

## NAFA ISLAMIC PENSION FUND



ANNUAL REPORT  
**JUNE 2019**



# **MISSION STATEMENT**

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



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## FUND'S INFORMATION

### Management Company

**NBP Fund Management Limited - Management Company**

### Board of Directors of the Management Company

|                                   |                         |
|-----------------------------------|-------------------------|
| Shaikh Muhammad Abdul Wahid Sethi | Chairman                |
| Dr. Amjad Waheed                  | Chief Executive Officer |
| Mr. Nasir Husain                  | Director                |
| Mr. Abdul Hadi Palekar            | Director                |
| Mr. Ali Saigol                    | Director                |
| Mr. Imran Zaffar                  | Director                |
| Mr. Kamal Amir Chinoy             | Director                |
| Mr. Shehryar Faruque              | 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 |
| Mr. Humayun Bashir   | Member   |
| Mr. Nasir Husain     | Member   |
| Mr. Imran Zaffar     | Member   |

### Human Resource and Remuneration Committee

|                       |          |
|-----------------------|----------|
| Mr. Kamal Amir Chinoy | Chairman |
| Mr. Nasir Husain      | Member   |
| Mr. Humayun Bashir    | Member   |
| Mr. Ali Saigol        | Member   |

### Strategy & Business Planning Committee

|                        |          |
|------------------------|----------|
| Mr. Humayun Bashir     | Chairman |
| Mr. Shehryar Faruque   | Member   |
| Mr. Abdul Hadi Palekar | Member   |
| Mr. Ali Saigol         | Member   |

### Trustee

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

### Bankers to the Fund

Habib Bank Limited (Islamic)  
United Bank Limited (Ameen)  
Bank Al Habib Limited (Islamic)  
Meezan Bank Limited  
Bank Islami (Pakistan) Limited  
Sindh Bank Limited (Saadat)  
MCB Bank Limited (Islamic)  
Dubai Islamic Bank Limited  
Bank Alfalah Limited (Islamic)  
Soneri Bank Limited (Mustaqeem)  
Habib Metro Bank Limited (Islamic)  
Allied Bank Limited (Islamic)



## **Auditors**

Deloitte Yousuf Adil  
Chartered Accountants  
Cavish Court,  
A-35, Block 7 & 8,  
KCHSU, Sharae Faisal  
Karachi-75350 Pakistan.

## **Legal Advisor**

Akhund Forbes  
D-21, Block 4, Scheme 5,  
Clifton, Karachi 75600, Pakistan.

## **Head Office:**

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

## **Lahore Office:**

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

## **Islamabad Office:**

1st Floor, Ranjha Arcade  
Main Double Road, Gulberg Greens,  
Islamabad.  
UAN: 051-111-111-632  
Fax: 051-4859031

## **Peshawar Office:**

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

## **Multan Office:**

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

## Board of Directors



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



**Shaikh Muhammad Abdul Wahid Sethi**  
Chairman



**Mr. Kamal Amir Chinoy**  
Director



**Mr. Humayun Bashir**  
Director



**Mr. Nasir Husain**  
Director



**Mr. Ali Saigol**  
Director



**Mr. Shehryar Faruque**  
Director



**Mr. Imran Zaffar**  
Director



**Mr. Abdul Hadi Palekar**  
Director

# Senior Management



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



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



**Mr. Muhammad 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. Salim S Mehdi**  
Chief Innovation & Strategy Officer



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



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



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



**Mr. Waheed Abidi**  
Head Of Internal Audit



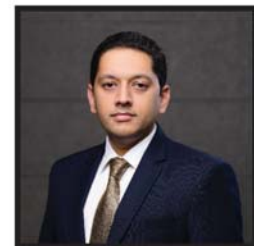
**Mr. Salman Ahmed, CFA**  
Head Of Risk Management



**Mr. Zaheer Iqbal, ACA, FPFA**  
Head Of Operations



**Mr. Raheel Rehman, ACA**  
Head Of Compliance



**Mr. Shahbaz Umer**  
Head Of Human Resource

## DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the Seventh Annual Report for the year ended June 30, 2019, since launch of NAFA Islamic Pension Fund (NIPF) on July 02, 2013.

|                                   | Fund Size<br>(Rs. in mln)                               | NAV Per Unit (Rs.)<br>June 30, 2018 | NAV Per Unit (Rs.)<br>June 30, 2019 | Annualized<br>Performance Since<br>Launch July 02, 2013 |
|-----------------------------------|---|-------------------------------------|-------------------------------------|---|
| <b>NIPF-Equity Sub-fund</b>       | <b>933.5</b>  | <b>295.2652</b>                     | <b>241.5302</b>                     | <b>15.7%</b>  |
| <b>NIPF-Debt Sub-fund</b>         | <b>506.2</b>  | <b>127.8059</b>                     | <b>135.6539</b>                     | <b>5.1%</b>   |
| <b>NIPF-Money Market Sub-fund</b> | <b>553.1</b>  | <b>128.6895</b>                     | <b>138.3973</b>                     | <b>5.4%</b>   |
| <b>Annualized Return</b>          | <b>[Net of management fee &amp; all other expenses]</b> |                                     |                                     |   |

### Fund's performance

After challenging FY2017-18, amid thin trading volumes, the stock market depicted dismal performance during FY2018-19 as the benchmark KMI-30 Index fell sharply by 23.8% on a year-on-year basis. Though the market started off the year on a positive note as investors cheered the peaceful transition between two democratically elected governments, the rebound turned out to be short-lived as investors' attention shifted to the deteriorating economic fundamentals emanating from the intractable twin deficits, especially the heightened Current Account Deficit (CAD).

Faced with the challenging economic conditions, with the objectives to contain inflation and curtail external account imbalances, the incumbent government embarked on tightening policies including massive devaluation of overvalued Pak Rupee against the US Dollar, sharp hike in the Policy Rate, increasing/expanding the scope of duties on non-essential imported luxury goods, and deep cut in public spending. The tightening policies led to a sharp decline in the economic activity as manifested by contraction in the Large Scale Manufacturing sector while the GDP growth rate slowed to 3.3% for FY2019 compared with 5.5% in the previous year. This in turn weighed on the corporate profitability, especially of cyclical sectors due to demand slowdown and cost pressures that in turn further dampened market sentiment.

To bridge the gap on external account, though the government was able to secure a sizable financial assistance from friendly countries such as China, KSA and UAE, the delay in the IMF program irked the market participants, as despite the government's efforts, CAD for the year clocked in at unsustainably high level of USD 13.6 billion albeit down from USD 19.9 billion in the previous year. The unfortunate Pulwama Attack led to escalation of tension between Pakistan and India, which also weighed on the market sentiment. Negative headlines pertaining to the ongoing proceedings of Financial Action Task Force (FATF), which expressed its concerns on lack of operational reforms also perturbed investors throughout the year. Tax laden Federal Budget FY2019-20 along with ongoing drive for the documentation of economy are causing short-term pain with its negative implications for the economic growth, corporate profitability, consumer confidence, and market sentiment.

During FY2019, the State Bank of Pakistan (SBP) held six bi-monthly monetary policy reviews. Aiming to curb the surging demand pressures to address the external account woes and addressing the underlying inflationary pressures, the SBP increased the policy rate from 6.50% to 12.25%. Inflation as measured by CPI increased from 5.2% in June 2018 to 8.9% in June 2019 due to upward adjustment in energy and fuel prices, higher imported inflation due to currency devaluation, and unabated government borrowing from the SBP. Inflation is expected to remain on the upward trajectory due to excessive government borrowings, significant increase in perishable food prices, volatility in international oil prices, currency devaluation, trickle down impact of expected upward adjustment in utility tariffs, pass-through of taxes, and second round impact of currency devaluation.



The trading activity in the Corporate Sukuks remained thin with skew towards high quality debt issues with cumulative traded value of around Rs. 12 billion in FY2019 compared to Rs. 10 billion in FY2018. The issuance of government guaranteed energy sector sukuk to the tune of Rs. 200 billion helped the undersupplied market for long-term shariah compliant debt instruments.

The equity sub-fund decreased by 18.2% during FY19 compared with 23.8% decreased in the benchmark KMI-30 Index during the same period.

The debt sub-fund yielded a return of 6.1% during FY19.

During FY19, the money market sub-fund posted a return of 7.5%. These returns are net of management fee and all other expenses.

