.25                           | 96,242,228                           | -                  | -   | -             | 96,242,228                      | 3.75 - 7.25                           | 207,518,978                          | -                  | -   | -          | 207,518,978                     | 3.75 - 7.25                           | 545,833,957                          | -                  | -   | -           | 545,833,957                     | 3.75 - 7.25                           | 2,475,488                            | -                  | -   | -         | 2,475,488 | 852,070,651   |           |           |               |
| Investments   | -                                     | -                                    | -                  | -   | 1,019,710,359 | 1,019,710,359                   | 5.96 - 6.62                           | 100,870,426                          | -                  | -   | 83,674,788 | -                               | 184,545,214                           | 5.96 - 7.40                          | -                  | -   | 121,543,927 | -                               | 121,543,927                           | -                                    | -                  | -   | -         | -         | 1,325,799,500 |           |           |               |
| Dividend receivables  | -                                     | -                                    | -                  | -   | 2,138,975     | 2,138,975                       | -                                     | -                                    | -                  | -   | -          | -                               | -                                     | -                                    | -                  | -   | -           | -                               | -                                     | -                                    | -                  | -   | -         | -         | 2,138,975     |           |           |               |
| Profit receivables  | -                                     | -                                    | -                  | -   | 185,257       | 185,257                         | -                                     | -                                    | -                  | -   | -          | 1,467,024                       | 1,467,024                             | -                                    | -                  | -   | -           | 1,166,622                       | 1,166,622                             | -                                    | -                  | -   | -         | -         | 2,818,903     |           |           |               |
| Receivable against sale of investments                        | -                                     | -                                    | -                  | -   | -             | -                               | -                                     | -                                    | -                  | -   | -          | -                               | -                                     | -                                    | -                  | -   | -           | -                               | -                                     | -                                    | -                  | -   | -         | -         | -             |           |           |               |
| Security deposits   | -                                     | -                                    | -                  | -   | 2,600,000     | 2,600,000                       | -                                     | -                                    | -                  | -   | -          | 100,000                         | 100,000                               | -                                    | -                  | -   | -           | 100,000                         | 100,000                               | -                                    | -                  | -   | -         | -         | 2,800,000     |           |           |               |
|   |                                       | 96,242,228                           | -                  | -   | -             | 1,024,634,591                   |                                       | 308,389,404                          | -                  | -   | 83,674,788 |                                 | 1,567,024                             |                                      | 545,833,957        | -   | 121,543,927 |                                 | 1,266,622                             |                                      | 668,644,506        |   | 2,475,488 | -         | -             | -         | 2,475,488 | 2,185,628,029 |
| Financial liabilities   |                                       |                                      |                    |   |               |                                 |                                       |                                      |                    |   |            |                                 |                                       |                                      |                    |   |             |                                 |                                       |                                      |                    |   |           |           |               |           |           |               |
| Payable to NBP Fund Management Limited - Pension Fund Manager | -                                     | -                                    | -                  | -   | 1,596,147     | 1,596,147                       | -                                     | -                                    | -                  | -   | 573,637    | 573,637                         | -                                     | -                                    | -                  | -   | 998,942     | 998,942                         | -                                     | -                                    | -                  | -   | 420,860   | 420,860   | 3,589,586     |           |           |               |
| Payable to Central Depository Company of Pakistan             | -                                     | -                                    | -                  | -   | 142,060       | 142,060                         | -                                     | -                                    | -                  | -   | 41,015     | 41,015                          | -                                     | -                                    | -                  | -   | 94,569      | 94,569                          | -                                     | -                                    | -                  | -   | -         | -         | 277,644       |           |           |               |
| Payable against purchase of Investments                       | -                                     | -                                    | -                  | -   | -             | -                               | -                                     | -                                    | -                  | -   | 24,453,212 | 24,453,212                      | -                                     | -                                    | -                  | -   | -           | -                               | -                                     | -                                    | -                  | -   | -         | -         | 24,453,212    |           |           |               |
| Accrued expenses and other liabilities                        | -                                     | -                                    | -                  | -   | 441,421       | 441,421                         | -                                     | -                                    | -                  | -   | 254,500    | 254,500                         | -                                     | -                                    | -                  | -   | 236,819     | 236,819                         | -                                     | -                                    | -                  | -   | -         | -         | 932,740       |           |           |               |
|   | -                                     | -                                    | -                  | -   | 2,179,628     | 2,179,628                       | -                                     | -                                    | -                  | -   | 25,322,364 | 25,322,364                      | -                                     | -                                    | -                  | -   | 1,330,330   | 1,330,330                       | -                                     | -                                    | -                  | -   | 420,860   | 420,860   | 29,253,182    |           |           |               |
| On-balance sheet gap  |                                       | 96,242,228                           | -                  | -   | -             | 1,022,454,963                   |                                       | 308,389,404                          | -                  | -   | 83,674,788 |                                 | (23,755,340)                          |                                      | 545,833,957        | -   | 121,543,927 |                                 | (63,708)                              |                                      | 667,314,176        |   | 2,475,488 | -         | -             | (420,860) | 2,054,628 | 2,156,374,847 |
| Off-balance sheet financial instruments                       |                                       |                                      |                    |   |               |                                 |                                       |                                      |                    |   |            |                                 |                                       |                                      |                    |   |             |                                 |                                       |                                      |                    |   |           |           |               |           |           |               |
|   | -                                     | -                                    | -                  | -   | -             | -                               | -                                     | -                                    | -                  | -   | -          | -                               | -                                     | -                                    | -                  | -   | -           | -                               | -                                     | -                                    | -                  | -   | -         | -         | -             | -         |           |               |
| Off-balance sheet gap   | -                                     | -                                    | -                  | -   | -             | -                               | -                                     | -                                    | -                  | -   | -          | -                               | -                                     | -                                    | -                  | -   | -           | -                               | -                                     | -                                    | -                  | -   | -         | -         | -             | -         |           |               |
| Total interest rate sensitivity gap                           |                                       | 96,242,228                           | -                  | -   | -             | 1,022,454,963                   |                                       | 308,389,404                          | -                  | -   | 83,674,788 |                                 | (23,755,340)                          |                                      | 545,833,957        | -   | 121,543,927 |                                 | (63,708)                              |                                      | 667,314,176        |   | 2,475,488 | -         | -             | (420,860) | 2,054,628 | 2,156,374,847 |
| Cumulative interest rate sensitivity gap                      |                                       | 96,242,228                           | 96,242,228         | 96,242,228                                |               |                                 |                                       | 308,389,404                          | 308,389,404        | 392,064,192                               |            |                                 |                                       | 545,833,957                          | 545,833,957        | 667,377,884                               |             |                                 |                                       | 2,475,488                            | 2,475,488          | 2,475,488                                 |           |           |               |           |           |               |

