

**AM1**  
Rated by PACRA



NBP Fullerton  
Asset Management Ltd.  
A Subsidiary of  
National Bank of Pakistan

## NAFA PENSION FUND

# ANNUAL REPORT 2017



*Your investments & "NAFA" grow together*



**FULLERTON FUND  
MANAGEMENT**

*Joint - Venture Partners*

## MISSION STATEMENT

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

# NAFA PENSION FUND

## FUND'S INFORMATION

### Management Company

NBP Fullerton Asset Management Limited – Management Company

### Board of Directors of the Management Company

Mr. Mudassir Husain Khan	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Dr. Foo Chiah Shiung (Kelvin Foo)	Director
Mr. Lui Mang Yin (Martin Lui)	Director
Mr. Kamal Amir Chinoy	Director
Mr. Shehryar Faruque	Director
Mr. Tariq Jamali	Director
Mr. Abdul Hadi Palekar	Director
Mr Humayun Bashir	Director

### Company Secretary & COO

Mr. Muhammad Murtaza Ali

### Chief Financial Officer

Mr. Khalid Mehmood

### Audit & Risk Committee

Mr. Shehryar Faruque	Chairman
Dr. Foo Chiah Shiung (Kelvin Foo)	Member
Mr. Tariq Jamali	Member

### Human Resource and Remuneration Committee

Mr. Kamal Amir Chinoy	Chairman
Mr. Lui Mang Yin (Martin Lui)	Member
Mr. Abdul Hadi Palekar	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  
NIB Bank Limited  
The Bank of Punjab  
BankAlHabib Limited  
Zarai Taraqiati 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: 111-111NFA (111-111-632),  
(Toll Free): 0800-20001,  
Fax: (021) 35825329  
Website: [www.nafafunds.com](http://www.nafafunds.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 (nfa)  
Fax: 091-5703202

## **Multan Office:**

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

# NAFA PENSION FUND

## Contents

DIRECTORS' REPORT	05
TRUSTEE REPORT TO THE PARTICIPANTS	09
FUND MANAGER REPORT	10
INDEPENDENT AUDITORS' REPORT TO THE PARTICIPANTS	12
BALANCE SHEET	13
INCOME STATEMENT	14
STATEMENT OF COMPREHENSIVE INCOME	15
STATEMENT OF MOVEMENT IN PARTICIPANTS' FUND	16
CASH FLOW STATEMENT	17
NOTES TO THE FINANCIAL STATEMENTS	18

# Board of Directors



Dr. Amjad Waheed, CFA  
Chief Executive Officer



Mr. Mudassir Husain Khan  
Chairman



Mr. Kamal Amir Chinoy  
Director



Mr. Lui Mang Yin (Martin Lui)  
Director



Mr. Tariq Jamali  
Director



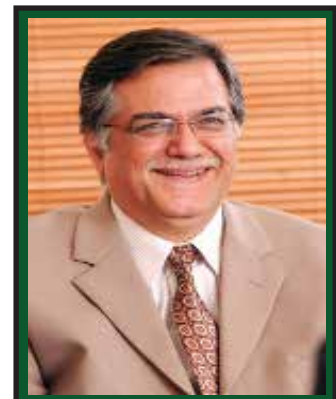
Mr. Shehryar Faruque  
Director



Dr. Foo Chiah Shiung (Kelvin Foo)  
Director

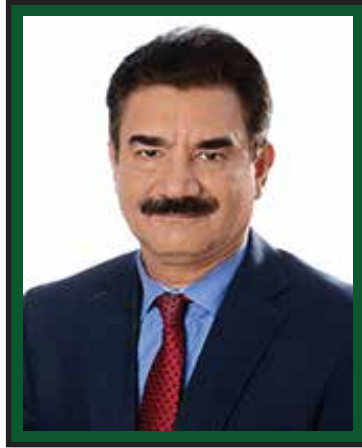


Mr. Abdul Hadi Palekar  
Director



Mr. Humayun Bashir  
Director

# Senior Management



**Dr. Amjad Waheed, CFA**  
**Chief Executive Officer**



**Mr. Sajjad Anwar, CFA**  
**Chief Investment 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**



**Mr. Hassan Raza, CFA**  
**Head of Research**



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



**Mr. Taha Khan Javed, CFA**  
**Head of Equity**



**Syed Ali Azhar Hasani**  
**Head of Internal Audit**



**Mr. Salman Ahmed**  
**Head of Risk Management**



**Mr. Raheel Rehman, ACA**  
**Senior Manager Compliance**



**Mr. Shahbaz Umer**  
**Head of Human Resource &**  
**Administration**

# NAFA PENSION FUND

## DIRECTORS' REPORT

The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the Fifth Annual Report of NAFA Pension Fund for the year ended June 30, 2017.

### Fund's Performance

	Fund Size (Rs. in mln)	NAV Per Unit (Rs.) June 30, 2016	NAV Per Unit (Rs.) June 30, 2017	Performance Since Launch July 02, 2013
NPF-Equity Sub-fund	1085.6	241.2424	331.3247	34.6%
NPF-Debt Sub-fund	438.7	135.4476	141.4226	8.7%
NPF-Money Market Sub-fund	453.5	122.9843	128.3446	6.1%
Annualized Return	[Net of management fee & all other expenses]			

Fiscal Year 2016-17 can be characterized as a tale of two halves where the market surged by a hefty 26.5% during 1HFY17 while in the later half the market declined by 2.6% amid lot of volatility. FY17 started on a positive note as investors remained upbeat on various positive developments: (i) supportive investment backdrop with rising economic growth, controlled inflation & interest rates, healthy corporate earnings growth and attractive stock market valuations; (ii) Pakistan's re-classification to MSCI Emerging Market Index effective June 2017; (iii) CPEC related investment activity gaining traction; and (iv) equity related mutual funds attracting hefty inflows on account of paltry yields on fixed income avenues. The optimism of the first half of the fiscal year began to fade on the back of many negatives : (i) rising domestic political uncertainty with the start of court proceeding against the Prime Minister in the Panama Leaks Case; (ii) renewed decline in the global oil prices that weighed in on the index heavy Oil & Gas and Banking sectors; (iii) SECP's drive to curb in-house badla financing sparking concern in the market; and (iv) rising risks to the Balance of Payment (BoP) position from widening trade and current account deficits. A big disappointment for investors was absence of meaningful net foreign portfolio inflows during PSX reclassification into MCSI Emerging Market Index. Foreign investors remained net sellers throughout the year, offloading equity stakes worth USD652mn in FY17 that was mainly absorbed by Mutual Funds and Insurance Companies.

Helped by the lower food prices, inflation as measured by the CPI averaged 4.2% for FY17. During the year, State Bank of Pakistan (SBP) maintained the policy rate at 5.75%. SBP cited improving economic prospects amid investment activity in the context of CPEC gathering pace; but also highlighted its concerns on surge in imports, which along with a marginal decline in exports and workers' remittances widened the current account deficit. SBP's prudent monetary policy stance translated into low and stable market interest rates; encouraging the private sector to undertake capacity expansions. Sovereign yield curve slightly steepened as the short end of the curve inched up by 5-10 basis points whereas long-term yields increased by 40-60 basis points.

Trading activity in corporate TFCs / Sukuks slightly improved with cumulative trade value of Rs 9.1 billion in FY17 compared to Rs 7.7 billion last year. The trades remained skewed towards high quality debt issues, mainly concentrated towards the Banking sector with 71% contribution. Dearth of primary issuance and rising demand kept the yield spread tightened in the secondary market.

The equity sub-fund generated a return of 37.34% during FY17 against 23.24% return of the benchmark KSE-100 Index during the same period.

The debt sub-fund yielded 4.41% return during FY17.

The money market sub-fund delivered a return of 4.36% during the year. These returns are net of management fee and all other expenses.



# NAFA PENSION FUND

The asset allocation of the Fund as on June 30, 2017 is as follows:

Asset Allocation (% of Net Assets)	
<b>Equity Sub-fund</b>	
Equity	93.29%
Cash Equivalents	7.46%
Others	-0.75%
<b>Total</b>	<b>100.00%</b>
<b>Debt Sub-fund</b>	
TFCs/Sukuks	11.01%
PIBs	3.16%
T-Bills	23.86%
Cash Equivalents	63.72%
Others	-1.75%
<b>Total</b>	<b>100.00%</b>
<b>Money Market Sub-fund</b>	
Bank Placement	19.73%
Cash Equivalents	64.31%
T-Bills	19.79%
Others	-3.83%
<b>Total</b>	<b>100.00%</b>

## Taxation

No provision for taxation for the year ended June 30, 2017 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, retire and, being eligible, offer themselves for re-appointment for the year ending June 30, 2018.

## 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 Fullerton Asset Management Limited

Chief Executive  
Date: September 15, 2017  
Place: Karachi.

Director

# NAFA PENSION FUND

## ڈائریکٹرز رپورٹ

این بی پی فلٹرن ایسیٹ منجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز NAFA پنشن فنڈ (NPF) کی پانچویں سالانہ رپورٹ برائے سال ختمہ 30 جون 2017ء پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

## فنڈ کی کارکردگی

02 جولائی 2013 کو لانچ سے اب تک کارکردگی	NAV فی یونٹ (روپے) 30 جون 2017	NAV فی یونٹ (روپے) 30 جون 2016	فنڈ کا حجم (ملین روپے)	
34.6%	331.3247	214.2424	1085.6	NPF ایکویٹی سب فنڈ
8.7%	141.4226	135.4476	438.7	NPF-ڈیٹ سب فنڈ
6.1%	128.3446	122.9843	453.5	NPF منی مارکیٹ سب فنڈ
سالانہ بنیاد پر منافع				منجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص

مالی سال 2016-17 کو دو ششماہیوں میں منقسم کیا جاسکتا ہے۔ سال 17 کی پہلی ششماہی میں مارکیٹ میں 26.5% کا شاندار اضافہ ہوا جب کہ دوسری ششماہی میں نسبتاً اتار چڑھاؤ کے ساتھ مارکیٹ گر کر 2.6% پر آگئی۔ مالی سال 17 کا آغاز بڑے مثبت انداز میں ہوا جس میں سرمایہ کار سرگرم رہے جس کی وجہ مختلف مثبت پیش رفت تھی جیسے (i) معاشی نمو میں اضافہ کی بدولت سرمایہ کاری کے لئے موافق پس منظر، افراط زر اور سود کی شرح پر کنٹرول، کارپوریٹ کی آمدنی میں بڑا اضافہ اور اسٹاک مارکیٹ کی پرکشش قدر و قیمت (ii) MSCI ایمریکنگ مارکیٹ انڈیکس میں جون 2017ء میں پاکستان کی دوبارہ درجہ بندی؛ (iii) چین پاکستان اقتصادی راہداری (CPEC) سے متعلق سرمایہ کاری کی سرگرمیوں میں تیزی کی کارہجان اور (iv) حصص پر مبنی میوچل فنڈز کے پرکشش ہونے کے سبب داخلی بہاؤ میں نمایاں اضافہ جس کی وجہ فلسفہ اکم ذرائع میں معمولی آمدنی کا حصول تھا۔ بعد ازاں مالی سال کی پہلی ششماہی کے مثبت رجحانات مختلف منفی وجوہات کی بنا پر معدوم پڑنے لگیں۔ جیسے (i) پانامہ لیکس کیس میں وزیر اعظم کے خلاف عدالتی کارروائی کے آغاز سے ملک میں سیاسی غیر یقینی کی کیفیت (ii) عالمی سطح پر تیل کی قیمتوں میں دوبارہ کمی، جس سے آئل اور گیس اور بینکنگ کے شعبہ جات کے انڈیکس پر دباؤ پڑا (iii) سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی جانب سے ان ہاؤس بدلہ فنانسنگ میں رکاوٹ ڈالنے سے مارکیٹ میں تشویش پائی گئی اور (iv) تجارت اور کرنٹ اکاؤنٹ میں بڑھتے ہوئے خسارے کے سبب توازن ادائیگی (BoP) میں بڑھتے ہوئے خدشات۔ سرمایہ کاروں کو اس وقت بہت مایوسی ہوئی جب MCSI ایمریکنگ مارکیٹ انڈیکس میں پاکستان اسٹاک ایکسچینج (PSX) کی دوبارہ درجہ بندی کے باوجود با مقصد خالص بیرون ملک زرمبادلہ نہ حاصل ہو پایا۔ پورے سال میں بیرونی سرمایہ کار خالص فروخت کنندہ رہے اور مالی سال 17 کے دوران 652 ملین یو ایس ڈالر کی ایکویٹی فروخت ہوئی جو زیادہ تر میوچل فنڈز اور بیمہ کمپنیوں میں جذب ہوئی۔