The asset allocation of the Fund as on June 30, 2019 is as follows:

| <b>Asset Allocation (% of Net Assets)</b> |               |
|---|---------------|
| <b>Equity Sub-fund</b>                    |               |
| Equity                                    | 88.2%         |
| Cash Equivalents                          | 12.6%         |
| Others                                    | (0.8%)        |
| <b>Total</b>                              | <b>100.0%</b> |
| <b>Debt Sub-fund</b>                      |               |
| Sukuks                                    | 22.7%         |
| Bank Placement                            | 19.2%         |
| Commercial Papers                         | 3.9%          |
| Cash Equivalents                          | 53.3%         |
| Others                                    | 0.9%          |
| <b>Total</b>                              | <b>100.0%</b> |
| <b>Money Market Sub-fund</b>              |               |
| Bank Placement                            | 19.5%         |
| Cash Equivalents                          | 80.0%         |
| Others                                    | 0.5%          |
| <b>Total</b>                              | <b>100.0%</b> |

### Directors' Statement in Compliance with best practices contained in the Listed Companies (Code of Corporate Governance) Regulations, 2017

1. The financial statements, prepared by the management company, present fairly the state of affairs of the Fund, the result of its operations, cash flows and statement of movement in unit holders' funds.
2. Proper books of account of the Fund have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Fund's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance.
8. A performance table/ key financial data is given in this annual report.
9. Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements.
10. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 21 to these financial statements.
11. The Management Company encourages representation of independent non-executive directors on its Board. The Company, being an un-listed company, does not have any minority interest. As at June 30, 2019, the Board included:

| Category                | Names   |
|-------------------------|---|
| Independent Directors   | <ol style="list-style-type: none"> <li>1. Mr. Kamal Amir Chinoy</li> <li>2. Mr. Shehryar Faruque</li> <li>3. Mr. Humayun Bashir</li> </ol>  |
| Executive Director      | Dr. Amjad Waheed - Chief Executive Officer  |
| Non-Executive Directors | <ol style="list-style-type: none"> <li>1. Shaikh Muhammad Abdul Wahid Sethi (Chairman)</li> <li>2. Mr. Nasir Husain</li> <li>3. Mr. Abdul Hadi Palekar</li> <li>4. Mr. Ali Saigol</li> <li>5. Mr. Imran Zaffar</li> </ol> |

## Acknowledgement

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

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

On behalf of the Board of  
**NBP Fund Management Limited**

Chief Executive

Director

Date: August 30, 2019  
Place: Karachi.

**ڈائریکٹرز رپورٹ**

این بی پی فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز NAFA اسلامک پینشن فنڈ (NIPF) کی ساتویں سالانہ رپورٹ برائے مختتمہ سال 30 جون 2019 پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

| 2 جولائی 2013 آغاز سے اب تک کارکردگی             | NAV فی یونٹ (روپے) 30 جون 2019 | NAV فی یونٹ (روپے) 30 جون 2018 | فنڈ کا حجم (ملین روپے) |                        |
|--|--------------------------------|--------------------------------|------------------------|------------------------|
| 15.7%  | 241.5302                       | 295.2652                       | 933.5                  | NIPF ایکویٹی سب فنڈ    |
| 5.1%   | 135.6539                       | 127.8059                       | 506.2                  | NIPF ڈیٹ سب فنڈ        |
| 5.4%   | 138.3973                       | 128.6895                       | 553.1                  | NIPF منی مارکیٹ سب فنڈ |
| (مینیجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص) |                                |                                |                        | سالانہ منافع           |

**فنڈ کی کارکردگی**

بعد از شکل مالی سال 2017-18، مالی سال 2019 بھی تجارتی حجم میں کمی کے باعث اسٹاک مارکیٹ نے ایپس کن کارکردگی کا مظاہرہ کیا جیسا کہ KSE-100 انڈیکس میں سالانہ بنیادوں پر 19.1% کمی کی واقع ہوئی اگرچہ اس سال مارکیٹ کا آغاز مثبت انداز سے ہوا جیسا کہ سرمایہ کاروں نے دو منتخب جمہوری حکومتوں کے پُر امن انتقال اقتدار کو سراہا۔ تاہم مقامی سرمایہ کاروں کا جوش و خروش ثابت ہوا جس کی وجہ سے سرمایہ کاروں کا خراب معیشت کی طرف متوجہ ہونا تھا۔ یہ صورتحال دوہرے خسارے، خاص طور پر بڑھتے ہوئے کرنٹ اکاؤنٹ خسارہ (CAD) سے صاف ظاہر ہو رہی تھی۔

مہنگائی برتاؤ پانے اور بیرونی اکاؤنٹ کے عدم توازن کو کم کرنے کے مقاصد کے ساتھ مشکل اقتصادی حالات سے دوچار موجودہ حکومت نے امریکی ڈالر کے برعکس روپیہ کی قدر میں خاطر خواہ کمی، پالیسی شرح میں تیز ترین اضافہ، غیر ضروری پریشانیوں میں اضافہ اور عوامی اخراجات میں کمی جیسی سخت پالیسیوں کا آغاز کیا۔ سخت پالیسیوں کی وجہ سے معاشی سرگرمیوں میں واضح کمی واقع ہوئی جس کا اظہار بڑے پیمانے کے پیداواری شعبے میں کمی سے ہوا جبکہ جی ڈی پی نمو کی شرح گزشتہ سال 5.5% کے مقابلے میں مالی سال 2019 میں 3.3% کی شرح سے سست رفتاری کا شکار رہی۔ جس کا اثر کاروباری منافع خاص طور پر گردش شعبوں کی منافع پر طلب کی کمی اور لاگت دباؤ کے باعث ہوا جس کے نتیجے میں سرمایہ کاروں کے جذبات مزید مدہم پڑھ گئے۔

بیرونی اکاؤنٹ کے خلاء کو پورا کرنے کے لئے اگرچہ حکومت، چین، سعودی عرب اور متحدہ عرب امارات جیسے دوست ممالک سے قابل ذکر مالی امداد حاصل کرنے میں کامیاب ہو گئی تھی تاہم IMF پروگرام میں تاخیر نے مارکیٹ کے شرکاء کو پریشان کیا۔ حکومتی کوششوں کے باعث کرنٹ اکاؤنٹ خسارہ گزشتہ سال میں 19.9 امریکی ڈالر سے کم ہو کر رواں سال 13.6 امریکی ڈالر کی غیر مستحکم اعلیٰ سطح پر پہنچ گیا۔ بد قسمتی سے پلومہ حملے کے بعد پاکستان اور بھارت کے درمیان کشیدگی بڑھ گئی جس سے سرمایہ کاروں کے جذبات بھی معدوم ہوئے۔ فنانشل ایکشن ٹاسک فورس (ایف اے ٹی ایف) کی جاری کارروائی سے متعلق منفی خبروں نے آپریشنل اصلاحات کی عدم فراہمی پر خدشات کے اظہار نے سال بھر سرمایہ کاروں کو پریشان کئے رکھا۔ دستاویزی معیشت کے لئے جاری مہم کے ساتھ ٹیکسوں سمبھرا پور وفاقی بجٹ مالی سال 2019-2020 قلیل مدت پریشانی کا حامل رہا جس کے منفی اثرات اقتصادی ترقی، کاروباری منافع، صارفین کے اعتماد اور سرمایہ کاروں کے معدوم جذبات کی شکل میں ظاہر ہوئی۔

مالی سال 2019 کے دوران، بینک دولت پاکستان (SBP) نے دو ماہ کے وقفے سے چھ ماہی پالیسی جائزوں کا انعقاد کیا۔ بیرونی اکاؤنٹ کی مشکلات اور درپیش افراط زر کے دباؤ کو دور کرنے کے رجحان SBP نے پالیسی کی شرح 6.50% سے 12.25% تک بڑھادی۔ بجلی اور ایندھن کی قیمتوں میں اضافہ، کرنسی کی قدر کی کمی کے باعث درآمدی افراط زر اور SBP سے بلا تخفیف سرکاری قرضہ لینے کے رجحان کے باعث CPI سے پائلس کردہ افراط زر جون 2018 میں 5.2% سے بڑھ کر جون 2019 میں 8.9% ہو گیا۔ حکومت کی طرف سے ضرورت سے زائد قرضہ لینے، اشیائے خورد و نوش کی قیمتوں میں نمایاں اضافے، بین الاقوامی تیل کی قیمتوں میں اتار چڑھاؤ، کرنسی کی قدر میں کمی، یوٹی لیبیور کے زرخوں میں متوقع اضافی ایڈجسٹمنٹ، ٹیکسوں کا بڑھنا اور کرنسی کی قدر میں کمی کے دوسرے دور جیسے اثرات کی وجہ سے افراط زر میں اضافہ متوقع ہے۔

کارپوریٹ سکوک میں تجارتی سرگرمی مالی سال 2018 میں 10 بلین روپے کے مقابلے میں مالی سال 2019 میں تقریباً 12 بلین روپے کے مجموعی تجارتی حجم کے ساتھ اعلیٰ کوالٹی ڈیٹ ایٹوز کے لحاظ سے قدرے کم رہی۔ انرجی سیکٹر کو حکومت کے گارنٹی شدہ 200 بلین پاکستانی روپے کے Sukuks کے اجراء نے طویل مدتی شریعہ کمپلیٹ ڈیٹ انسٹرومنٹس کے زیر اثر مارکیٹ کی مدد کی۔

مالی سال 2019 کے دوران ایکویٹی سب فنڈ میں 18.2% کمی ہوئی جبکہ اسی مدت کے دوران بیچ مارک KMI-30 انڈیکس میں 23.8% کمی واقع ہوئی۔

مالی سال 19 میں قرضہ کے ذیلی فنڈ کے منافع میں بھی 6.1% کمی کی شرح سے اضافہ دیکھتے ہیں آیا۔



مالی سال 19 کے دوران میں منی مارکیٹ سب فنڈ سے آمدنی میں اضافہ کی شرح 7.5% رہی۔

یہ کارکردگی بیجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

30 جون 2019 کو فنڈ کی ایسٹ ایلوکیشن درج ذیل ہے:

| ایسٹ ایلوکیشن            | (فیٹ ایلوکیشن کا %) |
|--------------------------|---------------------|
| <b>ایکویٹی سب فنڈ</b>    |                     |
| ایکویٹی                  | 88.2%               |
| کیش کے مساوی             | 12.6%               |
| دیگر                     | (0.8%)              |
| <b>کل</b>                | <b>100.00%</b>      |
| <b>ڈیٹ سب فنڈ</b>        |                     |
| سلوک                     | 22.7%               |
| بینک پلیسمنٹ             | 19.2%               |
| کمرشل پیپرز              | 3.9%                |
| کیش مساوی                | 53.3%               |
| دیگر                     | 0.9%                |
| <b>کل</b>                | <b>100.00%</b>      |
| <b>منی مارکیٹ سب فنڈ</b> |                     |
| بینک پلیسمنٹ             | 19.5%               |
| کیش کے مساوی             | 80.0%               |
| دیگر                     | 0.5%                |
| <b>کل</b>                | <b>100.00%</b>      |