| As at 30 June 2017  |                                       |                                      |                    |   |               |                                 |                                       |                                      |                    |   |             |                                 |                                       |                                      |                    |   | 2017        |                                 |                                       |                                      |                    |   |             |               |               |
|---|---------------------------------------|--------------------------------------|--------------------|---|---------------|---------------------------------|---------------------------------------|--------------------------------------|--------------------|---|-------------|---------------------------------|---------------------------------------|--------------------------------------|--------------------|---|-------------|---------------------------------|---------------------------------------|--------------------------------------|--------------------|---|-------------|---------------|---------------|
| Effective yield / Interest rate                               | Equity Sub-Fund                       |                                      |                    |   | Total         | Effective yield / Interest rate | Debt Sub-Fund                         |                                      |                    |   | Total       | Effective yield / Interest rate | Money Market Sub-Fund                 |                                      |                    |   | Total       | Effective yield / Interest rate | Others                                |                                      |                    |   | Total       |               |               |
|   | Exposed to yield / interest rate risk |                                      |                    | Not exposed to yield / interest rate risk |               |                                 | Exposed to yield / interest rate risk |                                      |                    | Not exposed to yield / interest rate risk |             |                                 | Exposed to yield / interest rate risk |                                      |                    | Not exposed to yield / interest rate risk |             |                                 | Exposed to yield / interest rate risk |                                      |                    | Not exposed to yield / interest rate risk |             |               |               |
|   | Up to three months                    | More than three months upto one year | More than one year |   |               |                                 | Up to three months                    | More than three months upto one year | More than one year |   |             |                                 | Up to three months                    | More than three months upto one year | More than one year |   |             |                                 | Up to three months                    | More than three months upto one year | More than one year |   |             |               |               |
| (%)   | (Rupees )                             |                                      |                    |   | (%)           | (Rupees )                       |                                       |                                      |                    | (%)                                       | (Rupees )   |                                 |                                       |                                      | (%)                | (Rupees )                                 |             |                                 |                                       |                                      |                    |   |             |               |               |
| On-balance sheet financial instruments                        |                                       |                                      |                    |   |               |                                 |                                       |                                      |                    |   |             |                                 |                                       |                                      |                    |   |             |                                 |                                       |                                      |                    |   |             |               |               |
| Financial assets  |                                       |                                      |                    |   |               |                                 |                                       |                                      |                    |   |             |                                 |                                       |                                      |                    |   |             |                                 |                                       |                                      |                    |   |             |               |               |
| Bank balances   | 3.75 - 7.43                           | 77,447,447                           | -                  | -   | 77,447,447    | 3.75 - 7.43                     | 273,092,363                           | -                                    | -                  | -   | 273,092,363 | 3.75 - 7.43                     | 291,082,871                           | -                                    | -                  | -   | 291,082,871 | 3.75 - 7.43                     | 3,252,253                             | -                                    | -                  | -   | 3,252,253   | 644,874,934   |               |
| Investments   | -                                     | -                                    | -                  | -   | 1,013,270,959 | 1,013,270,959                   | 5.96 - 12.00                          | 104,689,413                          | -                  | 62,132,787                                | -           | 166,822,200                     | 5.96 - 6.75                           | 89,752,150                           | -                  | 75,457,459                                | -           | 165,209,609                     | -                                     | -                                    | -                  | -   | -           | 1,345,302,768 |               |
| Dividend receivables  | -                                     | -                                    | -                  | -   | 2,577,650     | 2,577,650                       | -                                     | -                                    | -                  | -   | -           | -                               | -                                     | -                                    | -                  | -   | -           | -                               | -                                     | -                                    | -                  | -   | -           | 2,577,650     |               |
| Profit receivables  | -                                     | -                                    | -                  | -   | 26,463        | 26,463                          | -                                     | -                                    | -                  | -   | 1,754,450   | 1,754,450                       | -                                     | -                                    | -                  | -   | 350,892     | 350,892                         | -                                     | -                                    | -                  | -   | -           | 2,131,805     |               |
| Receivable against sale of investments                        | -                                     | -                                    | -                  | -   | 1,591,204     | 1,591,204                       | -                                     | -                                    | -                  | -   | -           | -                               | -                                     | -                                    | -                  | -   | -           | -                               | -                                     | -                                    | -                  | -   | -           | 1,591,204     |               |
| Security deposits   | -                                     | -                                    | -                  | -   | 2,600,000     | 2,600,000                       | -                                     | -                                    | -                  | -   | 100,000     | 100,000                         | -                                     | -                                    | -                  | -   | 100,000     | 100,000                         | -                                     | -                                    | -                  | -   | -           | 2,800,000     |               |