اشیائے خورد و نوش کی قیمتوں میں کمی کے سبب CPI کے مطابق مالی سال 2017 میں افراط زر اوسطاً 4.2% رہا۔ سال کے دوران اسٹیٹ بینک آف پاکستان (SBP) نے پالیسی کی شرح 5.75% برقرار رکھی۔ SBP نے چین پاکستان اقتصادی راہداری (CPEC) کے تناظر میں منصوبوں کیلئے سرمایہ کاری کی کارروائیوں میں تیزی آنے کو معاشی صورتحال میں بہتری کا سبب قرار دیا؛ تاہم درآمدات میں اضافہ پر اپنے تحفظات کا اظہار کیا، جس کے ساتھ برآمدات میں بیرون ملک سے رقوم کی ترسیل میں کمی سے کرنٹ اکاؤنٹ کا خسارہ بڑھ گیا۔ SBP کی دانشمندانہ مانیٹری پالیسی کے نتیجے میں شرح سود میں استحکام اور کمی دیکھنے میں آئی؛ جس سے نجی شعبہ کو اپنی گنجائش بڑھانے میں حوصلہ افزائی ہوئی۔ قلیل حکومتی منافع میں 10-5 بنیادی پوائنٹس کے ساتھ بہتری آئی۔ جب کہ طویل مدت کے منافع میں 60-40 بنیادی پوائنٹس کا اضافہ ہوا۔

کارپوریٹ TFCs/Sukuks کی تجارتی سرگرمیوں میں کچھ بہتری آئی اور مالی سال 17 میں ان کی مجموعی تجارتی قدر 9.1 بلین روپے رہی جو کہ گزشتہ سال 7.7 بلین روپے تھی۔ تجارت کا جھکاؤ اعلیٰ سطح کے قرضہ جات کی جانب رہا جس میں خاص طور پر بینکنگ کے شعبہ کا حصہ 71% تھا۔ ابتدائی اجراء کی قلت اور طلب میں اضافہ سے ثانوی مارکیٹ میں منافع کی صورتحال اوسط رہی۔

مالی سال 17 کے دوران میں ایکویٹی سب فنڈ سے حاصل ہونے والی آمدنی میں 37.34% کا اضافہ ہوا جب کہ اسی مدت کے لئے KSE-100 انڈیکس میں آمدنی میں اضافہ کی شرح کی حد 23.24% مقرر کی گئی تھی۔

مالی سال 17 میں قرضہ کے ذیلی فنڈ کے منافع میں بھی 4.41% کی شرح سے اضافہ دیکھنے میں آیا۔

اس مالی سال کے دوران میں منی مارکیٹ سب فنڈ سے آمدنی میں اضافہ کی شرح 4.36% رہی۔ ریٹرنز منجمنٹ کی فیس اور تمام دوسرے اخراجات کیلئے خالص رقم ہے۔

فنڈ کی ایسیٹ ایلوکییشن 30 جون 2017 کو بمطابق ذیل ہے:

# NAFA PENSION FUND

ایسٹ ایلوکیشن (نیٹ ایسٹس کا %)	
ایکویٹی سب فنڈ	
93.29%	ایکویٹی
7.46%	کیش کے مساوی
-0.75%	دیگر
<b>100.00%</b>	<b>ٹوٹل</b>
ڈیٹ سب فنڈ	
11.01%	صکوک/TFCs
3.16%	PIBs
23.86%	T-بلز
63.72%	کیش کے مساوی
-1.75%	دیگر
<b>100.00%</b>	<b>ٹوٹل</b>
منی مارکیٹ سب فنڈ	
19.73%	بینک پلیسمنٹ
64.31%	کیش کے مساوی
19.79%	T-بلز
-3.83%	دیگر
<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 2017 کو ختم ہونے والے سال کے لئے ٹیکس کا کوئی پروویژن نہیں تھا۔

## آڈیٹرز

موجودہ آڈیٹرز میسرز KPMG تاثیر بادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور اہل ہونے کی بناء پر انہوں نے خود کو 30 جون 2018 کو ختم ہونے والے سال میں دوبارہ تقرر کیلئے پیش کیا ہے۔

## 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 ٹرسٹی کی طرف سے محنت، لگن اور عزم کے مظاہرے پر اپنا خراجِ تحسین بھی ریکارڈ پر لانا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

NBP فلٹرن ایسٹ منجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

بتاریخ

15 ستمبر 2017ء

مقام: کراچی

# NAFA PENSION FUND

## TRUSTEE REPORT TO THE PARTICIPANTS NAFA PENSION FUND

### 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 Fullerton Asset Management Limited being the Pension Fund Manager of the Fund has in all material respects managed the Fund during the year ended June 30, 2017 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, October 09, 2017

# 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 (Rs. in mln)	NAV Per Unit (Rs.) June 30, 2016	NAV Per Unit (Rs.) June 30, 2017	Performance Since Launch July 02, 2013
NPF-Equity Sub-fund	1085.6	241.2424	331.3247	34.6%
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NPF-Money Market Sub-fund	453.5	122.9843	128.3446	6.1%
<b>Annualized Return</b>	<b>[Net of management fee &amp; all other expenses]</b>			

This is the fifth annual report of the Fund. Fiscal Year 2016-17 can be characterized as a tale of two halves where the market surged by hefty 26.5% during 1HFY17 while in the later half the market surrendered return of 2.6% amid lot of volatility. FY17 started on a positive note as investors remained upbeat on various positive developments: (i) supportive investment backdrop with rising economic growth, controlled inflation & interest rates, healthy corporate earnings growth and attractive stock market valuations; (ii) Pakistan's re-classification to MSCI Emerging Market Index effective June 2017; (iii) CPEC related investment activity gaining traction; and (iv) equity related mutual funds attracting hefty inflows on account of paltry yields on fixed income avenues. The optimism of the first half began to fade on the back of many negatives : (i) rising domestic political uncertainty with the start of court proceeding against the Prime Minister in the Panama Leaks Case; (ii) renewed decline in the global oil prices that weighed in on the index heavy Oil & Gas and Banking sectors; (iii) SECP's drive to curb in-house badla financing sparking panic in the market; and (iv) rising risks to the Balance of Payment (BoP) position from widening trade and current account deficits. A big disappointment for investors was absence of meaningful net foreign portfolio inflows during PSX reclassification into MCSI Emerging Market index. Foreign investors remained net sellers throughout the year, offloading equity stakes worth USD652mn in FY17 that was mainly absorbed by Mutual Funds and Insurance Companies.

Helped by the lower food prices, inflation as measured by the CPI averaged 4.2% for FY17. During the year, State Bank of Pakistan (SBP) maintained the policy rate at 5.75%. SBP cited improving economic prospects amid investment activity in the context of CPEC gathering pace; but also highlighted its concerns on surge in imports, which along with a marginal decline in exports and workers' remittances widened the current account deficit. SBP's prudent monetary policy stance translated into low and stable market interest rates; encouraging the private sector to undertake capacity expansions. Sovereign yield curve slightly steepened as short end of the curve inched up by 5-10 basis points whereas long-term yields increased by 40-60 basis points.

Trading activity in corporate TFCs / Sukuks slightly improved with cumulative trade value of Rs 9.1 billion in FY17 compared to Rs 7.7 billion last year. The trades remained skewed towards high quality debt issues, which mainly concentrated towards the Banking sector with 71% contribution. Dearth of primary issuance and rising demand kept the yield spread tightened in the secondary market.

The equity sub-fund generated a return of 37.34% during FY17 against 23.24% return of the benchmark KSE-100 Index during the same period.

# NAFA PENSION FUND

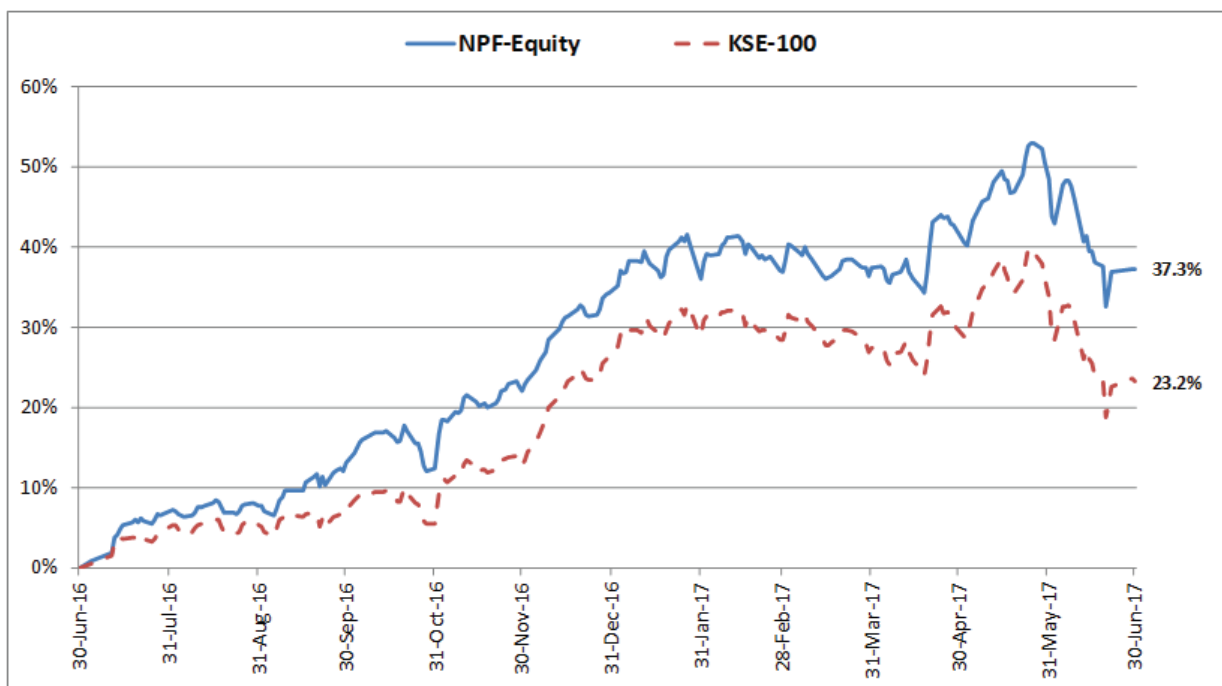
The debt sub-fund yielded 4.41% return during FY17.

The money market sub-fund delivered a return of 4.36% during the year. These returns are net of management fee and all other expenses.

During the year, the provision for Workers' Welfare Fund held by the fund till June 30, 2015 has been reversed on January 12, 2017. Further, the provision in respect of Sindh Workers' Welfare Fund has been made on a prudent basis with effect from May 21, 2015. For further details, refer note 12.1 to the financial statements.

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.

**NPF-Equity Performance vs. KSE-100 during FY17**



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

Asset Allocation (% of Net Assets)	
<b>Equity Sub-fund</b>	
Equity	93.29%
Cash Equivalents	7.46%
Others	-0.75%
<b>Total</b>	<b>100.00%</b>
<b>Debt Sub-fund</b>	
TFCs/Sukuks	11.01%
PIBs	3.16%
T-Bills	23.86%
Cash Equivalents	63.72%
Others	-1.75%
<b>Total</b>	<b>100.00%</b>
<b>Money Market Sub-fund</b>	
Bank Placement	19.73%
Cash Equivalents	64.31%
T-Bills	19.79%
Others	-3.83%
<b>Total</b>	<b>100.00%</b>

# NAFA PENSION FUND

## INDEPENDENT AUDITORS' REPORT TO THE PARTICIPANTS OF NAFA PENSION FUND

We have audited the annexed financial statements comprising:

- i) Balance Sheet;
- ii) Income Statement;
- iii) Statement of Comprehensive Income;
- iv) Statement of Movement in Participants' Fund; and
- v) Cash Flow Statement

of **NAFA Pension Fund** ("the Fund") as at 30 June 2017 and for the year ended 30 June 2017 together with the notes forming part thereof.