### لنڈ کیمپنوں کے کوڈ آف کارپوریٹ گورننس ریگولیشنز 2017 ("CCG") کی بیرونی میں ڈائریکٹرز اسٹیٹمنٹ

- 1 بیجمنٹ کیمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلوا اور پونٹ ہولڈرز فنڈز میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔
- 2 فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
- 3 مالی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل بیرونی کی گئی ہے۔ شاریاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔
- 4 ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی، معیاروں، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، کی بیرونی کی گئی ہے۔
- 5 انٹرنل کنٹرول کا نظام مستحکم اور موثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔
- 6 فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔
- 7 کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔
- 8 پرفارمنس ٹیمبل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔



- 9 نیکسوں، ڈیپوزٹرز، محصولات اور چارجز کی مدد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
- 10 ڈائریکٹرز، ای ای او، ای ایف او، کمپنی سیکرٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے پونٹس کی تمام خرید و فروخت ان مالیاتی گوشواروں کے نوٹ 21 میں ظاہر کی گئی ہے۔
- 11 مینجمنٹ کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدار نان ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ مینجمنٹ کمپنی ایک غیر فرسٹ شدہ کمپنی ہونے کے ناطہ کوئی منارٹی انٹریسٹ نہیں رکھتی۔

| نام  | کیٹگری                 |
|--|------------------------|
| •1 جناب کمال عامر چنائے<br>•2 جناب شہیر فاروق<br>•3 جناب ہمایوں بشیر   | غیر جانبدار ڈائریکٹرز  |
| ڈاکٹر امجد وحید (چیف ایگزیکٹو آفیسر)   | ایگزیکٹو ڈائریکٹر      |
| •1 شیخ محمد عبدالواحد سیٹھی (چیرمین)<br>•2 جناب ناصر حسین<br>•3 جناب عبدالہادی پالیکر<br>•4 جناب علی سیگل<br>•5 جناب عمران ظفر | نان ایگزیکٹو ڈائریکٹرز |

## اظہار تشکر

بورڈ اس موقع سے فائدہ اٹھاتے ہوئے مینجمنٹ کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر پونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ یہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان کی سرپرستی اور رہنمائی کے لئے ان کے مخلص رویہ کا بھی اعتراف کرتا ہے۔

بورڈ اپنے اسٹاف اور ڈسٹی کی طرف سے سخت محنت، لگن اور عزم کے مظاہرے پر اپنا خراج تحسین بھی ریکارڈ پر لا نا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

**NBP** مینجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

تاریخ: 30 اگست 2019



## TRUSTEE REPORT TO THE PARTICIPANTS

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

We, Central Depository Company of Pakistan Limited, being the Trustee of NAFA Islamic Pension Fund (the Fund) are of the opinion that NBP Fund Management Limited being the Pension Fund Manager of the Fund has in all material respects managed the Fund during the year ended June 30, 2019 in accordance with the provisions of the constitutive documents of the Fund and the Voluntary Pension System Rules, 2005.

**Badiuddin Akber**

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi, September 26, 2019

## STATEMENT OF COMPLIANCE WITH THE SHARI'AH PRINCIPLES

**NAFA Islamic Pension Fund** (the Fund) has fully complied with the Shari'ah principles specified in the Trust Deed and in the guidelines issued by the Shari'ah Advisor for its operations, investments and placements made during the year ended June 30, 2019. This has been duly confirmed by the Shari'ah Supervisory Board of the Fund.

For and behalf of the board

Date: August 30, 2019  
Karachi

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

## FUND MANAGER REPORT

### NAFA Islamic Pension Fund

NAFA Islamic Pension Fund is an open-ended Shariah Compliant Voluntary Pension Scheme

### Investment Objective of the Fund

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

### Fund performance review

|                                   | Fund Size<br>(Rs. in mln)                               | NAV Per Unit (Rs.)<br>June 30, 2018 | NAV Per Unit (Rs.)<br>June 30, 2019 | Annualized<br>Performance Since<br>Launch July 02, 2013 |
|-----------------------------------|---|-------------------------------------|-------------------------------------|---|
| <b>NIPF-Equity Sub-fund</b>       | <b>933.5</b>  | <b>295.2652</b>                     | <b>241.5302</b>                     | <b>15.7%</b>  |
| <b>NIPF-Debt Sub-fund</b>         | <b>506.2</b>  | <b>127.8059</b>                     | <b>135.6539</b>                     | <b>5.1%</b>   |
| <b>NIPF-Money Market Sub-fund</b> | <b>553.1</b>  | <b>128.6895</b>                     | <b>138.3973</b>                     | <b>5.4%</b>   |
| <b>Annualized Return</b>          | <b>[Net of management fee &amp; all other expenses]</b> |                                     |                                     |   |

This is the seventh annual report of the Fund. After challenging FY2017-18, amid thin trading volumes, the stock market depicted dismal performance during FY2018-19 as the benchmark KMI-30 Index fell sharply by 23.8% on a year-on-year basis. Though the market started off the year on a positive note as investors cheered the peaceful transition between two democratically elected governments, the rebound turned out to be short-lived as investors' attention shifted to the deteriorating economic fundamentals emanating from the intractable twin deficits, especially the heightened Current Account Deficit (CAD).

Faced with the challenging economic conditions, with the objectives to contain inflation and curtail external account imbalances, the incumbent government embarked on tightening policies including massive devaluation of overvalued Pak Rupee against the US Dollar, sharp hike in the Policy Rate, increasing/expanding the scope of duties on non-essential imported luxury goods, and deep cut in public spending. The tightening policies led to a sharp decline in the economic activity as manifested by contraction in the Large Scale Manufacturing sector while the GDP growth rate slowed to 3.3% for FY2019 compared with 5.5% in the previous year. This in turn weighed on the corporate profitability, especially of cyclical sectors due to demand slowdown and cost pressures that in turn further dampened market sentiment.

To bridge the gap on external account, though the government was able to secure a sizable financial assistance from friendly countries such as China, KSA and UAE, the delay in the IMF program irked the market participants, as despite the government's efforts, CAD for the year clocked in at unsustainably high level of USD 13.6 billion albeit down from USD 19.9 billion in the previous year. The unfortunate Pulwama Attack led to escalation of tension between Pakistan and India, which also weighed on the market sentiment. Negative headlines pertaining to the ongoing proceedings of Financial Action Task Force (FATF), which expressed its concerns on lack of operational reforms also perturbed investors throughout the year. Tax laden Federal Budget FY2019-20 along with ongoing drive for the documentation of economy are causing short-term pain with its negative implications for the economic growth, corporate profitability, consumer confidence, and market sentiment.



The trading activity in the Corporate Sukuks remained thin with skew towards high quality debt issues with cumulative traded value of around Rs. 12 billion in FY2019 compared to Rs. 10 billion in FY2018. The issuance of government guaranteed energy sector sukuk to the tune of Rs. 200 billion helped the undersupplied market for long-term shariah compliant debt instruments.

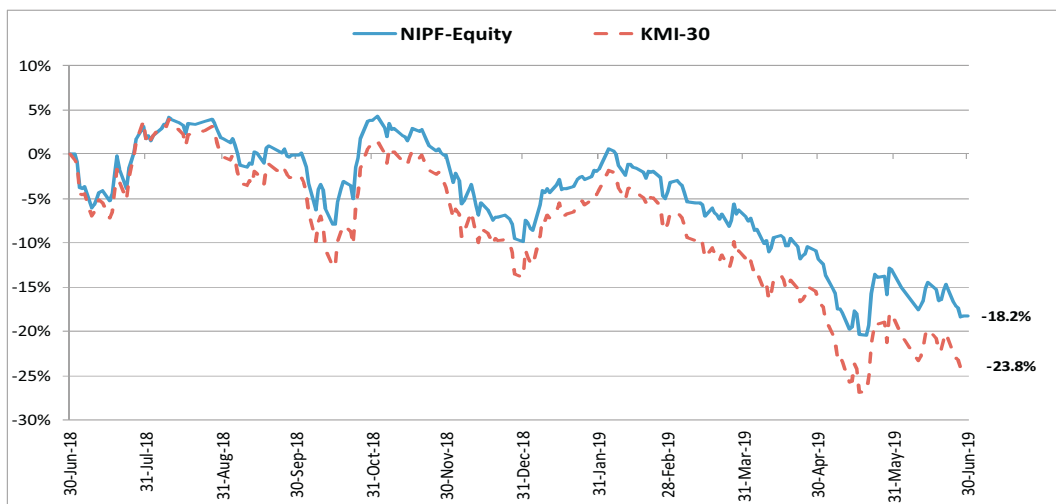
During FY2019, the State Bank of Pakistan (SBP) held six bi-monthly monetary policy reviews. Aiming to curb the surging demand pressures to address the external account woes and addressing the underlying inflationary pressures, the SBP increased the policy rate from 6.50% to 12.25%. Inflation as measured by CPI increased from 5.2% in June 2018 to 8.9% in June 2019 due to upward adjustment in energy and fuel prices, higher imported inflation due to currency devaluation, and unabated government borrowing from the SBP. Inflation is expected to remain on the upward trajectory due to excessive government borrowings, significant increase in perishable food prices, volatility in international oil prices, currency devaluation, trickle down impact of expected upward adjustment in utility tariffs, pass-through of taxes, and second round impact of currency devaluation.