|   | 77,447,447                            | -                                    | -                  | -   | 1,020,066,276 | 1,097,513,723                   |                                       | 377,781,776                          | -                  | 62,132,787                                | 1,854,450   | 441,769,013                     |                                       | 380,835,021                          | -                  | 75,457,459                                | 450,892     | 456,743,372                     |                                       | 3,252,253                            | -                  | -   | -           | 3,252,253     | 1,999,278,361 |
| Financial liabilities   |                                       |                                      |                    |   |               |                                 |                                       |                                      |                    |   |             |                                 |                                       |                                      |                    |   |             |                                 |                                       |                                      |                    |   |             |               |               |
| Payable to NBP Fund Management Limited - Pension Fund Manager | -                                     | -                                    | -                  | -   | 1,625,374     | 1,625,374                       |                                       | -                                    | -                  | -   | 650,056     | 650,056                         |                                       | -                                    | -                  | -   | 686,048     | 686,048                         |                                       | -                                    | -                  | -   | 1,310,578   | 1,310,578     | 4,272,056     |
| Payable to Central Depository Company of Pakistan             | -                                     | -                                    | -                  | -   | 149,127       | 149,127                         |                                       | -                                    | -                  | -   | 56,961      | 56,961                          |                                       | -                                    | -                  | -   | 60,719      | 60,719                          |                                       | -                                    | -                  | -   | -           | -             | 266,807       |
| Accrued expenses and other liabilities                        | -                                     | -                                    | -                  | -   | 211,195       | 211,195                         |                                       | -                                    | -                  | -   | 277,925     | 277,925                         |                                       | -                                    | -                  | -   | 552,091     | 552,091                         |                                       | -                                    | -                  | -   | -           | -             | 1,041,211     |
|   | -                                     | -                                    | -                  | -   | 1,985,696     | 1,985,696                       |                                       | -                                    | -                  | -   | 984,942     | 984,942                         |                                       | -                                    | -                  | -   | 1,298,858   | 1,298,858                       |                                       | -                                    | -                  | -   | 1,310,578   | 1,310,578     | 5,580,074     |
| On-balance sheet gap  | 77,447,447                            | -                                    | -                  | -   | 1,018,080,580 | 1,095,528,027                   |                                       | 377,781,776                          | -                  | 62,132,787                                | 869,508     | 440,784,071                     |                                       | 380,835,021                          | -                  | 75,457,459                                | (847,966)   | 455,444,514                     |                                       | 3,252,253                            | -                  | -   | (1,310,578) | 1,941,675     | 1,993,698,287 |
| Off-balance sheet financial instruments                       |                                       |                                      |                    |   |               |                                 |                                       |                                      |                    |   |             |                                 |                                       |                                      |                    |   |             |                                 |                                       |                                      |                    |   |             |               |               |
|   | -                                     | -                                    | -                  | -   | -             | -                               |                                       | -                                    | -                  | -   | -           | -                               |                                       | -                                    | -                  | -   | -           | -                               |                                       | -                                    | -                  | -   | -           | -             | -             |
| Off-balance sheet gap   |                                       |                                      |                    |   |               |                                 |                                       |                                      |                    |   |             |                                 |                                       |                                      |                    |   |             |                                 |                                       |                                      |                    |   |             |               |               |
|   | -                                     | -                                    | -                  | -   | -             | -                               |                                       | -                                    | -                  | -   | -           | -                               |                                       | -                                    | -                  | -   | -           | -                               |                                       | -                                    | -                  | -   | -           | -             | -             |
| Total interest rate sensitivity gap                           | 77,447,447                            | -                                    | -                  | -   | 1,018,080,580 | 1,095,528,027                   |                                       | 377,781,776                          | -                  | 62,132,787                                | 869,508     | 440,784,071                     |                                       | 380,835,021                          | -                  | 75,457,459                                | (847,966)   | 455,444,514                     |                                       | 3,252,253                            | -                  | -   | (1,310,578) | 1,941,675     | 1,993,698,287 |
| Cumulative interest rate sensitivity gap                      |                                       |                                      |                    |   |               |                                 |                                       |                                      |                    |   |             |                                 |                                       |                                      |                    |   |             |                                 |                                       |                                      |                    |   |             |               |               |
|   | 77,447,447                            | 77,447,447                           | 77,447,447         |   |               |                                 |                                       | 377,781,776                          | 377,781,776        | 439,914,563                               |             |                                 |                                       | 380,835,021                          | 380,835,021        | 456,292,480                               |             |                                 |                                       | 3,252,253                            | 3,252,253          | 3,252,253                                 |             |               |               |