It is the responsibility of the Pension Fund Manager to establish and maintain a system of internal controls; and prepare and present the financial statements of the Fund in conformity with the Approved Accounting Standards as applicable in Pakistan. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards as applicable in Pakistan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements as at 30 June 2017 and for the year ended 30 June 2017 have been properly drawn up in accordance with the relevant provisions of the Trust Deed and the Voluntary Pension System Rules, 2005 including the guidelines thereunder;
- (b) the financial statements give a true and fair view of the financial position of the Fund as at 30 June 2017 and of its financial performance, cash flows and transactions for the year ended 30 June 2017 in accordance with approved accounting 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 Fund and apportionment of expenses between sub-funds are as specified in the constitutive documents of the Fund;
- (e) the financial statements prepared are in agreement with the 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 Ushr Ordinance, 1980.

Date: September 15, 2017

Karachi

KPMG Taseer Hadi & Co.  
Chartered Accountants  
Muhammad Nadeem

# NAFA PENSION FUND

## Balance Sheet As at 30 June 2017

Note	2017					2016					
	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-----					-----Rupees-----					
<b>Assets</b>											
Bank balances	5	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
Investments	6	1,013,270,959	166,822,200	165,209,609	-	1,345,302,768	531,571,296	323,879,168	60,690,068	-	916,140,532
Dividend receivables		2,577,650	-	-	-	2,577,650	1,236,830	-	-	-	1,236,830
Profit receivables	7	26,463	1,754,450	350,892	-	2,131,805	57,334	3,196,007	915,858	-	4,169,199
Receivable against sale of investments		1,591,204	-	-	-	1,591,204	-	-	-	-	-
Advance, deposits and other receivables	8	3,036,646	439,644	100,029	-	3,576,319	112,150	100,000	100,000	-	312,150
<b>Total assets</b>		<u>1,097,950,369</u>	<u>442,108,657</u>	<u>456,743,401</u>	<u>3,252,253</u>	<u>2,000,054,680</u>	<u>568,462,608</u>	<u>380,919,134</u>	<u>334,304,595</u>	<u>2,533,728</u>	<u>1,286,220,065</u>
<b>Liabilities</b>											
Payable to NBP Fullerton Asset Management Limited - Pension Fund Manager	9	1,625,374	650,056	686,048	1,310,578	4,272,056	888,150	598,071	535,853	576,652	2,598,726
Payable to Central Depository Company of Pakistan Limited - Trustee	10	149,127	56,961	60,719	-	266,807	79,076	50,754	44,812	-	174,642
Payable to Securities and Exchange Commission of Pakistan	11	285,875	129,428	123,090	-	538,393	154,464	114,434	88,422	-	357,320
Accrued expenses and other liabilities	12	10,286,335	2,542,703	2,412,855	1,941,675	17,183,568	4,397,416	2,363,189	1,602,510	1,957,076	10,320,191
<b>Total liabilities</b>		<u>12,346,711</u>	<u>3,379,148</u>	<u>3,282,712</u>	<u>3,252,253</u>	<u>22,260,824</u>	<u>5,519,106</u>	<u>3,126,448</u>	<u>2,271,597</u>	<u>2,533,728</u>	<u>13,450,879</u>
<b>Net assets</b>		<u>1,085,603,658</u>	<u>438,729,509</u>	<u>453,460,689</u>	<u>-</u>	<u>1,977,793,856</u>	<u>562,943,502</u>	<u>377,792,686</u>	<u>332,032,998</u>	<u>-</u>	<u>1,272,769,186</u>
<b>Participants' funds (as per statement attached)</b>		<u>1,085,603,658</u>	<u>438,729,509</u>	<u>453,460,689</u>	<u>-</u>	<u>1,977,793,856</u>	<u>562,943,502</u>	<u>377,792,686</u>	<u>332,032,998</u>	<u>-</u>	<u>1,272,769,186</u>
<b>Contingency and commitment</b>	13										
<b>Number of units in issue</b>	14	<u>3,276,556</u>	<u>3,102,258</u>	<u>3,533,149</u>			<u>2,333,518</u>	<u>2,789,217</u>	<u>2,699,800</u>		
<b>Net assets value per unit</b>		<u>331.3247</u>	<u>141.4226</u>	<u>128.3446</u>			<u>241.2424</u>	<u>135.4476</u>	<u>122.9843</u>		

The annexed notes 1 to 23 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited  
(Pension Fund Manager)

Chief Financial Officer

Chief Executive Officer

Director



# NAFA PENSION FUND

## Income Statement For the year ended 30 June 2017

	2017				2016				
	Note	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	-----Rupees-----				-----Rupees-----				
<b>Income</b>									
Mark-up / return on bank deposits	5.1	2,672,014	6,884,388	14,273,738	23,830,140	2,247,247	2,251,142	11,770,938	16,269,327
Income from term deposit receipt		-	-	4,873,572	4,873,572	-	-	1,977,079	1,977,079
Mark-up / return on government securities		-	14,718,395	4,575,797	19,294,192	-	21,668,786	5,139,869	26,808,655
Mark-up / return from term finance certificates		-	3,631,977	-	3,631,977	-	2,127,276	-	2,127,276
Dividend income		35,979,915	-	-	35,979,915	23,022,617	-	-	23,022,617
Gain / (loss) on sale of investments - net		64,835,961	(86,018)	(15,289)	64,734,654	17,918,683	689,001	104,417	18,712,101
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.6	<u>146,830,601</u>	<u>(441,402)</u>	<u>(16,270)</u>	<u>146,372,929</u>	<u>39,454,311</u>	<u>(338,201)</u>	<u>-</u>	<u>39,116,110</u>
<b>Total income</b>		<u>250,318,491</u>	<u>24,707,340</u>	<u>23,691,548</u>	<u>298,717,379</u>	<u>82,642,858</u>	<u>26,398,004</u>	<u>18,992,303</u>	<u>128,033,165</u>
<b>Expenses</b>									
Remuneration of NBP Fullerton Asset Management Limited - Pension Fund Manager	9.1	12,994,336	5,883,093	5,594,989	24,472,418	7,021,112	5,201,537	4,019,188	16,241,837
Sindh Sales Tax on remuneration to Pension Fund Manager	9.2	1,689,264	764,802	727,348	3,181,414	1,140,229	844,730	652,716	2,637,675
Federal Excise Duty on remuneration to Pension Fund Manager	12.2	-	-	-	-	1,123,378	832,246	643,070	2,598,694
Remuneration to Central Depository Company of Pakistan Limited - Trustee	10.1	1,287,220	588,309	559,499	2,435,028	702,111	520,154	401,919	1,624,184
Sindh Sales Tax on remuneration to Central Depository Company of Pakistan Limited - Trustee	10.2	167,339	76,480	72,735	316,554	98,296	72,822	56,269	227,387
Annual fee - Securities and Exchange Commission of Pakistan	11	285,875	129,428	123,089	538,392	154,464	114,434	88,422	357,320
Auditors' remuneration	16	121,319	121,319	121,319	363,957	114,178	114,178	114,178	342,534
Securities transaction costs		845,804	1,224	325	847,353	796,638	27,186	680	824,504
Amortisation of preliminary expense and floatation costs		-	-	-	-	20,959	20,959	20,959	62,877
Legal and professional charges		29,930	29,565	29,930	89,425	160,979	7,140	7,140	175,259
Printing expenses		14,965	14,965	14,965	44,895	14,966	14,966	14,966	44,898
Settlement and bank charges		148,554	66,843	140,603	356,000	143,742	82,180	335,018	560,940
<b>Total expenses</b>		<u>17,584,606</u>	<u>7,676,028</u>	<u>7,384,802</u>	<u>32,645,436</u>	<u>11,491,052</u>	<u>7,852,532</u>	<u>6,354,525</u>	<u>25,698,109</u>
<b>Net income from operating activities</b>		<u>232,733,885</u>	<u>17,031,312</u>	<u>16,306,746</u>	<u>266,071,943</u>	<u>71,151,806</u>	<u>18,545,472</u>	<u>12,637,778</u>	<u>102,335,056</u>
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	1,511,648	1,320,668	2,763,286	5,595,602
Reversal of provision for Workers' Welfare Fund	12.1	2,346,729	809,223	351,954	3,507,906	-	-	-	-
Provision for Sindh Workers' Welfare Fund	12.1	(8,150,678)	(885,365)	(742,811)	(9,778,854)	-	-	-	-
<b>Net income for the year</b>		<u>295,159,428</u>	<u>18,536,097</u>	<u>18,938,754</u>	<u>332,634,279</u>	<u>72,663,454</u>	<u>19,866,140</u>	<u>15,401,064</u>	<u>107,930,658</u>

The annexed notes 1 to 23 form an integral part of these financial statements.

For NBP Fullerton Asset 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 2017

	2017				2016			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	-----Rupees-----				-----Rupees-----			
Net income for the year	295,159,428	18,536,097	18,938,754	332,634,279	72,663,454	19,866,140	15,401,064	107,930,658
Other comprehensive income for the year	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<u>295,159,428</u>	<u>18,536,097</u>	<u>18,938,754</u>	<u>332,634,279</u>	<u>72,663,454</u>	<u>19,866,140</u>	<u>15,401,064</u>	<u>107,930,658</u>

The annexed notes 1 to 23 form an integral part of these financial statements.

For NBP Fullerton Asset 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 2017

Note	2017				2016			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	-----Rupees-----				-----Rupees-----			
Net assets at beginning of the year	562,943,502	377,792,686	332,032,998	1,272,769,186	354,428,030	291,260,630	200,526,574	846,215,234
Amount received on issuance of units	308,984,156	126,561,254	197,134,125	632,679,535	211,119,845	157,547,612	176,811,815	545,479,272
Amount paid on redemption of units	(57,323,163)	(60,491,438)	(69,641,259)	(187,455,860)	(36,491,367)	(90,251,576)	(94,517,433)	(221,260,376)
Reallocation among sub-funds	44,069,227	(22,088,163)	(21,981,064)	-	(37,264,812)	690,548	36,574,264	-
	295,730,220	43,981,653	105,511,802	445,223,675	137,363,666	67,986,584	118,868,646	324,218,896
Element of (income) / loss and capital (gains) / losses included 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)	(1,511,648)	(1,320,668)	(2,763,286)	(5,595,602)
Gain / (loss) on sale of investments - net	64,835,961	(86,018)	(15,289)	64,734,654	17,918,683	689,001	104,417	18,712,101
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	146,830,601	(441,402)	(16,270)	146,372,929	39,454,311	(338,201)	-	39,116,110
Other net income for the year	83,492,866	19,063,517	18,970,313	121,526,696	15,290,460	19,515,340	15,296,647	50,102,447
Total comprehensive income for the year	295,159,428	18,536,097	18,938,754	332,634,279	72,663,454	19,866,140	15,401,064	107,930,658
Net assets at end of the year	<u>1,085,603,658</u>	<u>438,729,509</u>	<u>453,460,689</u>	<u>1,977,793,856</u>	<u>562,943,502</u>	<u>377,792,686</u>	<u>332,032,998</u>	<u>1,272,769,186</u>
Net assets value per unit at beginning of the year	<u>241.2424</u>	<u>135.4476</u>	<u>122.9843</u>		<u>210.1034</u>	<u>128.3251</u>	<u>117.2798</u>	
Net assets value per unit at end of the year	<u>331.3247</u>	<u>141.4226</u>	<u>128.3446</u>		<u>241.2424</u>	<u>135.4476</u>	<u>122.9843</u>	

The annexed notes 1 to 23 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited  
(Pension Fund Manager)