The equity sub-fund decreased by 18.2% during FY19 compared with 23.8% decreased in the benchmark KMI-30 Index during the same period.

The debt sub-fund yielded a return of 6.1% during FY19.

During FY19, the money market sub-fund posted a return of 7.5%. These returns are net of management fee and all other expenses.

**NIPF-Equity Performance vs. KMI-30 during FY19**



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

| Asset Allocation (% of Net Assets) |               |
|------------------------------------|---------------|
| <b>Equity Sub-fund</b>             |               |
| Equity                             | 88.2%         |
| Cash Equivalents                   | 12.6%         |
| Others                             | (0.8%)        |
| <b>Total</b>                       | <b>100.0%</b> |
| <b>Debt Sub-fund</b>               |               |
| Sukuks                             | 22.7%         |
| Bank Placement                     | 19.2%         |
| Commercial Papers                  | 3.9%          |
| Cash Equivalents                   | 53.3%         |
| Others                             | 0.9%          |
| <b>Total</b>                       | <b>100.0%</b> |
| <b>Money Market Sub-fund</b>       |               |
| Bank Placement                     | 19.5%         |
| Cash Equivalents                   | 80.0%         |
| Others                             | 0.5%          |
| <b>Total</b>                       | <b>100.0%</b> |

### During the period under question

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

### Sindh Workers' Welfare Fund (SWWF)

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability in Equity Sub Fund , Debt Sub Fund & Money Market Sub fund to the tune of Rs. 6.83 million, 1.22 million & 1.26 million respectively. If the same were not made the NAV per unit would be higher by Rs.1.7665, Rs.0.3276 and 0.3142 per unit respectively in Equity Sub Fund , Debt Sub Fund & Money Market Sub fund. For details investors are advised to read note 12.1 of the Financial Statement of the Scheme for the year ended June 30, 2019.

## Report of The Shari'ah Supervisory Board

August 26, 2019/ Dhu Al-Hijjah 24, 1440

**Alhamdulillah**, the period from July 1, 2018 to June 30, 2019 was the Sixth year of operations of NAFA Islamic Pension Fund (NIPF). This report is being issued in accordance with clause 5.13.7 of the Offering Document of the Fund. The scope of the report is to express an opinion on the Shari'ah Compliance of the Fund's activity.

We have prescribed six criteria for Shari'ah compliance of equity investments which relate to (i) Nature of business, (ii) Debt to total assets, (iii) Investment in Shari'ah Non-Compliant activities (iv) Shari'ah Non-Income from Non-Compliant Investments, (v) Illiquid assets to total assets, and (vi) Net liquid assets per share vs. share price.

It is the responsibility of the management company of the fund to establish and maintain a system of internal controls to ensure Shari'ah compliance in line with the Shari'ah guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries from the management company's personnel and review of various documents prepared by the management company to comply with the prescribed criteria.

- i) We have reviewed and approved the modes of equity investments of NIPF in light of Shari'ah requirements. Following is a list of top investments of NIPF as on June 30, 2019 and their evaluation according to the screening criteria established by us. (December 31, 2018 accounts of the Investee companies have been used)

| Company Name                    | (i)<br>Nature of Business         | (ii)<br>Debt to Assets (<37%) | (iii)<br>Non-Compliant Investments (<33%) | (iv)<br>Non-Compliant Income to Gross Revenue (<5%) | (v)<br>Illiquid Assets to Total Assets (>25%) | (vi)<br>Net Liquid Assets vs. Share Price (B>A) |                 |
|---------------------------------|-----------------------------------|-------------------------------|---|---|---|---|-----------------|
|                                 |                                   |                               |   |   |   | Net Liquid Assets per Share (A)                 | Share Price (B) |
| Oil & Gas Development Company   | Oil & Gas Exploration Companies   | 0.00%                         | 12.32%                                    | 4.26%   | 36%   | 77.75   | 128             |
| Pakistan Petroleum Limited      | Oil and Gas Exploration Companies | 0.02%                         | 11.98%                                    | 1.31%   | 39%   | 47.24   | 149.66          |
| Engro Corporation Limited.      | Fertilizer                        | 33.98%                        | 20.80%                                    | 3.52%   | 66%   | (144.42)  |                 |
| The Hub Power Company Limited.* | Power Generation & Distribution   | 31.38%                        | 0.00%                                     | 0.43%   | 41%   | (29.25)   |                 |
| Engro Fertilizer Limited.       | Fertilizer                        | 25.93%                        | 6.57%                                     | 0.43%   | 76%   | (32.98)   |                 |
| Pakistan Oilfields Limited.     | Oil and Gas Exploration Companies | 0.00%                         | 0.01%                                     | 3.20%   | 52%   | (9.27)  |                 |
| Mari Petroleum Company Limited  | Oil & Gas Marketing Companies     | 11.14%                        | 15.09%                                    | 1.04%   | 32.7%   | (597.55)  |                 |

\*Debt is considered excluding circular Debt..

- ii) On the basis of information provided by the management and the provisions of the Scheme, investments in equities made on account of NIPF are *Shari'ah* Compliant and in accordance with the criteria established by us.
- iii) There are investments made by NIPF where Investee companies have earned a part of their income from non-compliant sources (e.g. interest income received on bank deposits and etc). In such cases, the management company has been directed to set aside such proportion of the income from Investee companies as charity in order to purify the earnings of the Fund.

In light of the above, we hereby certify that nothing has come to our attention which causes to believe that the overall operations of NIPF for the year ended June 30, 2019 are not in compliance with the *Shari'ah* principles.

During the year a provision of Rupees 848,041/- was created and an amount of Rupees 723,801/- was available for disbursement into charity as of June 30, 2019, which is inclusive of Rupees 289,157/- provisional amount of previous year adjusted after availability of the respective financial statements. However, the provisional amount of the financial year ended June 30, 2019 will be adjusted after the availability of the respective annual financial statements.

May Allah bless us with best *Tawfeeq* to accomplish our cherished tasks, make us successful in this world and in the Hereafter, and forgive our mistakes.

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**For and On Behalf of Meezan Bank Limited**  
Shari'ah Technical Services and Support Provider

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**Mufti Muhammad Naveed Alam**  
Member  
Shariah Supervisory Board

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**Mufti Ehsan Waqar**  
Shariah Advisor & Member  
Shariah Supervisory Board

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**Dr. Imran Ashraf Usmani**  
Chairman  
Shariah Supervisory Board

## Independent Assurance Report to the participants of NAFA Islamic Pension Fund on Statement of Compliance with the Shariah Principles

We have performed an independent assurance engagement of NAFA Islamic Pension Fund (the Fund), to express a conclusion on the annexed Statement of Compliance with the Shariah Principles (the Statement) for the year ended June 30, 2019.

### Pension Fund Manager's responsibility

Pension Fund Manager (NBP Fund Management Limited) of the Fund is responsible for the preparation of the Statement (the subject matter) and for compliance with "the Shariah Principles" specified in the Trust Deed and Offering Document of the Fund. This responsibility includes designing, implementing and maintaining internal control to ensure that operations of the Fund and the investments made by the Fund are in compliance with the Shariah Principles.

### Responsibility of an independent assurance provider

Our responsibility is to express a conclusion on the Statement based on our independent assurance engagement, performed in accordance with the International Standard on Assurance Engagement (ISAE 3000) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information'. This standard requires that we comply with ethical requirements, including independence requirements, and plan and perform the engagement to obtain reasonable assurance whether the Statement reflects the status of the Fund's compliance with the Shariah Principles specified in the Trust Deed and Offering Document of the Fund.

The procedures selected depend on our judgment, including the assessment of the risks of material non-compliances with the Shariah Principles whether due to fraud or error. In making those risk assessments, we have considered internal controls relevant to the Fund's compliance with the Shariah Principles in order to design procedures that are appropriate in the circumstances, for gathering sufficient appropriate evidence to determine that the Fund was not materially non-compliant with the Shariah Principles. Our engagement was not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

The procedures performed include:

checked compliance of specific guidelines relating to maintaining of bank accounts and for making investments (on test basis) by the Fund; and

checked that the Shariah Advisor has certified that the operations of the Fund and investments made by the Fund during the year ended June 30, 2019 are in compliance with the Shariah Principles and where required, purification of income from non-compliant sources has been made in consultation with the Shariah Advisor.

### Conclusion

In our opinion, the Statement, in all material respects, presents fairly the status of the Fund's compliance with the Shariah principles for the year ended June 30, 2019.

**Deloitte Yousuf Adil**  
**Chartered Accountants**

**Place:** Karachi  
**Dated:** September 29, 2019.

## INDEPENDENT AUDITOR'S REPORT TO THE PARTICIPANTS

We have audited the annexed financial statements comprising:

- i. Statement of Asset and Liabilities;
- ii. Income Statement;
- iii. Statement of Comprehensive Income;
- iv. Cash Flow Statement; and
- v. Statement of movement in Participants' Fund;

of **NAFA Islamic Pension Fund** ("the Fund") as at June 30, 2019 together with the notes forming part thereof, for the year then ended.