# NAFA PENSION FUND

## 20.2 Price risk

Price risk is the risk of volatility in prices of financial instruments resulting from their dependence on market sentiments, speculative activities, supply and demand for financial instruments and liquidity in the market. The value of investments may fluctuate due to change in business cycles affecting the business of the company in which the investment is made, change in business circumstances of the company, industry environment and / or the economy in general.

The Pension Fund Manager's strategy on the management of investment risk is driven by the Fund's investment objective. The primary objective of the Fund is to achieve long term capital growth by investing primarily in equity securities. The Fund's market risk is managed on a daily basis by the Pension Fund Manager in accordance with the policies and procedures laid down by the SECP. The funds are allocated among various asset classes based on the attractiveness of the particular asset class. The allocation among these is dependent on the time horizon for investments and liquidity requirements of the portfolio. The market risk is managed by monitoring exposure to marketable securities, and by complying with the internal risk management policies and regulations laid down in VPS Rules and directives issued by the SECP.

The Fund's overall market positions are monitored on a quarterly basis by the Board of Directors of the Pension Fund Manager.

Details of the Fund's investment portfolio exposed to price risk, at the balance sheet date are disclosed in note 6 to these financial statements. At 30 June 2018 the Fund's overall exposure to price risk is limited to the fair value of those positions. The Fund also manages its exposure to price risk by analysing the investment portfolio by industrial sector and benchmarking the sector weighting to that of the PSX 100 index. The Fund's policy is to concentrate the investment portfolio in sectors where management believes that the Fund can maximise the returns derived for the level of risk to which the Fund is exposed.