Chief Financial Officer

Chief Executive Officer

Director

# NAFA PENSION FUND

## Cash Flow Statement For the year ended 30 June 2017

Note	2017					2016					
	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 -----					----- Rupees -----					
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>											
Net income for the year	295,159,428	18,536,097	18,938,754	-	332,634,279	72,663,454	19,866,140	15,401,064	-	107,930,658	
<b>Adjustments:</b>											
Net unrealised (appreciation) / diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(146,830,601)	441,402	16,270	-	(146,372,929)	(39,454,311)	338,201	-	-	(39,116,110)	
(Gain) / loss on sale of investments - net	(64,835,961)	86,018	15,289	-	(64,734,654)	(17,918,683)	(689,001)	(104,417)	-	(18,712,101)	
Amortization of preliminary expenses and floatation costs	-	-	-	-	-	20,959	20,959	20,959	-	62,877	
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)	(1,511,648)	(1,320,668)	(2,763,286)	-	(5,595,602)	
	15,263,374	17,482,590	15,947,448	-	48,693,412	13,799,771	18,215,631	12,554,320	-	44,569,722	
<b>(Increase) / decrease in assets</b>											
Investments	(270,033,101)	156,529,548	(104,551,100)	-	(218,054,653)	(159,232,828)	(69,297,626)	60,375,420	-	(168,155,034)	
Dividend receivables	(1,340,820)	-	-	-	(1,340,820)	(361,277)	-	-	-	(361,277)	
Profit receivables	30,871	1,441,557	564,966	-	2,037,394	49,755	(824,471)	(726,595)	-	(1,501,311)	
Receivable against sale of investments	(1,591,204)	-	-	-	(1,591,204)	10,859,225	-	-	-	10,859,225	
Advance, deposits and other receivables	(2,924,496)	(339,644)	(29)	-	(3,264,169)	50	11,823	-	-	11,873	
	(275,858,750)	157,631,461	(103,986,163)	-	(222,213,452)	(148,685,075)	(70,110,274)	59,648,825	-	(159,146,524)	
<b>Increase / (decrease) in liabilities</b>											
Payable to NBP Fullerton Asset Management Limited - Pension Fund Manager	737,224	51,985	150,195	733,926	1,673,330	1,448,707	949,160	835,031	313,757	3,546,655	
Payable to Central Depository Company of Pakistan Limited - Trustee	70,051	6,207	15,907	-	92,165	37,525	16,162	22,640	-	76,327	
Payable to Securities and Exchange Commission	131,411	14,994	34,668	-	181,073	84,538	57,676	38,046	-	180,260	
Accrued expenses and other liabilities	5,888,919	90,401	452,417	(15,401)	6,416,336	(11,290)	(222,081)	25,368	(524,624)	(732,627)	
	6,827,605	163,587	653,187	718,525	8,362,904	1,559,480	800,917	921,085	(210,867)	3,070,615	
<b>Net cash (used in) / generated from operating activities</b>	(253,767,771)	175,277,638	(87,385,528)	718,525	(165,157,136)	(133,325,824)	(51,093,726)	73,124,230	(210,867)	(111,506,187)	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
Amount received on issuance of units	308,984,156	126,561,254	197,134,125	-	632,679,535	211,119,845	167,254,099	188,294,328	-	566,668,272	
Amount paid on redemption of units	(57,323,163)	(60,402,325)	(69,283,331)	-	(187,008,819)	(56,884,677)	(90,338,194)	(94,762,290)	-	(241,985,161)	
Reallocation among sub-funds	44,069,227	(22,088,163)	(21,981,064)	-	-	(37,264,812)	690,548	36,574,264	-	-	
<b>Net cash generated from financing activities</b>	295,730,220	44,070,766	105,869,730	-	445,670,716	116,970,356	77,606,453	130,106,302	-	324,683,111	
<b>Net increase / (decrease) in cash and cash equivalents</b>	41,962,449	219,348,404	18,484,202	718,525	280,513,580	(16,355,468)	26,512,727	203,230,532	(210,867)	213,176,924	
Cash and cash equivalents at beginning of the year	35,484,998	53,743,959	272,598,669	2,533,728	364,361,354	51,840,466	27,231,232	69,368,137	2,744,595	151,184,430	
<b>Cash and cash equivalents at end of the year</b>	5	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

The annexed notes 1 to 23 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited  
(Pension Fund Manager)

Chief Financial Officer  
Annual Report 2017

Chief Executive Officer

Director

Page 17

# NAFA PENSION FUND

## Notes to and forming part of the Financial Statements For the year ended 30 June 2017

### 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 Fullerton Asset 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.
  - 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.

# NAFA PENSION FUND

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 approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the repealed Companies Ordinance, 1984, the provisions of the Voluntary Pension System Rules, 2005 (VPS Rules) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the VPS Rules or directives issued by the SECP differ with the requirements of the IFRS, the requirements of the VPS Rules or the directives issued by the SECP shall prevail (Refer note 3.2).

### 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

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised in application of accounting policies principally related to classification and valuation of investments (note 4.1 and note 6).

## 3 NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS OF IFRSs

3.1 There are new and amended standards and interpretations that are mandatory for accounting periods beginning 01 July 2016 but are considered not to be relevant or do not have any significant effect on the the Fund's financial statements and are therefore not stated in these financial statements.

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

3.2.1 The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2017:

- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 01 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have an impact on the Fund's financial statements.
- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 01 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are not likely to have an impact on the Fund's financial statements.
- Amendments to IFRS 2 - Share-based Payment 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.

# NAFA PENSION FUND

- Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:
- Amendments to IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 01 January 2017) clarify that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 – 'Non-current Assets Held for Sale and Discontinued Operations'. The amendments are not likely to have an impact on the Fund's financial statements.
- 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.
- 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 Companies Ordinance, 1984 was repealed by the enactment of the Companies Act, 2017 on 30 May 2017. SECP vide its Circular 17 of 2017 and its press release dated 20 July 2017 has clarified that all those companies whose financial year, including quarterly and other interim period, closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. The Companies Act, 2017 requires enhanced disclosures and has also enhanced the definition of related parties. The amendments are not likely to have an impact on the Fund's financial statements except extended disclosures.
- SECP through SRO 756(I)/2017 dated 03 August 2017 with immediate effect has made certain amendments in NBFCs and Notified Entities Regulations, 2008. The SRO changed the definition of accounting income in regulation (63) sub-regulation (I) which excludes the element of income from "accounting income". The said SRO also deleted 'Distribution Statement' and requires additional disclosures and recording of element of income / loss included in price of unit issued or redeemed in Statement of movements in reserves or unit holders' fund instead of income statement. This change will affect the charge for SWWF in respect of element of income and consequently NAV per unit in future years.

## 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.

### 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.

# NAFA PENSION FUND

All investments in Sub-Funds as at 30 June 2017 are classified as 'financial assets at fair value through profit and loss' and 'loans and receivables'.

## 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.

## 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.



# NAFA PENSION FUND

## 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.

## 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 insurance premium, if any, followed by deduction of applicable front end fee, is used to purchase the units of sub-funds of the pension fund according to the Allocation Scheme selected by the participant. The units are allotted at the net asset value notified by the Pension Fund Manager at the close of the business day for each sub-fund. The front end fee is payable to the distributors and the Pension Fund Manager.

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 asset value of each of the sub-fund 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 asset 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 asset 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 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

An equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.

The element of income and capital gains included in the prices of units issued less those in units redeemed to the extent that it is represented by income earned during the year is recognised in the income statement and to the extent that it is represented by unrealized appreciation / (diminution) arising during the year on available for sale securities is included in the participants' sub-fund.

## 4.9 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.

## 4.10 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.

# NAFA PENSION FUND

## 4.11 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.
- 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 BALANCES WITH BANK

Note	2017					2016					
	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	
	-----Rupees-----					-----Rupees-----					
Savings accounts	5.1	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

5.1 These accounts carry mark-up rates ranging from 3.75% to 7.43% per annum (30 June 2016: 4.50% to 9.00% 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

Note	2017				2016				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	
	-----Rupees-----				-----Rupees-----				
<b>Investments by category</b>									
<b>At fair value through profit or loss - held for trading</b>									
Listed equity securities	6.1	1,013,270,959	-	-	1,013,270,959	531,571,296	-	-	531,571,296
Government securities - Market Treasury Bills	6.2	-	104,689,413	89,752,150	194,441,563	-	232,486,725	-	232,486,725
Government securities - Pakistan									
Investment Bonds	6.3	-	13,847,699	-	13,847,699	-	46,547,791	-	46,547,791
Term finance certificates	6.4	-	48,285,088	-	48,285,088	-	44,844,652	-	44,844,652
		1,013,270,959	166,822,200	89,752,150	1,269,845,309	531,571,296	323,879,168	-	855,450,464
<b>Loans and receivables</b>									
Term deposit receipts	6.7	-	-	75,457,459	75,457,459	-	-	60,690,068	60,690,068
		1,013,270,959	166,822,200	165,209,609	1,345,302,768	531,571,296	323,879,168	60,690,068	916,140,532

# NAFA PENSION FUND

## 6.1 Listed equity securities

### 6.1.1 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 July 1, 2016	Purchases during the period	Bonus Shares issued during the year	Right shares subscribed during the year	Sales during the year	As at 30 June 2017	Market value / carrying value as at 30 June 2017	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	19,400	10,000	-	-	-	29,400	25,510,086	2.35	2.52	0.02
Sazgar Engineering Works Limited	226,000	107,000	-	-	303,500	29,500	8,080,935	0.74	0.80	0.16
Pak Suzuki Motor Company Limited	-	27,000	-	-	14,000	13,000	10,144,680	0.93	1.00	0.02
Agriautos Industries Company Limited	-	3,400	-	-	-	3,400	1,468,460	0.14	0.14	0.01
Baluchistan Wheels Limited	68,000	20,400	-	-	-	88,400	13,127,400	1.21	1.30	0.66
Exide Pakistan Limited	-	1,526,500	-	-	1,526,500	-	-	-	-	-
Millat Tractors Limited	-	18,400	-	-	3,900	14,500	19,929,380	1.84	1.97	0.03
Al- Ghazi Tractors Limited	-	15,400	-	-	13,250	2,150	1,384,342	0.13	0.14	0.00
Indus Motor Company Limited	8,150	2,500	-	-	-	10,650	19,101,840	1.76	1.89	0.01
	<u>321,550</u>	<u>1,730,600</u>	<u>-</u>	<u>-</u>	<u>1,861,150</u>	<u>191,000</u>	<u>98,747,123</u>	<u>9.10</u>	<u>9.76</u>	
<b>Cable &amp; electrical goods</b>										
Pak Elektron Limited	85,250	152,000	-	-	36,000	201,250	22,201,900	2.05	2.19	0.04
<b>Pharmaceuticals</b>										
Abbot Laboratories (Pakistan) Limited	7,400	13,300	-	-	6,050	14,650	13,691,890	1.26	1.35	0.01
GlaxoSmithKline (Pakistan) Limited	20,860	-	-	-	-	20,860	4,107,751	0.38	0.41	0.01
GlaxoSmithKline Consumer Healthcare Pakistan Limited	6,258	-	-	-	-	6,258	1,307,985	0.12	0.13	0.01
The Searle Company Limited (note 6.1.2)	18,403	-	4,675	-	3,800	19,278	9,869,884	0.91	0.97	0.01
Ferozsons Laboratories Limited	2,550	14,600	-	-	2,650	14,500	5,604,395	0.52	0.55	0.05
Highnoon Laboratories Limited (note 6.1.2)	40	-	5	-	-	45	28,057	0.00	0.00	0.00
	<u>55,511</u>	<u>27,900</u>	<u>4,680</u>	<u>-</u>	<u>12,500</u>	<u>75,591</u>	<u>34,609,962</u>	<u>3.19</u>	<u>3.41</u>	
<b>Construction and materials (Cement)</b>										
Pioneer Cement Limited	82,000	63,000	-	-	37,800	107,200	13,936,000	1.28	1.38	0.05
Fauji Cement Company Limited	407,000	-	-	-	104,000	303,000	12,432,090	1.15	1.23	0.02
Maple Leaf Cement Factory Limited	45,500	116,500	-	-	24,000	138,000	15,367,680	1.42	1.52	0.03
Lucky Cement Limited	32,600	28,400	-	-	4,650	56,350	47,123,251	4.34	4.65	0.02
D. G. Khan Cement Company Limited	64,900	59,000	-	-	-	123,900	26,410,524	2.43	2.61	0.03
AkzoNobel Pakistan Limited	-	42,400	-	-	-	42,400	10,176,000	0.94	1.00	0.09
Kohat Cement Company Limited	-	47,000	-	-	-	47,000	10,775,220	0.99	1.06	0.03
Fecto Cement Limited	50,000	-	-	-	100	49,900	5,205,568	0.48	0.51	0.10
Attock Cement (Pakistan) Limited	26,200	42,000	-	-	-	68,200	20,642,094	1.90	2.04	0.06
	<u>708,200</u>	<u>398,300</u>	<u>-</u>	<u>-</u>	<u>170,550</u>	<u>935,950</u>	<u>162,068,427</u>	<u>14.93</u>	<u>16.00</u>	
<b>Commerical banks</b>										
United Bank Limited	104,460	62,200	-	-	-	166,660	39,251,763	3.62	3.87	0.01
Allied Bank Limited	62,100	116,200	-	-	-	178,300	15,979,246	1.47	1.58	0.02
MCB Bank Limited	48,700	102,400	-	-	-	151,100	31,795,973	2.93	3.14	0.01
Habib Metro Bank Limited	-	28,500	-	-	28,500	-	-	-	-	-
Habib Bank Limited	109,428	69,500	-	-	23,000	155,928	41,966,462	3.87	4.14	0.01
Faysal Bank Limited (note 6.1.2)	3,550	-	355	-	-	3,905	87,863	0.01	0.01	0.00
Bank Alfalah Limited	221,500	-	-	-	221,500	-	-	-	-	-
Bank Alhabib Limited	134,150	-	-	-	-	134,150	7,613,012	0.70	0.75	0.01
Meezan Bank Limited	53,500	-	-	-	53,500	-	-	-	-	-
	<u>737,388</u>	<u>378,800</u>	<u>355</u>	<u>-</u>	<u>326,500</u>	<u>790,043</u>	<u>136,694,319</u>	<u>12.60</u>	<u>13.49</u>	
<b>Forestry (Paper and Board)</b>										
Century Paper and Board Mills Limited	-	208,500	-	-	-	208,500	20,443,425	1.88	2.02	0.14
<b>Chemicals</b>										
Engro Fertilizer Limited	98,500	230,500	-	-	70,500	258,500	14,279,540	1.32	1.41	0.02
Engro Corporation Limited	106,000	11,000	-	-	-	117,000	38,131,470	3.51	3.76	0.02
Dynea Pakistan Limited	-	69,000	-	-	-	69,000	6,938,640	0.64	0.68	0.37
Dawood Hercules Corporation Limited	82,000	18,000	-	-	-	100,000	13,636,000	1.26	1.35	0.02
Ittehad Chemical Limited	127,400	50,500	-	-	177,900	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	102,500	355,000	-	-	260,000	197,500	8,460,900	0.78	0.84	0.02
	<u>516,400</u>	<u>734,000</u>	<u>-</u>	<u>-</u>	<u>508,400</u>	<u>742,000</u>	<u>81,446,550</u>	<u>7.51</u>	<u>8.04</u>	
<b>General Industrials</b>										
Thal Limited	15,200	100	-	-	10,800	4,500	2,727,135	0.25	0.27	0.01
Ecopack Limited	452,500	-	-	-	452,500	-	-	-	-	-
	<u>467,700</u>	<u>100</u>	<u>-</u>	<u>-</u>	<u>463,300</u>	<u>4,500</u>	<u>2,727,135</u>	<u>0.25</u>	<u>0.27</u>	
<b>Electricity</b>										
The Hub Power Company Limited	135,100	106,000	-	-	45,500	195,600	22,969,308	2.12	2.27	0.02
Kot Addu Power Company Limited	186,000	130,500	-	-	80,000	236,500	17,032,730	1.57	1.68	0.03
	<u>321,100</u>	<u>236,500</u>	<u>-</u>	<u>-</u>	<u>125,500</u>	<u>432,100</u>	<u>40,002,038</u>	<u>3.69</u>	<u>3.95</u>	
<b>Textile Composite</b>										
Nishat (Chunian) Limited	-	193,500	-	-	-	193,500	9,930,420	0.91	0.98	0.08
Nishat Mills Limited	219,500	-	-	-	42,500	177,000	28,086,360	2.59	2.77	0.05
Kohinoor Textile Mills Limited	179,975	12,500	-	-	-	192,475	20,234,897	1.86	2.00	0.07
The Crescent Textile Mills Limited	-	246,000	-	-	137,500	108,500	4,063,325	0.37	0.40	0.14
Dawood Lawrencepur Limited	-	40,900	-	-	-	40,900	8,990,229	0.83	0.89	0.07
Sapphire Fibres Mills Limited	6,200	-	-	-	-	6,200	7,440,000	0.69	0.73	0.03
	<u>405,675</u>	<u>492,900</u>	<u>-</u>	<u>-</u>	<u>180,000</u>	<u>718,575</u>	<u>78,745,231</u>	<u>7.25</u>	<u>7.77</u>	