It is the responsibility of NBP Fund Management Limited (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 International Accounting Standards notified by Securities Exchange Commission of Pakistan under the Companies Act, 2017 and technical releases issued by the Institute of Chartered Accountants of Pakistan from time to time and the requirements of the Voluntary Pensions System Rules, 2005. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. 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 the 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 prepared for the year ended June 30, 2019 have been properly drawn in accordance with the relevant provisions of the Trust Deed and the Voluntary Pension System Rules, 2005 including the guidelines thereunder;
- b) a true and fair view is given of the disposition of the Fund as at June 30, 2019 and of the transactions of the Fund for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan;
- c) the allocation and reallocation of units of the sub-funds for all the participants have been made according to the Voluntary Pension System Rules, 2005;
- d) the cost and expenses debited to the 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 Usher Ordinance, 1980.

### Other matter

The financial statements of the Fund for the year ended June 30, 2018 were audited by another firm of Chartered Accountants who vide their report dated September 05, 2018 expressed an unmodified opinion thereon.

**Deloitte Yousuf Adil**  
**Chartered Accountants**

**Engagement Partner**  
Naresh Kumar

**Date:** September 29, 2019  
**Place:** Karachi

## STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2019

|   | Note | 2019               |                    |                       |                  | 2018                 |                      |                    |                       |                  |                      |
|---|------|--------------------|--------------------|-----------------------|------------------|----------------------|----------------------|--------------------|-----------------------|------------------|----------------------|
|   |      | 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>ASSETS</b>   |      |                    |                    |                       |                  |                      |                      |                    |                       |                  |                      |
| Bank balances   | 5    | 117,230,295        | 270,023,306        | 442,337,850           | 2,985,769        | 832,577,220          | 114,754,050          | 257,948,255        | 418,202,813           | 3,394,877        | 794,299,995          |
| Investments   | 6    | 823,325,371        | 231,656,608        | 108,000,000           | -                | 1,162,981,979        | 1,015,418,934        | 113,774,500        | -                     | -                | 1,129,193,434        |
| Dividend receivable   |      | 532,714            | -                  | -                     | -                | 532,714              | 1,850,288            | -                  | -                     | -                | 1,850,288            |
| Mark-up receivables   | 7    | 993,147            | 7,602,349          | 5,557,462             | -                | 14,152,958           | 674,614              | 3,659,974          | 2,543,237             | -                | 6,877,825            |
| Deposits and other receivables                                      | 8    | 3,036,108          | 100,000            | 100,000               | -                | 3,236,108            | 5,584,431            | 100,000            | 100,000               | -                | 5,784,431            |
| <b>Total assets</b>   |      | <b>945,117,635</b> | <b>509,382,263</b> | <b>555,995,312</b>    | <b>2,985,769</b> | <b>2,013,480,979</b> | <b>1,138,282,317</b> | <b>375,482,729</b> | <b>420,846,050</b>    | <b>3,394,877</b> | <b>1,938,005,973</b> |
| <b>LIABILITIES</b>  |      |                    |                    |                       |                  |                      |                      |                    |                       |                  |                      |
| Payable to NBP Fund Management Limited - Pension Fund Manager       | 9    | 1,353,120          | 766,823            | 806,343               | 834,173          | 3,760,459            | 1,540,350            | 606,128            | 603,758               | 1,110,545        | 3,860,781            |
| Payable to Central Depository Company of Pakistan Limited - Trustee | 10   | 107,179            | 58,017             | 61,327                | -                | 226,523              | 124,403              | 44,391             | 44,068                | -                | 212,862              |
| Payable to Securities and Exchange Commission of Pakistan           | 11   | 357,182            | 135,899            | 156,454               | -                | 649,535              | 307,133              | 120,562            | 97,077                | -                | 524,772              |
| Payable against purchase of investment                              |      | -                  | -                  | -                     | -                | -                    | 16,417,313           | -                  | -                     | -                | 16,417,313           |
| Accrued expenses and other liabilities                              | 12   | 9,812,873          | 2,241,418          | 1,921,057             | 2,151,596        | 16,126,944           | 9,695,884            | 1,812,230          | 1,212,695             | 2,284,332        | 15,005,141           |
| <b>Total liabilities</b>  |      | <b>11,630,354</b>  | <b>3,202,157</b>   | <b>2,945,181</b>      | <b>2,985,769</b> | <b>20,763,461</b>    | <b>28,085,083</b>    | <b>2,583,311</b>   | <b>1,957,598</b>      | <b>3,394,877</b> | <b>36,020,869</b>    |
| <b>NET ASSETS</b>   |      | <b>933,487,281</b> | <b>506,180,106</b> | <b>553,050,131</b>    | <b>-</b>         | <b>1,992,717,518</b> | <b>1,110,197,234</b> | <b>372,899,418</b> | <b>418,888,452</b>    | <b>-</b>         | <b>1,901,985,104</b> |
| <b>Contingencies and commitments</b>                                |      |                    |                    |                       |                  |                      |                      |                    |                       |                  |                      |
| <b>PARTICIPANTS' SUB FUNDS (as per statement attached)</b>          |      | <b>933,487,281</b> | <b>506,180,106</b> | <b>553,050,131</b>    | <b>-</b>         | <b>1,992,717,518</b> | <b>1,110,197,234</b> | <b>372,899,418</b> | <b>418,888,452</b>    | <b>-</b>         | <b>1,901,985,104</b> |
| (Number of units)   |      |                    |                    |                       |                  |                      |                      |                    |                       |                  |                      |
| <b>Number of units in issue</b>                                     | 14   | <b>3,864,888</b>   | <b>3,731,409</b>   | <b>3,996,104</b>      |                  |                      | <b>3,760,000</b>     | <b>2,917,702</b>   | <b>3,255,032</b>      |                  |                      |
| (Rupees)  |      |                    |                    |                       |                  |                      |                      |                    |                       |                  |                      |
| <b>Net assets value per unit</b>                                    |      | <b>241.5302</b>    | <b>135.6539</b>    | <b>138.3973</b>       |                  |                      | <b>295.2652</b>      | <b>127.8059</b>    | <b>128.6895</b>       |                  |                      |

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

For NBP Fund Management Limited  
(Pension Fund Manager)

Chief Financial Officer

Chief Executive Officer

Director

## INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

|   | 2019                 |                   |                       |                      | 2018                 |                   |                       |                     |
|---|----------------------|-------------------|-----------------------|----------------------|----------------------|-------------------|-----------------------|---------------------|
|   | Equity sub fund      | Debt sub fund     | Money Market sub fund | Total                | Equity sub fund      | Debt sub fund     | Money Market sub fund | Total               |
| <b>INCOME</b>   | (Rupees)             |                   |                       |                      |                      |                   |                       |                     |
| Mark-up on savings accounts with banks  | 7,148,754            | 23,684,500        | 41,768,130            | 72,601,384           | 4,267,879            | 12,699,995        | 16,304,439            | 33,272,313          |
| Mark-up on term deposit receipts  | -                    | 2,935,551         | 3,271,957             | 6,207,508            | -                    | -                 | -                     | -                   |
| Return on government securities   | -                    | 4,873,200         | -                     | 4,873,200            | -                    | 7,698,987         | 457,480               | 8,156,467           |
| Return on sukuk certificates  | -                    | 2,415,766         | -                     | 2,415,766            | -                    | -                 | -                     | -                   |
| Income from commercial paper  | -                    | 1,649,009         | -                     | 1,649,009            | -                    | 322,776           | -                     | 322,776             |
| Dividend income   | 52,032,047           | -                 | -                     | 52,032,047           | 43,908,175           | -                 | -                     | 43,908,175          |
| Net realised loss on sale of investments  | (59,821,856)         | (154,500)         | -                     | (59,976,356)         | (57,190,923)         | (695,000)         | (208,500)             | (58,094,423)        |
| Net unrealised loss on re-measurement of investments at fair value through profit or loss | (180,738,434)        | (2,144,655)       | -                     | (182,883,089)        | (74,949,057)         | (2,571,000)       | -                     | (77,520,057)        |
| <b>Total (loss) / income</b>  | <b>(181,379,489)</b> | <b>33,258,871</b> | <b>45,040,087</b>     | <b>(103,080,531)</b> | <b>(83,963,926)</b>  | <b>17,455,758</b> | <b>16,553,419</b>     | <b>(49,954,749)</b> |
| <b>EXPENSES</b>   |                      |                   |                       |                      |                      |                   |                       |                     |
| Remuneration to NBP Fund Management Limited - Pension Fund Manager                        | 16,235,524           | 6,177,226         | 7,111,525             | 29,524,275           | 13,960,593           | 5,480,110         | 4,412,574             | 23,853,277          |
| Sindh Sales Tax on remuneration to Pension Fund Manager                                   | 2,110,618            | 803,040           | 924,498               | 3,838,156            | 1,814,877            | 712,414           | 573,635               | 3,100,926           |
| Remuneration to Central Depository Company of Pakistan Limited - Trustee                  | 1,357,084            | 516,545           | 594,648               | 2,468,277            | 1,311,879            | 516,351           | 413,155               | 2,241,385           |
| Sindh Sales Tax on remuneration of the Trustee  | 176,420              | 67,149            | 77,306                | 320,875              | 170,545              | 67,125            | 53,712                | 291,382             |
| Annual fee to the Securities and Exchange Commission of Pakistan                          | 357,182              | 135,899           | 156,454               | 649,535              | 307,133              | 120,562           | 97,077                | 524,772             |
| Auditors' remuneration  | 121,616              | 121,616           | 121,616               | 364,848              | 116,401              | 116,401           | 116,401               | 349,203             |
| Charity expense   | 848,041              | -                 | -                     | 848,041              | 794,205              | -                 | -                     | 794,205             |
| Securities transaction costs  | 1,316,815            | 4,375             | -                     | 1,321,190            | 1,044,674            | -                 | -                     | 1,044,674           |
| Printing expenses   | 14,965               | 14,965            | 14,965                | 44,895               | 14,965               | 14,965            | 14,965                | 44,895              |
| Legal and professional charges  | 15,000               | 29,930            | 29,930                | 74,860               | 109,788              | 29,930            | 29,930                | 169,648             |
| Settlement and bank charges   | 465,128              | 249,378           | 253,193               | 967,699              | 275,003              | 157,321           | 153,299               | 585,623             |
| <b>Total expenses</b>   | <b>23,018,393</b>    | <b>8,120,123</b>  | <b>9,284,135</b>      | <b>40,422,651</b>    | <b>19,920,063</b>    | <b>7,215,179</b>  | <b>5,864,748</b>      | <b>32,999,990</b>   |
| <b>Net (loss) / income from operating activities</b>                                      | <b>(204,397,882)</b> | <b>25,138,748</b> | <b>35,755,952</b>     | <b>(143,503,182)</b> | <b>(103,883,989)</b> | <b>10,240,579</b> | <b>10,688,671</b>     | <b>(82,954,739)</b> |
| Provision for Sindh Workers' Welfare Fund   | -                    | (502,775)         | (715,119)             | (1,217,894)          | -                    | (204,812)         | (213,773)             | (418,585)           |
| <b>Net (loss) / income for the year before taxation</b>                                   | <b>(204,397,882)</b> | <b>24,635,973</b> | <b>35,040,833</b>     | <b>(144,721,076)</b> | <b>(103,883,989)</b> | <b>10,035,767</b> | <b>10,474,898</b>     | <b>(83,373,324)</b> |
| Taxation  | -                    | -                 | -                     | -                    | -                    | -                 | -                     | -                   |
| <b>Net (loss) / income for the year</b>   | <b>(204,397,882)</b> | <b>24,635,973</b> | <b>35,040,833</b>     | <b>(144,721,076)</b> | <b>(103,883,989)</b> | <b>10,035,767</b> | <b>10,474,898</b>     | <b>(83,373,324)</b> |