The net assets of the Fund will increase / decrease by approximately Rs. 10.1971 million (2017: Rs. 10.1327 million) if the prices of equity vary due to increase / decrease in the PSX 100 index. This is based on the assumption that the fair value of the Fund's portfolio moves according to their historical correlation with the PSX 100 index and that the PSX 100 index increases / decreases by 1% on PSX 100 index with all other factors held constant.

The Pension Fund Manager uses the PSX 100 index as a reference point in making investment decisions. However, the pension fund manager does not manage the Fund's investment strategy to track the PSX 100 index or any other index or external benchmark. The sensitivity analysis presented is based upon the portfolio composition as at 30 June 2018 and the historical correlation of the securities comprising the portfolio of the PSX 100 index. The composition of the Fund's investment portfolio and the correlation thereof to the PSX 100 Index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2018 is not necessarily indicative of the effect on the Fund's net assets attributed to units of future movements in the level of the PSX 100 Index.



# NAFA PENSION FUND

## 20.3 Credit risk

The Fund is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due. Credit risk arises from the inability of the relevant brokerage house or the counter party to fulfill their obligations.

The Fund's credit risk is primarily attributable to balances with banks only. The credit risk of the Fund is limited as the balances are maintained with counter parties that are financial institutions with reasonably high credit ratings.

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. In addition, the risk is managed through the assignment of credit limits and by following strict credit evaluation criteria laid down by the Pension Fund Manager.

The maximum exposure to credit risk is as follows:

|                      |     | As at 30 June 2018 |                    |                             |                  |                    |
|----------------------|-----|--------------------|--------------------|-----------------------------|------------------|--------------------|
| Bank balances        |     | Equity<br>Sub-Fund | Debt<br>Sub-Fund   | Money<br>Market<br>Sub-Fund | Others           | Total              |
|                      |     | (Rupees)           |                    |                             |                  |                    |
|                      | AAA | 22,669,871         | 135,908,156        | 258,508,117                 | 607,111          | 417,693,255        |
|                      | AA+ | 73,567,406         | 71,605,872         | 284,946,425                 | 1,868,377        | 431,988,080        |
|                      | AA- | -                  | -                  | 1,856,957                   | -                | 1,856,957          |
|                      | AA  | 4,951              | 4,950              | 131,955                     | -                | 141,856            |
|                      | A+  | -                  | -                  | 390,503                     | -                | 390,503            |
|                      |     | <u>96,242,228</u>  | <u>207,518,978</u> | <u>545,833,957</u>          | <u>2,475,488</u> | <u>852,070,651</u> |
| Dividend receivables |     | <u>2,138,975</u>   | <u>-</u>           | <u>-</u>                    | <u>-</u>         | <u>2,138,975</u>   |
| Profit receivables   |     | <u>185,257</u>     | <u>1,467,024</u>   | <u>1,166,622</u>            | <u>-</u>         | <u>2,818,903</u>   |
| Security deposits    |     | <u>2,600,000</u>   | <u>100,000</u>     | <u>100,000</u>              | <u>-</u>         | <u>2,800,000</u>   |

# NAFA PENSION FUND

| Bank balances        | As at 30 June 2017   |                    |                             |                  |                    |
|----------------------|----------------------|--------------------|-----------------------------|------------------|--------------------|
|                      | Equity<br>Sub-Fund   | Debt<br>Sub-Fund   | Money<br>Market<br>Sub-Fund | Others           | Total              |
|                      | ----- (Rupees) ----- |                    |                             |                  |                    |
| AAA                  | -                    | 86,536,730         | 91,612,999                  | -                | 178,149,729        |
| AA+                  | 77,442,592           | 186,550,779        | 183,907,043                 | 3,252,253        | 451,152,667        |
| AA-                  | -                    | -                  | 790,795                     | -                | 790,795            |
| AA                   | 4,855                | 4,854              | 127,487                     | -                | 137,196            |
| A+                   | -                    | -                  | 644,453                     | -                | 644,453            |
|                      | <u>77,447,447</u>    | <u>273,092,363</u> | <u>277,082,777</u>          | <u>3,252,253</u> | <u>630,874,840</u> |
| Dividend receivables | <u>2,577,650</u>     | <u>-</u>           | <u>-</u>                    | <u>-</u>         | <u>2,577,650</u>   |
| Profit receivables   | <u>26,463</u>        | <u>1,754,450</u>   | <u>350,892</u>              | <u>-</u>         | <u>2,131,805</u>   |
| Security deposits    | <u>2,600,000</u>     | <u>100,000</u>     | <u>100,000</u>              | <u>-</u>         | <u>2,800,000</u>   |

The maximum exposure to credit risk before any credit enhancement is the carrying amount of these financial assets.