# NAFA PENSION FUND

Name of the investee company	As at July 1, 2016	Purchases during the period	Bonus Shares issued during the year	Right shares subscribed during the year	Sales during the year	As at 30 June 2017	Market value / carrying value as at 30 June 2017	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</b>										
Attock Petroleum Limited	7,800	-	-	-	-	7,800	4,886,154	0.45	0.48	0.01
Pakistan State Oil Company Limited (note 6.1.3)	61,230	31,100	-	-	20,600	71,730	27,784,616	2.56	2.74	0.03
Pakistan Petroleum Limited (note 6.1.3)	137,778	149,300	-	-	30,900	256,178	37,950,209	3.50	3.75	0.01
Pakistan Oilfields Limited (note 6.1.3)	57,000	21,100	-	-	7,600	70,500	32,299,575	2.98	3.19	0.03
Oil and Gas Development Company Limited (note 6.1.3)	106,800	94,500	-	-	15,000	186,300	26,210,547	2.41	2.59	0.00
Hascol Petroleum Limited	300	-	-	-	-	300	102,330	0.01	0.01	0.00
Shell Pakistan Limited	19,000	10,000	-	-	-	29,000	16,685,730	1.54	1.65	0.03
Attock Refinery Limited	17,900	5,000	-	-	11,600	11,300	4,323,154	0.40	0.43	0.01
Mari Petroleum Company Limited	28,800	3,300	-	-	2,120	29,980	47,237,687	4.35	4.66	0.03
	<u>436,608</u>	<u>314,300</u>	<u>-</u>	<u>-</u>	<u>87,820</u>	<u>663,088</u>	<u>197,480,002</u>	<u>18.20</u>	<u>19.50</u>	
<b>Oil and gas marketing companies</b>										
Sui Southern Gas Company Limited	-	202,000	-	-	202,000	-	-	-	-	-
	<u>-</u>	<u>202,000</u>	<u>-</u>	<u>-</u>	<u>202,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Engineering</b>										
Mughal Iron and Steel Industries Limited	77,800	-	-	53,010	23,500	107,310	8,663,136	0.80	0.85	0.04
Crescent Steel & Allied Products	-	64,600	-	-	44,200	20,400	4,866,828	0.45	0.48	0.03
Amreli Steels Limited	57,000	201,000	-	-	35,500	222,500	27,356,375	2.52	2.70	0.07
	<u>134,800</u>	<u>265,600</u>	<u>-</u>	<u>53,010</u>	<u>103,200</u>	<u>350,210</u>	<u>40,886,339</u>	<u>3.77</u>	<u>4.03</u>	
<b>Industrial transportation</b>										
Pakistan National Shipping Corporation	63,400	-	-	-	63,400	-	-	-	-	-
	<u>63,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Technology and communication</b>										
Avanceon Limited	-	223,500	-	-	40,000	183,500	8,314,385	0.77	0.82	0.14
NetSol Technologies Limited	80,000	-	-	-	80,000	-	-	0.00	0.00	0.00
Systems Limited	181,500	129,000	-	-	99,000	211,500	16,040,160	1.48	1.58	0.19
Pakistan Telecommunication	360,000	-	-	-	360,000	-	-	0.00	0.00	0.00
	<u>621,500</u>	<u>352,500</u>	<u>-</u>	<u>-</u>	<u>579,000</u>	<u>395,000</u>	<u>24,354,545</u>	<u>2.25</u>	<u>2.40</u>	
<b>Food producers</b>										
Rafhan Maize Products Limited.	20	-	-	-	-	20	137,000	0.01	0.01	0.00
Faran Sugar Mills Limited	41,500	26,000	-	-	-	67,500	5,417,550	0.50	0.53	0.27
Al-Shaheer Corporation Limited (note 6.1.2)	181,350	-	27,202	-	-	208,552	8,365,041	0.77	0.83	0.15
	<u>222,870</u>	<u>26,000</u>	<u>27,202</u>	<u>-</u>	<u>-</u>	<u>276,072</u>	<u>13,919,591</u>	<u>1.28</u>	<u>1.37</u>	
<b>Household goods</b>										
Tariq Glass Limited	154,500	-	-	-	23,000	131,500	14,564,940	1.34	1.44	0.18
	<u>154,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,000</u>	<u>131,500</u>	<u>14,564,940</u>	<u>1.34</u>	<u>1.44</u>	<u>0.18</u>
<b>Insurance</b>										
Pakistan Reinsurance Company	-	192,500	-	-	43,000	149,500	7,297,095	0.67	0.72	0.05
	<u>-</u>	<u>192,500</u>	<u>-</u>	<u>-</u>	<u>43,000</u>	<u>149,500</u>	<u>7,297,095</u>	<u>0.67</u>	<u>0.72</u>	<u>0.05</u>
<b>Textile Spinning</b>										
Hira Textile Mills Limited	-	60,000	-	-	60,000	-	-	-	-	-
	<u>-</u>	<u>60,000</u>	<u>-</u>	<u>-</u>	<u>60,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Glass and Ceramics</b>										
Shabbir Tiles & Ceramics Limited	-	1,051,000	-	-	175,000	876,000	16,792,920	1.55	1.66	0.27
	<u>-</u>	<u>1,051,000</u>	<u>-</u>	<u>-</u>	<u>175,000</u>	<u>876,000</u>	<u>16,792,920</u>	<u>1.55</u>	<u>1.66</u>	<u>0.27</u>
<b>Miscellaneous</b>										
Tri-Pack Films Limited	63	43,000	-	-	63	43,000	9,632,105	0.89	0.95	0.11
Synthetic Products Enterprises Limited (note 6.1.2)	98,000	45,000	11,750	-	13,500	141,250	10,657,313	0.98	1.05	0.17
	<u>98,063</u>	<u>88,000</u>	<u>11,750</u>	<u>-</u>	<u>13,563</u>	<u>184,250</u>	<u>20,289,418</u>	<u>1.87</u>	<u>2.00</u>	
<b>Total 30 June 2017</b>	<u>5,350,515</u>	<u>6,911,500</u>	<u>43,987</u>	<u>53,010</u>	<u>5,033,883</u>	<u>7,325,129</u>	<u>1,013,270,959</u>	<u>93</u>	<u>100</u>	
<b>Carrying value before fair value adjustment as at 30 June 2017</b>							<u>866,440,358</u>			

**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. 1.012 million (30 June 2016: Rs. 0.639 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. 22.686 million (30 June 2016: Rs. Nil ) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular no. 11 dated 23 October 2007 issued by the Securities and Exchange Commission of Pakistan.

# NAFA PENSION FUND

## 6.2 Government securities - Market Treasury bills

### 6.2.1 Held by Debt Sub-Fund

Issue date	Note	Tenor	Face value				Market value / carrying value as at 30 June 2017	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
			As at July 1, 2016	Purchases during the year	Sales / matured during the year	As at June 30, 2017			
-----Rupees-----									
20 August 2015	6.2.2	1 Year	166,000,000	-	166,000,000	-	-	-	
21 January 2016	6.2.2	1 Year	70,000,000	-	70,000,000	-	-	-	
13 April 2017	6.2.2	3 Months	-	14,000,000	-	14,000,000	13,986,164	3.19	
27 April 2017	6.2.2	3 Months	-	91,000,000	-	91,000,000	90,703,249	20.67	
			<b>236,000,000</b>	<b>105,000,000</b>	<b>236,000,000</b>	<b>105,000,000</b>	<b>104,689,413</b>	<b>23.86</b>	

104,708,737

Carrying value before fair value adjustment as at 30 June 2017

6.2.2 These Market Treasury Bills carry rate of return ranging from 5.96% to 5.97% per annum (2016: 6.62% to 9.97% per annum).

### 6.2.3 Held by Money Market Sub-Fund

Issue date	Note	Tenor	Face value				Market value / carrying value as at 30 June 2017	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
			As at July 1, 2016	Purchases during the year	Sales / matured during the year	As at June 30, 2017			
-----Rupees-----									
13 April 2017	6.2.4	3 Months	-	70,000,000	-	70,000,000	69,771,730	-	
27 April 2017	6.2.4	3 Months	-	20,000,000	-	20,000,000	19,980,420	-	
			-	<b>90,000,000</b>	-	<b>90,000,000</b>	<b>89,752,150</b>	-	

89,768,422

Carrying value before fair value adjustment as at 30 June 2017

6.2.4 These Market Treasury Bills carry rate of return ranging from 5.96% to 5.97% per annum (2016: Nil).

## 6.3 Government securities - Pakistan Investment Bonds

### 6.3.1 Held by Debt Sub-Fund

Issue date	Note	Tenor	Face value				Market value / carrying value as at 30 June 2017	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
			As at July 1, 2016	Purchases during the year	Sales / matured during the year	As at June 30, 2017			
-----Rupees-----									
19 July 2012	6.3.2	10 Year	5,000,000	-	-	5,000,000	6,029,335	1.37	
18 July 2013	6.3.2	3 Year	32,000,000	-	32,000,000	-	-	-	
17 July 2014	6.3.2	3 Year	7,800,000	-	-	7,800,000	7,818,364	1.78	
			<b>44,800,000</b>	-	<b>32,000,000</b>	<b>12,800,000</b>	<b>13,847,699</b>	<b>3.16</b>	

14,467,828

Carrying value before fair value adjustment as at 30 June 2017

# NAFA PENSION FUND

6.3.2 These Pakistan Investment Bonds carry yield ranging from 11.25 % to 12% per annum. (2016: 12.01 % to 12.4% per annum)

## 6.4 Government securities - Term Finance Certificates

### 6.4.1 Held by Debt Sub-Fund

All term finance certificates have a face value of Rs. 5,000 each.