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

**For NBP Fund Management Limited  
(Pension Fund Manager)**

\_\_\_\_\_  
Chief Financial Officer

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

\_\_\_\_\_  
Director



## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

|  | 2019                 |                   |                       |                      | 2018                 |                   |                       |                     |
|--|----------------------|-------------------|-----------------------|----------------------|----------------------|-------------------|-----------------------|---------------------|
|  | Equity sub fund      | Debt sub fund     | Money Market sub fund | Total                | Equity sub fund      | Debt sub fund     | Money Market sub fund | Total               |
| ----- (Rupees) -----                           |                      |                   |                       |                      |                      |                   |                       |                     |
| Net (loss) / income for the year               | (204,397,882)        | 24,635,973        | 35,040,833            | (144,721,076)        | (103,883,989)        | 10,035,767        | 10,474,898            | (83,373,324)        |
| Other comprehensive income for the year        | -                    | -                 | -                     | -                    | -                    | -                 | -                     | -                   |
| <b>Total comprehensive income for the year</b> | <b>(204,397,882)</b> | <b>24,635,973</b> | <b>35,040,833</b>     | <b>(144,721,076)</b> | <b>(103,883,989)</b> | <b>10,035,767</b> | <b>10,474,898</b>     | <b>(83,373,324)</b> |

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

For NBP Fund Management Limited  
(Pension Fund Manager)

\_\_\_\_\_  
Chief Financial Officer

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

\_\_\_\_\_  
Director

## STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB FUNDS FOR THE YEAR ENDED 30 JUNE 2019

|   | 2019                 |                    |                       |                      | 2018                 |                    |                       |                      |
|---|----------------------|--------------------|-----------------------|----------------------|----------------------|--------------------|-----------------------|----------------------|
|   | Equity sub fund      | Debt sub fund      | Money Market sub fund | Total                | Equity sub fund      | Debt sub fund      | Money Market sub fund | Total                |
| <b>Note</b>   | ----- (Rupees) ----- |                    |                       |                      |                      |                    |                       |                      |
| <b>Net assets at beginning of the year</b>                | 1,110,197,234        | 372,899,418        | 418,888,452           | 1,901,985,104        | 964,029,792          | 365,707,979        | 253,201,235           | 1,582,939,006        |
| Amount received on issuance of units                      | 225,080,221          | 200,279,263        | 283,414,771           | 708,774,255          | 357,809,281          | 150,699,964        | 291,215,138           | 799,724,383          |
| Amount paid on withdrawal of units                        | (168,326,691)        | (95,998,583)       | (208,995,490)         | (473,320,764)        | (106,251,428)        | (136,646,987)      | (154,406,546)         | (397,304,961)        |
| Reallocation among sub funds                              | (29,065,601)         | 4,364,036          | 24,701,565            | -                    | (1,506,422)          | (16,897,305)       | 18,403,727            | -                    |
|   | 27,687,929           | 108,644,716        | 99,120,846            | 235,453,491          | 250,051,431          | (2,844,328)        | 155,212,319           | 402,419,422          |
| <b>Total comprehensive income for the year</b>            | <b>(204,397,882)</b> | <b>24,635,972</b>  | <b>35,040,833</b>     | <b>(144,721,077)</b> | <b>(103,883,989)</b> | <b>10,035,767</b>  | <b>10,474,898</b>     | <b>(83,373,324)</b>  |
| <b>Net assets at end of the year</b>                      | <b>933,487,281</b>   | <b>506,180,106</b> | <b>553,050,131</b>    | <b>1,992,717,518</b> | <b>1,110,197,234</b> | <b>372,899,418</b> | <b>418,888,452</b>    | <b>1,901,985,104</b> |
| <b>Net assets value per unit at beginning of the year</b> | <b>295.2652</b>      | <b>127.8059</b>    | <b>128.6895</b>       |                      | <b>330.0453</b>      | <b>124.3591</b>    | <b>124.2692</b>       |                      |
| <b>Net assets value per unit at end of the year</b>       | <b>241.5302</b>      | <b>135.6539</b>    | <b>138.3973</b>       |                      | <b>295.2652</b>      | <b>127.8059</b>    | <b>128.6895</b>       |                      |

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

For NBP Fund Management Limited  
(Pension Fund Manager)