## 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. Currently the Fund has placed its money in saving accounts of banks of highly rated financial institutions.

## 20.4 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to cash redemptions of its units on a regular basis. Units are redeemable at the participant's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive document and guidelines laid down by Securities and Exchange Commission of Pakistan (SECP). The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and cannot be readily disposed and are considered readily realisable.

# NAFA PENSION FUND

The Fund has the ability to borrow, with prior approval of trustee, for meeting redemption requests. The maximum amount available to the Fund from borrowings is limited to the extent of 10% of the total net asset value at the time of borrowing with repayment within 90 days of such borrowings. No such borrowings were made during the year.

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:

| As at 30 June 2018  |                   |  |                    |               |                   |  |                    |                       |                   |  |                    |        |                   |  |                    |       | 2018          |
|---|-------------------|--|--------------------|---------------|-------------------|--|--------------------|-----------------------|-------------------|--|--------------------|--------|-------------------|--|--------------------|-------|---------------|
| Equity Sub-Fund   |                   |  |                    | Debt Sub-Fund |                   |  |                    | Money Market Sub-Fund |                   |  |                    | Others |                   |  |                    | Total |               |
| Total   | Upto three months | More than three months and upto one year | More than one year | Total         | Upto three months | More than three months and upto one year | More than one year | Total                 | Upto three months | More than three months and upto one year | More than one year | Total  | Upto three months | More than three months and upto one year | More than one year |       |               |
| ( Rupees )  |                   |  |                    |               |                   |  |                    |                       |                   |  |                    |        |                   |  |                    |       |               |
| Financial Liabilities (excluding participants' funds)               |                   |  |                    |               |                   |  |                    |                       |                   |  |                    |        |                   |  |                    |       |               |
| Payable to NBP Fund Management Limited - Pension Fund Manager       | 1,596,147         | 1,596,147                                | -                  | -             | 573,637           | 573,637                                  | -                  | -                     | 998,942           | 998,942                                  | -                  | -      | 420,860           | 420,860                                  | -                  | -     | 3,589,586     |
| Payable to Central Depository Company of Pakistan Limited - Trustee | 142,060           | 142,060                                  | -                  | -             | 41,015            | 41,015                                   | -                  | -                     | 94,569            | 94,569                                   | -                  | -      | -                 | -  | -                  | -     | 277,644       |
| Payable against purchase of Investments                             | -                 | -  | -                  | -             | 24,453,212        | 24,453,212                               | -                  | -                     | -                 | -  | -                  | -      | -                 | -  | -                  | -     | 24,453,212    |
| Accrued expenses and other liabilities                              | 439,223           | 439,223                                  | -                  | -             | 254,500           | 254,500                                  | -                  | -                     | 236,819           | 236,819                                  | -                  | -      | -                 | -  | -                  | -     | 930,542       |
|   | 2,177,430         | 2,177,430                                | -                  | -             | 25,322,364        | 25,322,364                               | -                  | -                     | 1,330,330         | 1,330,330                                | -                  | -      | 420,860           | 420,860                                  | -                  | -     | 29,250,984    |
| Participants' funds   | 1,111,489,282     | 1,111,489,282                            | -                  | -             | 365,974,418       | 365,974,418                              | -                  | -                     | 664,818,308       | 664,818,308                              | -                  | -      | -                 | -  | -                  | -     | 2,142,282,008 |
| As at 30 June 2017  |                   |  |                    |               |                   |  |                    |                       |                   |  |                    |        |                   |  |                    |       | 2017          |
| Equity Sub-Fund   |                   |  |                    | Debt Sub-Fund |                   |  |                    | Money Market Sub-Fund |                   |  |                    | Others |                   |  |                    | Total |               |
| Total   | Upto three months | More than three months and upto one year | More than one year | Total         | Upto three months | More than three months and upto one year | More than one year | Total                 | Upto three months | More than three months and upto one year | More than one year | Total  | Upto three months | More than three months and upto one year | More than one year |       |               |
| ( Rupees )  |                   |  |                    |               |                   |  |                    |                       |                   |  |                    |        |                   |  |                    |       |               |
| Financial Liabilities (excluding participants' funds)               |                   |  |                    |               |                   |  |                    |                       |                   |  |                    |        |                   |  |                    |       |               |
| Payable to NBP Fund Management Limited - Pension Fund Manager       | 1,625,374         | 1,625,374                                | -                  | -             | 650,056           | 650,056                                  | -                  | -                     | 686,048           | 686,048                                  | -                  | -      | 1,310,578         | 1,310,578                                | -                  | -     | 4,272,056     |
| Payable to Central Depository Company of Pakistan Limited - Trustee | 149,127           | 149,127                                  | -                  | -             | 56,961            | 56,961                                   | -                  | -                     | 60,719            | 60,719                                   | -                  | -      | -                 | -  | -                  | -     | 266,807       |
| Accrued expenses and other liabilities                              | 211,195           | 211,195                                  | -                  | -             | 277,925           | 277,925                                  | -                  | -                     | 552,091           | 552,091                                  | -                  | -      | -                 | -  | -                  | -     | 1,041,211     |
|   | 1,985,696         | 1,985,696                                | -                  | -             | 984,942           | 984,942                                  | -                  | -                     | 1,298,858         | 1,298,858                                | -                  | -      | 1,310,578         | 1,310,578                                | -                  | -     | 5,580,074     |
| Participants' funds   | 1,085,603,658     | 1,085,603,658                            | -                  | -             | 438,729,509       | 438,729,509                              | -                  | -                     | 453,460,689       | 453,460,689                              | -                  | -      | -                 | -  | -                  | -     | 1,977,793,856 |