Name of the investee company	Note	As at 01 July 2016	Purchases during the year	Disposals during the year	As at June 30, 2017	Market value / carrying value	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	-	1,800	9,064,238	2.07	5.43
Faysal Bank Limited - III	6.4.2	300	-	-	300	375,868	0.09	0.23
Standard Chartered Bank Limited - IV	6.4.2	470	-	-	470	2,355,875	0.54	1.41
Jahangir Siddiqui Company Limited - II	6.4.2	5,000	-	-	5,000	15,070,950	3.44	9.03
Jahangir Siddiqui Company Limited - III	6.4.2	600	-	-	600	3,077,649	0.70	1.84
Askari Commercial Bank Limited	6.4.2	3,600	-	-	3,600	18,340,508	4.18	10.99
		<b>9,970</b>	<b>1,800</b>	<b>-</b>	<b>11,770</b>	<b>48,285,088</b>	<b>11.01</b>	<b>28.94</b>

Carrying value before fair value adjustment as at 30 June 2017

**48,087,152**

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	1,800	8,998,200	6 month KIBOR + 2.25%	30 September 2014	7 years	Secured	A+
Faysal Bank Limited - III	300	374,250	6 month KIBOR + 2.25%	27 December 2010	7 years	Secured	AA-
Jahangir Siddiqui Company Limited - II	5,000	15,000,000	6 months KIBOR + 2.4%	08 April 2014	5 years	Secured	AA+
Standard Chartered Bank Limited - IV	470	2,350,000	6 months KIBOR + 0.75%	29 June 2012	10 years	Secured	AAA
Askari Commercial Bank Limited	3,600	17,982,000	6 months KIBOR + 1.20%	30 September 2014	10 years	Secured	AA-
Jahangir Siddiqui Company Limited - III	600	3,000,000	6 months KIBOR + 1.65%	24 June 2016	5 years	Secured	AA+

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

	2017				2016			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	-----Rupees-----				-----Rupees-----			
Market value / carrying value of investments	1,013,270,959	166,822,200	165,209,609	1,345,302,768	531,571,296	323,879,168	-	855,450,464
Less: Carrying cost of investments	(866,440,358)	(167,263,602)	(165,225,879)	(1,198,929,839)	(492,116,985)	(324,217,369)	-	(816,334,354)
	<b>146,830,601</b>	<b>(441,402)</b>	<b>(16,270)</b>	<b>146,372,929</b>	<b>39,454,311</b>	<b>(338,201)</b>	<b>-</b>	<b>39,116,110</b>

6.7 This represents TDRs placed with JS Bank Limited carrying mark-up at the rate of 6.75% per annum and matures on 27 September 2017.

## 7 PROFIT RECEIVABLES

Profit receivable on:

Profit accrued on TFCs and PIBs	-	1,306,419	-	1,306,419	-	3,040,121	-	3,040,121
-savings accounts	26,463	448,031	220,125	694,619	57,334	155,886	896,450	1,109,670
-term deposit	-	-	130,767	130,767	-	-	19,408	19,408
	<b>26,463</b>	<b>1,754,450</b>	<b>350,892</b>	<b>2,131,805</b>	<b>57,334</b>	<b>3,196,007</b>	<b>915,858</b>	<b>4,169,199</b>

## 8 ADVANCE, DEPOSITS AND OTHER RECEIVABLES

Advance tax	436,646	339,644	29	776,319	-	-	-	-
Security deposit with NCCPL	2,500,000	-	-	2,500,000	-	-	-	-
Security deposit with Central Depository Company of Pakistan Ltd	100,000	100,000	100,000	300,000	100,000	100,000	100,000	300,000
Other receivable	-	-	-	-	12,150	-	-	12,150
	<b>3,036,646</b>	<b>439,644</b>	<b>100,029</b>	<b>3,576,319</b>	<b>112,150</b>	<b>100,000</b>	<b>100,000</b>	<b>312,150</b>

# NAFA PENSION FUND

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

	Note	2017					2016				
		Equity	Debt	Money Market	Others	Total	Equity	Debt	Money Market	Others	Total
		Sub-Fund	Sub-Fund	Sub-Fund			Sub-Fund	Sub-Fund	Sub-Fund		
		-----Rupees-----									
Remuneration to Pension Fund Manager	9.1	1,372,009	508,903	540,750	-	2,421,662	699,541	449,996	396,467	-	1,546,004
Sindh Sales Tax on management remuneration	9.2	178,365	66,153	70,298	-	314,816	113,609	73,075	64,386	-	251,070
Preliminary expenses and floatation cost payable		-	-	-	-	-	75,000	75,000	75,000	-	225,000
Other payable		75,000	75,000	75,000	-	225,000	-	-	-	-	-
Sales load		-	-	-	1,147,291	1,147,291	-	-	-	497,373	497,373
Sindh Sales Tax on sales load		-	-	-	163,287	163,287	-	-	-	79,279	79,279
		<u>1,625,374</u>	<u>650,056</u>	<u>686,048</u>	<u>1,310,578</u>	<u>4,272,056</u>	<u>888,150</u>	<u>598,071</u>	<u>535,853</u>	<u>576,652</u>	<u>2,598,726</u>

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 2016: 14%) was charged on management remuneration and sales load.

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

	Note	2017				2016			
		Equity	Debt	Money Market	Total	Equity	Debt	Money Market	Total
		Sub-Fund	Sub-Fund	Sub-Fund		Sub-Fund	Sub-Fund	Sub-Fund	
		-----Rupees-----							
Trustee remuneration	10.1	132,562	50,887	54,074	237,523	69,952	44,995	39,647	154,594
Sindh Sales Tax on trustee remuneration	10.2	16,565	6,074	6,645	29,284	9,124	5,759	5,165	20,048
		<u>149,127</u>	<u>56,961</u>	<u>60,719</u>	<u>266,807</u>	<u>79,076</u>	<u>50,754</u>	<u>44,812</u>	<u>174,642</u>

10.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net assets of the Fund.

Based on the Trust Deed, the tariff structure applicable to the Fund as at 30 June 2017 is as follows:

Net assets	Tariff
Upto Rs. 1,000 million	Rs. 0.3 million or 0.15% p.a of net asset value, whichever is higher
Exceeding Rs. 1,000 million upto Rs. 3,000 million	Rs. 1.5 million plus 0.10% p.a of NAV exceeding Rs. 1,000 million
Exceeding Rs. 3,000 million upto Rs. 6,000 million	Rs. 3.5 million plus 0.08% p.a of NAV exceeding Rs. 3,000 million
Exceeding Rs. 6,000 million	Rs. 5.9 million plus 0.06% p.a of NAV 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 2016: 14%) 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

		2017					2016				
		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	885,365	742,811	-	9,778,854	-	-	-	-	-
Provision for Workers' Welfare Fund	12.1	-	-	-	-	-	2,346,729	809,223	351,954	-	3,507,906
Federal Excise Duty on management remuneration	12.2	1,770,462	1,329,145	1,054,992	-	4,154,599	1,770,463	1,329,145	1,054,992	-	4,154,600
Federal Excise Duty on sales load		-	-	-	1,941,675	1,941,675	-	-	-	1,891,007	1,891,007
Auditors' remuneration		97,164	97,164	97,165	-	291,493	78,645	78,645	78,646	-	235,936
Payable against redemption of units		-	89,113	357,928	-	447,041	-	-	-	-	-
Legal and professional charges		65,900	22,532	22,533	-	110,965	76,311	8,055	8,055	-	92,421
Brokerage expense payable		-	899	-	-	899	-	-	-	-	-
Bank charges and settlement charges payable		25,010	45,096	51,344	-	121,450	72,328	33,828	55,140	-	161,296
Printing charges		23,121	23,121	23,121	-	69,363	46,106	46,106	46,106	-	138,318
Withholding tax		154,000	50,268	62,961	-	267,229	-	-	-	66,069	66,069
Other payable		-	-	-	-	-	6,834	58,187	7,617	-	72,638
		<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>	<b>4,397,416</b>	<b>2,363,189</b>	<b>1,602,510</b>	<b>1,957,076</b>	<b>10,320,191</b>

12.1 The Finance Act, 2008 introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Peshawar High Court. The Honourable Supreme Court of Pakistan vide its judgment dated 10 November 2016, has upheld the view of Lahore High Court and decided that WWF is not a tax and hence the amendments introduced through Finance Act, 2008 are ultra-vires to the Constitution. The Federal Board of Revenue has led Civil Review Petitions in respect of above judgment with the prayer that the judgment dated 10 November 2016 passed in the Civil Appeal may kindly be reviewed in the interest of justice.

Furthermore, the Sindh Revenue Board (SRB) had written to few mutual funds in January 2016 to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after 31 December 2013. The MUFAP reviewed the issue and based on an opinion decided that SWWF is not applicable on mutual funds as they are not financial institutions as required by SWWF Act, 2014. The MUFAP wrote to the SRB that mutual funds are not establishments and are pass through vehicles hence, they do not have any worker and no SWWF is payable by them. The SRB responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, therefore SWWF is applicable on mutual funds. The MUFAP has taken up this matter before the Sindh Finance Ministry to exclude mutual funds from SWWF.

In view of the above developments regarding the applicability of Federal and Sindh WWF on Mutual Funds, the MUFAP has recommended the following to all its members on 12 January 2017:

- based on legal opinion, the entire provision against the Federal WWF held by the CISs till 30 June 2015, to be reversed on 12 January 2017; and

- the provision in respect of Sindh WWF should be made on 12 January 2017 with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e. starting from 21 May 2015).

The above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on 12 January 2017 and the SECP vide its letter dated 1 February 2017 has advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs/ mutual funds. Accordingly, reversal of provision for WWF amounted to Rs. 2.346 million, 0.809 million and 0.352 million of Equity sub-fund, Debt sub-fund and Money Market sub-fund respectively and recording of provision for SWWF of Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund amounting to Rs. 7.379 million, Rs. 0.687 million and Rs.0.531 million respectively upto 12 January 2017. Thereafter the provision for SWWF is being made on a daily basis. Had the SWWF not been provided, the NAV per unit of the Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund would have been higher by Rs. 2.488, Rs. 0.285 and 0.210 (2016: Nil) 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 inter alia 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 effect in the manner prescribed in the judgment. The Sindh 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 2017 would have been higher by Rs. 0.5403, Rs. 0.4284 and Rs. 0.2986 (2016: Rs 0.7587, Rs. 0.4765, Rs. 0.3907) per unit respectively.

Federal Excise Duty on management remuneration and Federal Excise Duty on sales load has been reclassified from payable to NBP fullerton asset management limited - Management Company to accrued expenses and other liabilities in order to give better presentation and accordingly comparatives have been rearranged.

## 13 CONTINGENCY AND COMMITMENT

There is no contingency and commitment outstanding as at 30 June 2017.