\_\_\_\_\_  
Chief Financial Officer

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

\_\_\_\_\_  
Director

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

| Note   | 2019            |               |                       |           |               | 2018            |               |                       |             |               |
|--|-----------------|---------------|-----------------------|-----------|---------------|-----------------|---------------|-----------------------|-------------|---------------|
|  | 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>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                 |               |                       |           |               |                 |               |                       |             |               |
| Net (loss) / income for the year   | (204,397,882)   | 24,635,973    | 35,040,833            | -         | (144,721,076) | (103,883,989)   | 10,035,767    | 10,474,898            | -           | (83,373,324)  |
| <b>Adjustments:</b>  |                 |               |                       |           |               |                 |               |                       |             |               |
| Net realised loss on sale of investments   | 59,821,856      | 154,500       | -                     | -         | 59,976,356    | 57,190,923      | 695,000       | 208,500               | -           | 58,094,423    |
| Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss' | 180,738,434     | 2,144,655     | -                     | -         | 182,883,089   | 74,949,057      | 2,571,000     | -                     | -           | 77,520,057    |
|  | 36,162,408      | 26,935,128    | 35,040,833            | -         | 98,138,369    | 28,255,991      | 13,301,767    | 10,683,398            | -           | 52,241,156    |
| <b>(Increase) / decrease in assets</b>   |                 |               |                       |           |               |                 |               |                       |             |               |
| Investments  | (45,909,227)    | (23,181,264)  | -                     | -         | (69,090,491)  | (271,629,389)   | 50,300,000    | 15,090,000            | -           | (206,239,389) |
| Dividend receivable  | 1,317,574       | -             | -                     | -         | 1,317,574     | 1,780,693       | -             | -                     | -           | 1,780,693     |
| Mark-up receivables  | (318,533)       | (3,942,375)   | (3,014,225)           | -         | (7,275,133)   | (388,170)       | (1,528,247)   | (966,218)             | -           | (2,882,635)   |
| Receivable against sale of investment  | -               | -             | -                     | -         | -             | 1,467,495       | -             | -                     | -           | 1,467,495     |
| Deposits and other receivables   | (9,177)         | -             | -                     | -         | (9,177)       | (2,632,505)     | -             | -                     | -           | (2,632,505)   |
|  | (44,919,363)    | (27,123,639)  | (3,014,225)           | -         | (75,057,227)  | (271,401,876)   | 48,771,753    | 14,123,782            | -           | (208,506,341) |
| <b>Increase / (decrease) in liabilities</b>  |                 |               |                       |           |               |                 |               |                       |             |               |
| Payable to NBP Fund Management Limited - Pension Fund Manager  | (187,230)       | 160,695       | 202,585               | (276,372) | (100,322)     | 115,048         | 58,853        | 214,772               | (1,833,167) | (1,444,494)   |
| Payable to Central Depository Company of Pakistan Limited - Trustee  | (17,224)        | 13,626        | 17,259                | -         | 13,661        | (10,099)        | (2,647)       | 13,829                | -           | 1,083         |
| Annual fee payable to Securities and Exchange Commission of Pakistan   | 50,049          | 15,337        | 59,377                | -         | 124,763       | 68,136          | 20,674        | 37,130                | -           | 125,940       |
| Payable against purchase of investment   | (16,417,313)    | -             | -                     | -         | (16,417,313)  | 16,417,313      | -             | -                     | -           | 16,417,313    |
| Accrued expenses and other liabilities   | 116,989         | 429,188       | 708,362               | (132,736) | 1,121,803     | 592,704         | 272,399       | 206,412               | 295,456     | 1,366,971     |
|  | (16,454,729)    | 618,846       | 987,583               | (409,108) | (15,257,408)  | 17,183,102      | 349,279       | 472,143               | (1,537,711) | 16,466,813    |
| <b>Net cash (used in) / generated from operating activities</b>  | (25,211,684)    | 430,335       | 33,014,191            | (409,108) | 7,823,734     | (225,962,783)   | 62,422,799    | 25,279,323            | (1,537,711) | (139,798,372) |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                 |               |                       |           |               |                 |               |                       |             |               |
| Amount received on issuance of units   | 225,080,221     | 200,279,263   | 283,414,771           | -         | 708,774,255   | 357,874,524     | 150,699,964   | 298,160,566           | -           | 806,735,054   |
| Amount paid on withdrawal of units   | (168,326,691)   | (95,998,583)  | (208,995,490)         | -         | (473,320,764) | (113,249,035)   | (136,839,391) | (154,710,776)         | -           | (404,799,202) |
| Reallocation among sub funds   | (29,065,601)    | 4,364,036     | 24,701,565            | -         | -             | (1,506,422)     | (16,897,305)  | 18,403,727            | -           | -             |
| <b>Net cash flow from / (used in) financing activities</b>   | 27,687,929      | 108,644,716   | 99,120,846            | -         | 235,453,491   | 243,119,067     | (3,036,732)   | 161,853,517           | -           | 401,935,852   |
| <b>Net increase / (decrease) in cash and cash equivalents</b>  | 2,476,245       | 109,075,051   | 132,135,037           | (409,108) | 243,277,225   | 17,156,284      | 59,386,067    | 187,132,840           | (1,537,711) | 262,137,480   |
| Cash and cash equivalents at beginning of the year   | 114,754,050     | 257,948,255   | 418,202,813           | 3,394,877 | 794,299,995   | 97,597,766      | 198,562,188   | 231,069,973           | 4,932,588   | 532,162,515   |
| <b>Cash and cash equivalents at end of the year</b>  | 117,230,295     | 367,023,306   | 550,337,850           | 2,985,769 | 1,037,577,220 | 114,754,050     | 257,948,255   | 418,202,813           | 3,394,877   | 794,299,995   |

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

For NBP Fund Management Limited  
(Pension Fund Manager)

Chief Financial Officer

Chief Executive Officer

Director

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** NAFA Islamic Pension Fund (“the Fund”) was established under a Trust Deed, dated 12 October 2012, between NBP Fund Management Limited as the Pension Fund Manager and Central Depository Company of Pakistan Limited (CDC) as the trustee. The Fund was authorized 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 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, distribution of income or dividend is not allowed from any of the sub funds.
- 1.4** The objective of the Fund is to provide individuals with a portable, individualized, funded (based on defined contribution), flexible pension scheme, assisting and facilitating them to plan and provide for their retirement.
- 1.5** The Fund has been formed to enable the participants to contribute in a diversified portfolio of securities, which are Shariah compliant. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah. The Pension Fund Manager has appointed Mufti Ehsan Wquar Ahmad as Shariah Advisor to the Pension Fund to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 1.6** The Fund consists of three sub funds namely, NAFA Islamic Pension Fund Equity sub fund (Equity sub fund), NAFA Islamic Pension Fund Debt sub fund (Debt sub fund) and NAFA Islamic Pension Fund Money Market sub fund (Money Market sub fund) (collectively the sub funds). The investment policy for each of the sub fund is as follows:
- The Equity sub fund consists of a minimum 90% of net assets invested in Shariah compliant listed equity securities. Investment in single company is restricted to lower of 10% of Net Assets 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 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 any government treasury bills or government securities having less than one year time maturity, or be deposited with scheduled Islamic commercial banks having at least 'A' rating or Islamic windows of commercial banks having rating not less than 'AA' by a rating).
  - The Debt sub fund consists of Shariah compliant tradable debt securities with weighted average time to maturity 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 debt securities issued by the Federal Government. Upto twenty five percent (25%) may be deposited with scheduled Islamic banks having not less than 'A+' rating or Islamic windows of commercial banks having not less than 'AA' rating. Investment in 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 Debt sub fund. Composition of the remaining portion of the investments shall be as defined in the offering document.
  - The Money Market sub fund consists of Shariah compliant short-term money market securities with weighted average time to maturity not exceeding one year. There is no restriction on the amount of investment in securities issued by the Federal Government and Islamic windows of commercial banks having 'A+' rating provided that deposit with any one bank shall not exceed 20% of net assets of Money Market sub fund. Investment in

securities issued by provincial government, city government, government corporation with 'A' or higher rating or a corporate entity with 'A+' or higher rating shall be in proportion as defined in offering document.

- 1.7** 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 & 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.
- 1.8** 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, bank charges, any premia payable in respect of any schemes selected by the Participant. 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 Assets Value notified by the Pension Fund Manager at the close of that business day.
- 1.9** Pakistan Credit Rating Agency (PACRA) has assigned management quality rating of 'AM1' to the Pension Fund Manager while the Fund is currently not rated.
- 1.10** Title to the assets of the Fund are held in the name of CDC as the trustee of the Fund.

## **2. BASIS OF PREPARATION**

### **2.1 Statement of compliance**

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

- International Financial Reporting Standard (IFRS Standard) issued by the International Accounting Standard Board (IASB) as notified under Companies Act , 2017;
- Provision of and directives issued under the Companies Act, 2017; and
- Provision of the Voluntary Pension System Rules, 2005 ( the VPS Rules ) and directive issued by the Securities Exchange Commission of Pakistan (SECP).

Where the requirement of the VPS Rules or the said directives differ with requirement of IFRS, the requirement of the VPS Rules and the said directives issued by the SECP shall prevail.

### **2.2 Basis of measurement**

These financial statements have been prepared on historical cost basis except for investments classified as 'at fair value through profit or loss' , which are measured at fair value and 'at amortised cost', which are amortised during the year

### **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.

## 2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of critical accounting estimates. It also requires the pension fund manager to exercise its judgement in the process of applying the Fund's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable in the circumstances. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

- a) Classification and valuation of financial assets (notes 4.1.1 and 4.6.1.1);
- b) Impairment of financial assets (note 4.1.2);
- c) Provision (note 4.9)

## 3. Adoption of new standards, amendments and interpretations to the published approved accounting standards:

### 3.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2019

The following standards, amendments and interpretations are effective for the year ended June 30, 2019. These standards, interpretations and the amendments are either not relevant to the Fund's operations or are not expected to have significant impact other than IFRS 9, on the Fund's financial statements other than certain additional disclosures.

|  | <b>"Effective from accounting period<br/>beginning on or after"</b> |
|--|---|
| Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions.  | January 01, 2018  |
| IFRS 4 'Insurance Contracts': Amendments regarding the interaction of IFRS 4 and IFRS 9.   | January 01, 2018  |
| IFRS 9 'Financial Instruments' - This standard will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date. (refer note 4.1)  | July 01, 2018   |
| "IFRS 15 'Revenue' - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date."   | July 01, 2018   |
| Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property  | January 01, 2018  |
| IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency. | January 01, 2018  |

Certain annual improvements have also been made to a number of IFRSs.

## 3.2 New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments

are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

|  | <b>"Effective from accounting period beginning on or after"</b>  |
|--|--|
| Amendments to IFRS 3 'Business Combinations' -<br>Amendments regarding the definition of business  | January 01, 2020   |
| Amendments to IFRS 9 'Financial Instruments' -<br>Amendments regarding prepayment features with<br>negative compensation and modifications of<br>financial liabilities   | January 01, 2019   |
| "Amendments to IFRS 10 'Consolidated Financial<br>Statements' and IAS 28 'Investments in Associates<br>and Joint Ventures' - Sale or contribution of assets<br>between an investor and its associate or joint venture" | Effective from accounting period<br>beginning on or after a date to be<br>determined. Earlier application<br>is permitted. |
| IFRS 16 'Leases': This standard will supersede IAS 17'<br>Leases', IFRIC 4, SIC 15 and SIC 27 upon its effective<br>date.  | January 01, 2019   |
| Amendments to References to the Conceptual Framework<br>in IFRS Standards  | January 01, 2020   |
| Amendments to IAS 1 'Presentation of Financial<br>Statements' and IAS 8 'Accounting Policies, Changes<br>in Accounting Estimates and Errors' - Amendments<br>regarding the definition of material                      | January 01, 2020   |
| Amendments to IAS 19 'Employee Benefits' -<br>Amendments regarding plan amendments,<br>curtailments or settlements.  | January 01, 2019   |

Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied

January 01, 2019

IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.

January 01, 2019

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 17 - Insurance Contracts

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of these financial statements are consistent with those previous year's financial statements except for the changes in accounting policies as explained in note 4.1.