The above mentioned financial liabilities do not carry any mark-up.

Units of the Fund are redeemable on demand at the participants' option. However, participants typically retain them from medium to long term.

## 21 PARTICIPANTS' FUNDS RISK MANAGEMENT (CAPITAL RISK)

The participants' fund is represented by redeemable units. These units are entitled to payment of a proportionate share, based on the Fund's net asset value per unit on the redemption date.

The Fund has no restrictions on the subscription and redemption of units. There is no specific capital requirement which is applicable to the Fund. The Fund's objectives when managing participants' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to participants and to maintain a strong base of assets under management. In accordance with the risk management policies stated in note 20, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption. Since the participants of the Fund have invested with long term objective, the possibility of a significant redemption pressure is limited, such liquidity is augmented by borrowing arrangements (which can be entered if necessary) or disposal of investments, where necessary.

All units, including the core units, and fractions thereof represents an undivided share in the pertinent sub-funds of the Fund and rank pari passu as their rights in the net assets and earning of the sub-fund are not tradable or transferable. Each participant has a beneficial interest in the sub-fund proportionate to the units. Each participant has a beneficial interest in the sub-fund proportionate to the units held by such participant in such sub-fund.

## 22 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3)

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

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# NAFA PENSION FUND

- 22.1** The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or reprice periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

## **23 PERFORMANCE TABLE**

### **23.1 Highest and lowest issue price of units during the year**

|                     | Equity Sub-Fund      |          | Debt Sub-Fund   |          | Money Market Sub-Fund |          |
|---------------------|----------------------|----------|-----------------|----------|-----------------------|----------|
|                     | 2018                 | 2017     | 2018            | 2017     | 2018                  | 2017     |
|                     | ----- (Rupees) ----- |          |                 |          |                       |          |
| Highest issue price | <b>334.4326</b>      | 369.2589 | <b>147.5565</b> | 141.4226 | <b>133.9705</b>       | 128.3446 |
| Lowest issue price  | <b>269.4467</b>      | 241.2162 | <b>141.4388</b> | 135.4640 | <b>128.3593</b>       | 123.0005 |