# NAFA PENSION FUND

## 14 NUMBER OF UNITS IN ISSUE

	2017				2016			
	Equity	Debt	Money Market	Total	Equity	Debt	Money Market	Total
	Sub-Fund	Sub-Fund	Sub-Fund		Sub-Fund	Sub-Fund	Sub-Fund	
	-----Rupees-----				-----Rupees-----			
Total units in issue at beginning of the year	2,333,518	2,789,217	2,699,800	7,822,535	1,686,922	2,269,709	1,709,814	5,666,445
Units issued during the year	997,942	913,954	1,562,328	3,474,224	973,547	1,197,189	1,466,195	3,636,931
Units redeemed during the year	(195,347)	(437,302)	(554,424)	(1,187,073)	(168,670)	(677,651)	(777,209)	(1,623,530)
Reallocation during the year	140,443	(163,611)	(174,555)	(197,723)	(158,281)	(30)	301,000	142,689
<b>Total units in issue at end of the year</b>	<b>3,276,556</b>	<b>3,102,258</b>	<b>3,533,149</b>	<b>9,911,963</b>	<b>2,333,518</b>	<b>2,789,217</b>	<b>2,699,800</b>	<b>7,822,535</b>

## 15 CONTRIBUTION TABLE

Contributions received during the year are as follows:

From:	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
	For the year ended 30 June 2016							
From:	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Total	
	Units	Rupees	Units	Rupees	Units	Rupees	Units	Rupees
	Individuals	973,547	211,119,845	1,197,189	157,547,612	1,466,195	176,811,815	3,636,931

## 16 AUDITORS' REMUNERATION

	2017				2016			
	Equity	Debt	Money Market	Total	Equity	Debt	Money Market	Total
	Sub-Fund	Sub-Fund	Sub-Fund		Sub-Fund	Sub-Fund	Sub-Fund	
	-----Rupees-----				-----Rupees-----			
Annual audit fee	55,000	55,000	55,000	165,000	55,000	55,000	55,000	165,000
Interim review fee	27,500	27,500	27,500	82,500	27,500	27,500	27,500	82,500
Out of pocket expenses and others including government levy	38,819	38,819	38,819	116,457	31,678	31,678	31,678	95,034
	<b>121,319</b>	<b>121,319</b>	<b>121,319</b>	<b>363,957</b>	<b>114,178</b>	<b>114,178</b>	<b>114,178</b>	<b>342,534</b>

## 17 FINANCIAL INSTRUMENTS BY CATEGORY

	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	Total	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	3,252,253	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	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>3,252,253</b>	<b>1,999,278,361</b>
	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		
	----- (Rupees) -----										
<b>Financial liabilities</b>											
Payable to NBP Fullerton Asset Management Limited - Pension Fund Manager	-	1,625,374	1,625,374	-	650,056	650,056	-	686,048	686,048	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
	<b>-</b>	<b>1,985,696</b>	<b>1,985,696</b>	<b>-</b>	<b>984,942</b>	<b>984,942</b>	<b>-</b>	<b>1,298,858</b>	<b>1,298,858</b>	<b>1,310,578</b>	<b>5,580,074</b>

# NAFA PENSION FUND

As at 30 June 2016											
	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	Total	Loans and receivables	
(Rupees)											
<b>Financial assets</b>											
Bank balances	35,484,998	-	35,484,998	53,743,959	-	53,743,959	272,598,669	-	272,598,669	2,533,728	364,361,354
Investments	-	531,571,296	531,571,296	-	323,879,168	323,879,168	-	60,690,068	60,690,068	-	916,140,532
Dividend receivables	1,236,830	-	1,236,830	-	-	-	-	-	-	-	1,236,830
Profit receivables	57,334	-	57,334	3,196,007	-	3,196,007	915,858	-	915,858	-	4,169,199
Security deposits	100,000	-	100,000	100,000	-	100,000	100,000	-	100,000	-	300,000
	<u>36,879,162</u>	<u>531,571,296</u>	<u>568,450,458</u>	<u>57,039,966</u>	<u>323,879,168</u>	<u>380,919,134</u>	<u>273,614,527</u>	<u>60,690,068</u>	<u>334,304,595</u>	<u>2,533,728</u>	<u>1,286,207,915</u>

As at 30 June 2016											
	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	
(Rupees)											
<b>Financial liabilities</b>											
Payable to NBP Fullerton Asset Management Limited - Pension Fund Manager	-	888,150	888,150	-	598,071	598,071	-	535,853	535,853	576,652	2,598,726
Payable to Central Depository Company of Pakistan Limited - Trustee	-	79,076	79,076	-	50,754	50,754	-	44,812	44,812	-	174,642
Accrued expenses and other liabilities	-	280,224	280,224	-	1,553,966	1,553,966	-	1,250,556	1,250,556	-	3,084,746
	<u>-</u>	<u>1,247,450</u>	<u>1,247,450</u>	<u>-</u>	<u>2,202,791</u>	<u>2,202,791</u>	<u>-</u>	<u>1,831,221</u>	<u>1,831,221</u>	<u>576,652</u>	<u>5,858,114</u>

## 18 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

18.1 Connected persons include NBP Fullerton Asset 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 Fullerton Asset Management Limited.

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

18.3 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:

### 18.4 Transactions during the year

	2017					2016				
	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-----									
<b>NBP Fullerton Asset Management Limited - Pension Fund Manager</b>										
Remuneration to Pension Fund Manager	12,994,336	5,883,093	5,594,989	-	24,472,418	-	7,021,112	5,201,537	4,019,188	16,241,837
Sindh Sales Tax on remuneration to Pension Fund Manager	1,689,264	764,802	727,348	-	3,181,414	-	1,140,229	844,730	652,716	2,637,675
Reallocation in units	Units	-	-	-	-	-	(9,974)	8,459	10,603	9,088
Reallocation in amount		-	-	-	-	-	(2,445,935)	1,143,360	1,302,575	-
Number of units issued	Units	89,594	71,597	27,756	188,947	-	-	-	-	-
Amount of units issued		25,538,904	9,809,117	3,481,867	38,829,888	-	-	-	-	-
Number of units redeemed	Units	92,449	288,047	224,602	605,098	-	-	-	-	-
Amount of units redeemed		26,385,501	39,650,738	27,943,993	93,980,232	-	-	-	-	-
<b>Alexandra Fund Management Pte. Limited - 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	12,687	-	-	12,687	-	(6,649)	5,639	7,069	6,059
Amount of units redeemed		4,268,837	-	-	4,268,837	-	(1,630,623)	762,240	868,383	-

# NAFA PENSION FUND

2017

2016

		2017					2016				
		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-----											
<b>Employees of NBP Fullerton Asset Management Limited</b>											
Number of units issued	Units	44,653	13,391	115,824	-	173,868	-	12,740	27,466	1,408	41,614
Amount of units issued		13,114,020	1,844,965	14,751,330	-	29,710,315	-	2,797,624	3,688,627	170,000	6,656,251
Number of units redeemed	Units	56,497	50,158	30,080	-	136,735	-	(15,206)	(8,838)	(1,425)	(25,469)
Amount of units redeemed		16,344,321	6,831,919	3,832,389	-	27,008,629	-	(3,538,627)	(1,145,576)	(172,191)	(4,856,394)
<b>Amjad Waheed - Chief Executive Officer</b>											
Number of units issued	Units	43,031	-	-	-	43,031	-	67,146	-	-	67,146
Amount of units issued		11,200,000	-	-	-	11,200,000	-	14,799,475	-	-	14,799,475
<b>Central Depository Company of Pakistan Limited - Trustee</b>											
Remuneration to Trustee		1,287,220	588,309	559,499	-	2,435,028	-	702,111	520,154	401,919	1,624,184
Sindh Sales Tax on remuneration of Trustee		167,339	76,480	72,735	-	316,554	-	98,296	72,822	56,269	227,387
<b>Taurus Securities Limited</b>											
Brokerage expense		-	-	-	-	-	-	43,337	-	-	43,337
<b>Humayun Bashir - Director</b>											
Number of units issued	Units	47,893	27,597	-	-	75,490	-	-	-	-	-
Amount of units issued		12,296,398	3,832,219	-	-	16,128,617	-	-	-	-	-
Number of units redeemed	Units	6,634	72,776	-	-	79,410	-	-	-	-	-
Amount of units redeemed		2,232,219	9,896,398	-	-	12,128,617	-	-	-	-	-
<b>Aamir Sattar - Director</b>											
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	-	-	-	-	-
<b>Kamal A. Chinoy - Director</b>											
Number of units issued	Units	35,313	-	21,813	-	57,126	-	-	-	-	-
Amount of units issued		8,500,000	-	2,731,885	-	11,231,885	-	-	-	-	-
Number of units redeemed	Units	3,661	-	-	-	3,661	-	-	-	-	-
Amount of units redeemed		1,231,885	-	-	-	1,231,885	-	-	-	-	-
<b>Nausherwan Adil - Director</b>											
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	-	-	-	-	-
<b>Khalid Mehmood - Chief Financial Officer</b>											
Number of units issued	Units	12,541	-	-	-	12,541	-	-	-	-	-
Amount of units issued		3,725,322	-	-	-	3,725,322	-	-	-	-	-
<b>18.5 Amounts outstanding as at year end</b>											
<b>NBP Fullerton Asset Management Limited - Pension Fund Manager</b>											
Remuneration payable		1,372,009	508,903	540,750	-	2,421,662	699,541	449,996	396,467	-	1,546,004
Sindh Sales Tax payable		178,365	66,153	70,298	-	314,816	113,609	73,075	64,386	-	251,070
Preliminary expenses and floatation cost payable		-	-	75,000	-	75,000	75,000	75,000	75,000	-	225,000
Sales load		-	-	-	1,147,291	1,147,291	-	-	-	497,373	497,373
Sindh Sales Tax on sales load		-	-	-	163,287	163,287	-	-	-	79,279	79,279
Number of units issued	Units	116,481	-	41,317	-	157,798	119,336	216,449	238,164	-	573,949
Amount of units issued		38,593,181	-	5,302,878	-	43,896,059	28,789,018	29,317,560	29,290,427	-	87,397,005
<b>Alexandra Fund Management Pte. Limited - Sponsor</b>											
Number of units issued	Units	66,870	159,309	175,553	-	401,732	79,558	144,299	158,776	-	382,633
Amount of units issued		22,155,793	22,529,954	22,531,340	-	67,217,087	19,192,679	19,545,040	19,526,951	-	58,264,670
<b>Employees of NBP Fullerton Asset Management Limited</b>											
Number of units issued	Units	24,549	-	85,744	-	110,293	23,748	36,767	-	-	60,515
Amount of units issued		8,133,680	-	11,004,766	-	19,138,446	5,728,988	4,979,994	-	-	10,708,982

# NAFA PENSION FUND

	2017					2016				
	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-----					-----Rupees-----				
<b>Central Depository Company of Pakistan Limited - Trustee</b>										
Remuneration payable	132,562	50,887	54,074	-	237,523	69,952	44,995	39,647	-	154,594
Sindh Sales Tax payable	16,565	6,074	6,645	-	29,284	9,124	5,759	5,165	-	20,048
<b>Amjad Waheed - Chief Executive Officer</b>										
Number of units issued	Units 303,779	-	-	-	303,779	260,747	-	-	-	260,747
Amount of units issued	100,649,494	-	-	-	100,649,494	62,903,375	-	-	-	62,903,375
<b>Humayun Bashir - Director</b>										
Number of units issued	Units 154,916	92,294	-	-	247,210	-	-	-	-	-
Amount of units issued	51,327,627	13,052,523	-	-	64,380,150	-	-	-	-	-
<b>Aamir Sattar - Director</b>										
Number of units issued	Units 12,075	-	-	-	12,075	-	-	-	-	-
Amount of units issued	4,000,811	-	-	-	4,000,811	-	-	-	-	-
<b>Kamal A. Chinoy - Director</b>										
Number of units issued	Units 95,949	-	44,465	-	140,414	-	-	-	-	-
Amount of units issued	31,790,256	-	5,706,849	-	37,497,105	-	-	-	-	-
<b>Nausherwan Adil - Director</b>										
Number of units issued	Units 11,993	-	73,488	-	85,481	-	-	-	-	-
Amount of units issued	3,973,657	-	9,431,856	-	13,405,513	-	-	-	-	-
<b>Khalid Mehmood - Chief Financial Officer</b>										
Number of units issued	Units 12,541	-	-	-	12,541	-	-	-	-	-
Amount of units issued	4,155,143	-	-	-	4,155,143	-	-	-	-	-

## 19 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.

### 19.1 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.

#### 19.1.1 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.

#### 19.1.2 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 2017, 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 2017, 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. 0.478 million (30 June 2016: Rs. 0.444 million).