### **23.2 Financial performance of pension fund**

#### **23.3 Equity Sub-Fund**

|                                   | Equity Sub-Fund      |             |          |                      |             |             |
|-----------------------------------|----------------------|-------------|----------|----------------------|-------------|-------------|
|                                   | 2018                 | 2017        | % change | 2016                 | 2015        | 2014        |
|                                   | ----- (Rupees) ----- |             |          | ----- (Rupees) ----- |             |             |
| Net income for the year           | <b>(83,640,786)</b>  | 295,159,428 | -128.34% | 72,663,454           | 95,780,573  | 18,887,403  |
| Realised gains                    | <b>(77,436,126)</b>  | 64,835,961  | -219.43% | 17,918,683           | 32,861,391  | 8,955,178   |
| Unrealised appreciation           | <b>(38,221,038)</b>  | 146,830,601 | -126.03% | 39,454,311           | 45,056,847  | 8,392,838   |
| Dividend income                   | <b>49,145,210</b>    | 35,979,915  | 36.59%   | 23,022,617           | 8,499,889   | 3,153,650   |
| Mark-up / return on bank deposits | <b>4,176,932</b>     | 2,672,014   | 56.32%   | 2,247,247            | 1,380,331   | 557,148     |
| NAV per unit                      | <b>306.8328</b>      | 331.3247    | -7.39%   | 241.2424             | 210.1034    | 140.4046    |
| Transactions in securities        |                      |             |          |                      |             |             |
| Purchases                         | <b>742,297,198</b>   | 555,052,255 | 33.73%   | 511,112,302          | 340,495,186 | 153,502,045 |
| Sales                             | <b>621,157,634</b>   | 285,459,253 | 117.60%  | 354,508,009          | 195,171,686 | 79,126,333  |
| Total contribution received       | <b>253,299,551</b>   | 308,984,156 | -18.02%  | 211,119,845          | 211,656,014 | 65,420,849  |

# NAFA PENSION FUND

## 23.4 Debt Sub-Fund

|  | Debt Sub-Fund |               |          |             |             |             |
|--|---------------|---------------|----------|-------------|-------------|-------------|
|  | 2018          | 2017          | % change | 2016        | 2015        | 2014        |
|  | (Rupees)      |               |          | (Rupees)    |             |             |
| Net income for the year                | 16,234,281    | 18,536,097    | -12.42%  | 19,866,140  | 35,282,374  | 4,026,612   |
| Realised gains                         | (370,792)     | (86,018)      | 331.06%  | 689,001     | 10,096,290  | (8,850)     |
| Unrealised (diminution) / appreciation | (35,722)      | (441,402)     | -91.91%  | (338,201)   | 3,226,485   | 237,212     |
| Mark-up / return on bank deposits      | 6,042,383     | 6,884,388     | -12.23%  | 2,251,142   | 1,308,407   | 5,040,903   |
| NAV per unit                           | 147.5565      | 141.4226      | 4.34%    | 135.4476    | 128.3251    | 109.4204    |
| Transactions in securities             |               |               |          |             |             |             |
| Purchases                              | 2,127,345,239 | 1,198,592,225 | 77.49%   | 496,246,576 | 473,100,000 | 252,274,448 |
| Sales                                  | 714,252,706   | 379,937,495   | 87.99%   | 214,075,445 | 125,600,000 | 188,500,000 |
| Total contribution received            | 113,932,521   | 126,561,254   | -9.98%   | 157,547,612 | 192,695,269 | 56,286,577  |

## 23.5 Money Market Sub-Fund

|  | Money Market Sub-Fund |               |          |             |             |             |
|--|-----------------------|---------------|----------|-------------|-------------|-------------|
|  | 2018                  | 2017          | % change | 2016        | 2015        | 2014        |
|  | (Rupees)              |               |          | (Rupees)    |             |             |
| Net income for the year                | 23,023,581            | 18,938,754    | 21.57%   | 15,401,064  | 12,717,039  | 4,171,745   |
| Realised gains                         | (99,293)              | (15,289)      | 549.44%  | 104,417     | 29,208      | -           |
| Unrealised (diminution) / appreciation | -                     | (16,270)      | 100.00%  | -           | 114,566     | (47,802)    |
| Mark-up / return on bank deposits      | 10,795,206            | 14,273,738    | -24.37%  | 13,748,017  | 4,114,397   | 5,356,247   |
| NAV per unit                           | 133.9705              | 128.3446      | 4.38%    | 122.9843    | 117.2798    | 108.8416    |
| Transactions in securities             |                       |               |          |             |             |             |
| Purchases                              | 3,379,039,292         | 1,220,023,909 | 100.00%  | -           | 343,682,360 | 106,789,360 |
| Sales                                  | 1,842,873,187         | 448,205,717   | 100.00%  | -           | 179,500,000 | 210,800,000 |
| Total contribution received            | 273,367,527           | 197,134,125   | 38.67%   | 176,811,815 | 183,171,303 | 82,453,331  |

## 24 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Pension Fund Manager in their meeting held on September 05, 2018.

For NBP Fund Management Limited  
(Pension Fund Manager)

Chief Financial Officer

Chief Executive Officer

Director












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