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

As at 30 June 2017, 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 2017 with all other variables held constant, the net income for the year and net assets of the Fund would have been lower by Rs. 0.2011 million (30 June 2016: Rs 0.955 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. 0.2338 million (30 June 2016: Rs. 0.973 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 2017 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 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	Up to three months	More than three months upto one year	More than one year			Not exposed to yield / interest rate risk	Exposed to yield / interest rate risk	Up to three months	More than three months upto one year			More than one year	Not exposed to yield / interest rate risk	Exposed to yield / interest rate risk	Up to three months			More than three months upto one year	More than one year	Not exposed to yield / interest rate risk	Exposed to yield / interest rate risk		Up to three months	More than three months upto one year	More than one year
(%)	(Rupees)				(%)	(Rupees)				(%)	(Rupees)				(%)	(Rupees)				(%)						
<b>On-balance sheet financial instruments</b>																										
<b>Financial assets</b>																										
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	
<b>Financial liabilities</b>																										
Payable to NBP Fullerton Asset Management Limited	-	-	-	-	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	-	-	-	-	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	
<b>On-balance sheet gap</b>		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
<b>Off-balance sheet financial instruments</b>																										
	-	-	-	-	-	-		-	-	-	-	-		-	-	-	-	-		-	-	-	-	-	-	
<b>Off-balance sheet gap</b>		-	-	-	-	-		-	-	-	-	-		-	-	-	-	-		-	-	-	-	-	-	
<b>Total interest rate sensitivity gap</b>		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
<b>Cumulative interest rate sensitivity gap</b>		77,447,447	77,447,447	77,447,447				377,781,776	377,781,776	439,914,563				380,835,021	380,835,021	#####				3,252,253	3,252,253	3,252,253				

As at 30 June 2016																2016								
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	Money Market Sub-Fund				Total	
	Exposed to yield / interest rate risk	Up to three months	More than three months upto one year	More than one year			Not exposed to yield / interest rate risk	Exposed to yield / interest rate risk	Up to three months	More than three months upto one year			More than one year	Not exposed to yield / interest rate risk	Exposed to yield / interest rate risk	Up to three months			More than three months upto one year	More than one year	Not exposed to yield / interest rate risk	Exposed to yield / interest rate risk		Up to three months
(%)	(Rupees)				(%)	(Rupees)				(%)	(Rupees)				(%)	(Rupees)				(%)				
<b>On-balance sheet financial instruments</b>																								
<b>Financial assets</b>																								
Bank balances	4.50 - 9.00	35,484,998	-	-	35,484,998	4.50 - 9.00	53,743,959	-	-	53,743,959	4.50 - 9.00	272,598,669	-	-	272,598,669	4.50 - 9.00	2,533,728	-	-	2,533,728	364,361,354			
Investments	-	-	-	-	531,571,296	531,571,296	6.00 - 11.00	196,779,738	67,786,950	59,312,480	323,879,168	7.75	60,690,068	-	-	60,690,068	-	-	-	-	916,140,532			
Dividend receivables	-	-	-	-	1,236,830	1,236,830	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,236,830			
Profit receivables	-	-	-	-	57,334	57,334	-	-	-	3,196,007	3,196,007	-	-	-	915,858	915,858	-	-	-	-	4,169,199			
Security deposits	-	-	-	-	100,000	100,000	-	-	-	100,000	100,000	-	-	-	100,000	100,000	-	-	-	-	300,000			
		35,484,998	-	-	532,965,460	568,450,458		250,523,697	67,786,950	59,312,480	3,296,007	380,919,134		333,288,737	-	1,015,858	334,304,595		2,533,728	-	-	-	2,533,728	1,286,207,915
<b>Financial liabilities</b>																								
Payable to NBP Fullerton Asset Management Limited	-	-	-	-	888,150	888,150	-	-	-	-	598,071	598,071	-	-	-	535,853	535,853	-	-	-	576,652	576,652	2,598,726	
Payable to Central Depository Company of Pakistan	-	-	-	-	79,076	79,076	-	-	-	50,754	50,754	-	-	-	44,812	44,812	-	-	-	-	174,642			
Accrued expenses and	-	-	-	-	280,224	280,224	-	-	-	1,553,966	1,553,966	-	-	-	1,250,556	1,250,556	-	-	-	-	3,084,746			
		-	-	-	1,247,450	1,247,450		-	-	2,202,791	2,202,791		-	-	1,831,221	1,831,221		-	-	-	576,652	576,652	5,858,114	
<b>On-balance sheet gap</b>		35,484,998	-	-	531,718,010	567,203,008		250,523,697	67,786,950	59,312,480	1,093,216	378,716,343		333,288,737	-	(815,363)	332,473,374		2,533,728	-	-	(576,652)	1,957,076	1,280,349,801
<b>Off-balance sheet financial instruments</b>																								
	-	-	-	-	-	-		-	-	-	-	-		-	-	-	-		-	-	-	-	-	-
<b>Off-balance sheet gap</b>		-	-	-	-	-		-	-	-	-	-		-	-	-	-		-	-	-	-	-	-
<b>Total interest rate sensitivity gap</b>		35,484,998	-	-	531,718,010	567,203,008		250,523,697	67,786,950	59,312,480	1,093,216	378,716,343		333,288,737	-	(815,363)	332,473,374		2,533,728	-	-	(576,652)	1,957,076	1,280,349,801
<b>Cumulative interest rate sensitivity gap</b>		35,484,998	35,484,998	35,484,998				250,523,697	318,310,647	377,623,127				333,288,737	333,288,737	#####				2,533,728	2,533,728	2,533,728		

# NAFA PENSION FUND

## 19.2 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 2017 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. 10.1327 million (2016: Rs. 5.3157 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 2017 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 2017 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.

## 19.3 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:

Bank balances	As at 30 June 2017				
	Equity Sub-Fund	Debt Sub-Fund	Money Market 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>2,577,650</u>
Profit receivables	<u>26,463</u>	<u>1,754,450</u>	<u>350,892</u>	-	<u>2,131,805</u>
Security deposits	<u>2,600,000</u>	<u>100,000</u>	<u>100,000</u>	-	<u>2,800,000</u>

# NAFA PENSION FUND

Bank balances	As at 30 June 2016				Total
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund (Rupees )	Others	
AAA	-	233,775	648,912	-	882,687
AA+	610,870	53,505,427	67,250,510	2,533,728	123,900,535
AA-	-	-	63,487,724	-	63,487,724
AA	34,874,128	4,757	19,046,551	-	53,925,436
A+	-	-	122,164,972	-	122,164,972
	<u>35,484,998</u>	<u>53,743,959</u>	<u>272,598,669</u>	<u>2,533,728</u>	<u>364,361,354</u>
Dividend receivables	1,236,830	-	-	-	1,236,830
Profit receivables	57,334	3,196,007	915,858	-	4,169,199
Security deposits	100,000	100,000	100,000	-	300,000

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.

## 19.4 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.

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:

# NAFA PENSION FUND

As at 30 June 2017

	Equity Sub-Fund				Debt Sub-Fund				Money Market Sub-Fund				Others				2017
	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	Total
( Rupees )																	
<b>Financial Liabilities (excluding participants' funds)</b>																	
Payable to National Investment 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
	<b>1,985,696</b>	<b>1,985,696</b>	-	-	<b>984,942</b>	<b>984,942</b>	-	-	<b>1,298,858</b>	<b>1,298,858</b>	-	-	<b>1,310,578</b>	<b>1,310,578</b>	-	-	<b>5,580,074</b>
Participants' funds	<b>1,085,603,658</b>	<b>1,085,603,658</b>	-	-	<b>438,729,509</b>	<b>438,729,509</b>	-	-	<b>453,460,689</b>	<b>453,460,689</b>	-	-	-	-	-	-	<b>1,977,793,856</b>

As at 30 June 2016

	Equity Sub-Fund				Debt Sub-Fund				Money Market Sub-Fund				Others				2016
	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	Total
( Rupees )																	
<b>Financial Liabilities (excluding participants' funds)</b>																	
Payable to National Investment Limited - Pension Fund Manager	888,150	888,150	-	-	598,071	598,071	-	-	535,853	535,853	-	-	576,652	576,652	-	-	2,598,726
Payable to Central Depository Company of Pakistan Limited - Trustee	79,076	79,076	-	-	50,754	50,754	-	-	44,812	44,812	-	-	-	-	-	-	174,642
Accrued expenses and other liabilities	280,224	280,224	-	-	1,553,966	1,553,966	-	-	1,250,556	1,250,556	-	-	-	-	-	-	3,084,746
	<b>1,247,450</b>	<b>1,247,450</b>	-	-	<b>2,202,791</b>	<b>2,202,791</b>	-	-	<b>1,831,221</b>	<b>1,831,221</b>	-	-	<b>576,652</b>	<b>576,652</b>	-	-	<b>5,858,114</b>
Participants' funds	<b>562,943,502</b>	<b>562,943,502</b>	-	-	<b>377,792,686</b>	<b>377,792,686</b>	-	-	<b>332,032,998</b>	<b>332,032,998</b>	-	-	-	-	-	-	<b>1,272,769,186</b>

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.

## 20 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 19, 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.



# NAFA PENSION FUND

## 21 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

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

Financial assets which are 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)



# NAFA PENSION FUND

21.1 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.

## 22 PERFORMANCE TABLE

22.1 Highest and lowest issue price of units during the year

	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund	
	2017	2016	2017	2016	2017	2016
	------(Rupees)-----					
<b>Highest issue price</b>	<b>369.2589</b>	246.9716	<b>141.4226</b>	135.4476	<b>128.3446</b>	122.9843
<b>Lowest issue price</b>	<b>241.2162</b>	195.8105	<b>135.4640</b>	128.3423	<b>123.0005</b>	117.2946

## 22.2 Financial performance of pension fund

### 22.3 Equity Sub-Fund

	Equity Sub-Fund					
	2017	2016	% change	2015	2014	2013
	------(Rupees)-----			------(Rupees)-----		
Net income for the year	<b>295,159,428</b>	72,663,454	306.20%	95,780,573	18,887,403	328,519
Realised gains	<b>64,835,961</b>	17,918,683	261.83%	32,861,391	8,955,178	-
Unrealised appreciation	<b>146,830,601</b>	39,454,311	272.15%	45,056,847	8,392,838	-
Dividend income	<b>35,979,915</b>	23,022,617	56.28%	8,499,889	3,153,650	-
Mark-up / return on bank deposits	<b>2,672,014</b>	2,247,247	18.90%	1,380,331	557,148	473,821
NAV per unit	<b>331.3247</b>	241.2424	37.34%	210.1034	140.4046	101.0900
Transactions in securities						
Purchases	<b>555,052,255</b>	511,112,302	-40.21%	340,495,186	153,502,045	-
Sales	<b>285,459,253</b>	354,508,009	-86.73%	195,171,686	79,126,333	-
Total contribution received	<b>308,984,156</b>	211,119,845	46.35%	211,656,014	65,420,849	30,006,000

### 22.4 Debt Sub-Fund

	Debt Sub-Fund					
	2017	2016	%	2015	2014	2013
	------(Rupees)-----			------(Rupees)-----		
Net income for the year	<b>18,536,097</b>	19,866,140	-6.70%	35,282,374	4,026,612	342,968
Realised gains	<b>(86,018)</b>	689,001	-112.48%	10,096,290	(8,850)	-
Unrealised (diminution) / appreciation	<b>(441,402)</b>	(338,201)	30.51%	3,226,485	237,212	-
Mark-up / return on bank deposits	<b>6,884,388</b>	2,251,142	205.82%	1,308,407	5,040,903	473,816
NAV per unit	<b>141.4226</b>	135.4476	4.41%	128.3251	109.4204	101.1400
Transactions in securities						
Purchases	<b>1,198,592,225</b>	496,246,576	-76.44%	473,100,000	252,274,448	-
Sales	<b>379,937,495</b>	214,075,445	-72.27%	125,600,000	188,500,000	-
Total contribution received	<b>126,561,254</b>	157,547,612	-19.67%	192,695,269	56,286,577	29,997,000

### 22.5 Money Market Sub-Fund

	Money Market Sub-Fund					
	2017	2016	%	2015	2014	2013
	------(Rupees)-----			------(Rupees)-----		
Net income for the year	<b>18,938,754</b>	15,401,064	22.97%	12,717,039	4,171,745	357,419
Realised gains	<b>(15,289)</b>	104,417	-114.64%	29,208	-	-
Unrealised (diminution) / appreciation	<b>(16,270)</b>	-	100.00%	114,566	(47,802)	-
Mark-up / return on bank deposits	<b>14,273,738</b>	13,748,017	3.82%	4,114,397	5,356,247	-
NAV per unit	<b>128.3446</b>	122.9843	4.36%	117.2798	108.8416	-
Transactions in securities						
Purchases	<b>1,220,023,909</b>	-	100.00%	343,682,360	106,789,360	-
Sales	<b>448,205,717</b>	-	100.00%	179,500,000	210,800,000	-
Total contribution received	<b>197,134,125</b>	176,811,815	11.49%	183,171,303	82,453,331	29,997,000

## 23 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 15, 2017.

For NBP Fullerton Asset Management Limited  
(Pension Fund Manager)

Chief Financial Officer

Chief Executive Officer








Director



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