##### **4.1. Adoption of IFRS 9 - Financial Instruments**

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective from accounting periods beginning on or after July 1, 2018, and consequently has been adopted by the Fund. Accordingly, the Fund has applied the requirements of IFRS 9 to instruments that continue to be recognised as at July 01, 2018 and has not applied the requirements to instruments that have already been derecognised as at July 01, 2018. Comparative amounts in relation to instruments that continue to be recognised as at July 01, 2018 have not been restated as allowed by IFRS 9.

IFRS 9 introduces new requirements for:

- 1) The classification and measurement of financial assets and financial liabilities,
- 2) Impairment of financial assets, and
- 3) General hedge accounting.



Details of these new requirements as well as their impact on the Fund's financial statements are described below except the General Hedge Accounting which the Fund does not apply. The Fund has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

## 4.1.1 Classification and measurement

IFRS 9 contains three principal classification categories for financial assets:

- Measured at amortized cost ("AC"),
- Fair value through other comprehensive income ("FVOCI") and
- Fair value through profit or loss ("FVTPL").

Financial asset at amortised cost

"A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:"

- 2) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

### Financial asset at FVOCI

A financial asset is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- 1) the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- 2) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition, for an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in fair value in OCI, only dividend income is recognised in income statement. This election is made on an investment-by-investment basis.

FVOCI financial assets are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI.

### Financial asset at FVTPL

"All other financial assets are classified as measured at FVTPL (for example: equity held for trading and debt securities not classified either as AC or FVOCI)."

In addition, on initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Fund changes its business model for managing financial assets.

## **Regular way contracts**

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention are recognised at the trade date. Trade date is the date on which the Fund commits to purchase or sell assets.

## **Recognition**

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

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

## **Business Model Assessment**

"The business model is determined under IFRS 9 at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. It is not an instrument-by-instrument analysis; rather it can be performed at a higher level aggregation. It is typically observable through the activities that the entity undertakes to achieve the objective of the business model; all relevant evidence that is available at the date of the assessment (including history of sales of the financial assets) are considered. Following three business models are defined under the IFRS 9:

- 1) Hold to collect business model
- 2) Hold to collect and sell business model
- 3) FVTPL business model"

Considering above, the Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The evaluation of the performance of the Fund has been performed on fair value basis for the entire portfolio, as reporting to the key management personnel and to the investors in the form of net asset value (NAV). The investment portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Consequently, all the investments are measured at fair value through profit or loss. For other financial assets which are held for collection continue to be measured at amortised cost. Further, the Fund has investment in term deposit receipts which were previously classified as loans and receivables and carried at amortized cost, however, would now be classified as 'at fair value through profit or loss'.

## **Classification and measurement of financial liabilities**

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires as follows:

- The amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.
- Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

The adoption of IFRS 9 does not have any impact on the Fund's accounting policies related to financial liabilities.

#### 4.1.2 Impairment of financial assets

The SECP has, through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017, deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore the Fund will not be subject to the impairment provisions of IFRS 9. Meanwhile, asset management companies shall continue to follow the requirements of Circular 33 of 2012.

For financial assets other than debt securities measured at amortised cost, IFRS 9 requires recognition of impairment based on expected credit loss (ECL) model rather than incurred credit loss model as previously required under IAS 39. Under IFRS 9, the Fund is required to measure loss allowance equal to an amount equal to lifetime ECL or 12 months ECL based on credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

However, majority of the assets of the Fund exposed to credit risk pertain to counter parties which have high credit rating or where credit risk has not been increased since initial recognition. Therefore, management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these financial statements.

#### 4.1.3 Impact of change in accounting policies due to adoption of IFRS 9

| Financial assets and financial liabilities | Original classification as per old framework | New classification as per IFRS 9 | Original carrying value as per old framework | New carrying as per IFRS 9 |
|--|--|----------------------------------|--|----------------------------|
| <b>Financial assets</b>                    |  |                                  |  |                            |
| ----- Rupees -----                         |  |                                  |  |                            |
| Bank balances                              | LR   | AC                               | 794,299,995                                  | 794,299,995                |
| Dividend receivable                        | LR   | AC                               | 1,850,288                                    | 1,850,288                  |
| Markup receivables                         | LR   | AC                               | 6,877,825                                    | 6,877,825                  |
| Deposits and other receivables             | LR   | AC                               | 5,784,431                                    | 5,784,431                  |
| Listed equity securities                   | HFT  | FVTPL                            | 1,015,418,934                                | 1,015,418,934              |
| Government securities - Ijarah sukuks      | HFT  | FVTPL                            | 113,774,500                                  | 113,774,500                |

| Financial assets and financial liabilities | Original classification as per old framework | New classification as per IFRS 9 | Original carrying value as per old framework Rupees in '000 | New carrying as per IFRS 9 Rupees in '000 |
|--|--|----------------------------------|---|---|
|--|--|----------------------------------|---|---|

## Financial liabilities

|   |     |    |            |            |
|---|-----|----|------------|------------|
| Payable to NBP Fund Management Limited - Pension Fund Manager       | OFL | AC | 3,860,781  | 3,860,781  |
| Payable to Central Depository Company of Pakistan Limited - Trustee | OFL | AC | 212,862    | 212,862    |
| Payable against purchase of investments                             | OFL | AC | 16,417,313 | 16,417,313 |
| Accrued expenses and other liabilities                              | OFL | AC | 11,582,124 | 11,582,124 |

"LR" is loans and receivables

"AC" is ammortised cost

"HFT" is held for trading

"FVTPL" is fair value through profit or loss

"OFL" is other financial liabilities

## 4.2 Fair value measurement principles and provision

The fair value of financial instruments is determined as follows:

### 4.2.1 Basis of valuation of debt securities:

The fair value of debt securities (other than government securities) is based on the value determined and announced by Mutual Funds association of Pakistan (MUFAP) in accordance with the criteria laid down in Circular No. 1 of 2009 and Circular No. 33 of 2012 issued by Securities and Exchange Commission of Pakistan (SECP). 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 aforementioned 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.

### 4.2.2 Basis of valuation of government securities:

The government securities not listed on a stock exchange and traded in the interbank market are valued at the average rates quoted on a widely used electronic quotation system (PKIRSV rates) which are based on the remaining tenor of the securities.

### 4.2.3 Basis of valuation of equity securities:

The fair value of shares of listed companies is based on their prices quoted on the Pakistan Stock Exchange Limited at the reporting date without any deduction for estimated future selling costs.

#### **4.3 Impairment of Non - 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. If in a subsequent period, the amount of an impairment loss recognised decreases, the impairment is reversed through the Income Statement.

#### **4.4 Derecognition**

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

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

#### **4.5 Offsetting of financial instruments**

Financial assets and financial liabilities are set off and the net amount is reported in the statement of assets and liabilities if the Fund has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **4.6 Prior to transition to IFRS 9 Financial Instruments**

Accounting policies applied to financial instruments prior to July 01, 2018 are as follows:

##### **4.6.1 Financial Assets**

###### **4.6.1.1 Classification**

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

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

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

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

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

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

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

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

#### 4.6.1.2 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.

#### 4.6.1.3 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.

#### 4.6.1.4 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.

#### 4.6.1.5 Impairment of financial assets

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

**a) Debt securities**

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

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

**b) Loans and receivables**

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

**4.6.1.6 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.

**4.6.1.7 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.

**4.6.1.8 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.

**4.7 Participants' fund**

Participants' fund representing the units issued by the Fund, are carried at the net asset value representing the investors' right to a residual interest in the Fund's net assets.

**4.8 Issuance, allocation, reallocation and redemption of units**

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

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

the cut off time. Redemption of units is recorded on acceptance of application for redemption.

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

#### **4.9 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.

#### **4.10 Net assets value per unit of each sub fund**

The Net Assets Value (NAV) per unit is calculated by dividing the net assets of each of the sub fund by the number of units in circulation of that sub fund at the year end.

#### **4.11 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(i) of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

#### **4.12 Revenue recognition**

- Realised gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transactions take place.
- Unrealised gain / (loss) 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.
- Dividend income is recognised when the right to receive the dividend is established, i.e on the date of book closure of the investee company/institution declaring the dividend.
- Markup / return on government securities, ijarah sukuks, sukuk certificates, commercial papers, bank balances and term deposit receipts are recognised on a time proportion basis using the effective interest method.

#### **4.13 Expenses**

All expenses, including remuneration of the Pension Fund Manager, Trustee and annual fee to the Securities and Exchange Commission of Pakistan fee are recognised in the Income Statement as and when incurred.

#### **4.14 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.

#### **4.15 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.

#### 4.16 Distribution

Distribution of dividend or bonus units is not allowed under the VPS Rules 2005.

#### 5. BANK BALANCES

|                  | Note | 2019               |                    |                       |                   |                    | 2018               |                    |                       |                   |                    |
|------------------|------|--------------------|--------------------|-----------------------|-------------------|--------------------|--------------------|--------------------|-----------------------|-------------------|--------------------|
|                  |      | Equity sub fund    | Debt sub fund      | Money Market sub fund | Others (note 5.2) | Total              | Equity sub fund    | Debt sub fund      | Money Market sub fund | Others (note 5.2) | Total              |
| (Rupees)         |      |                    |                    |                       |                   |                    |                    |                    |                       |                   |                    |
| Savings accounts | 5.1  | 117,230,295        | 270,023,306        | 442,337,850           | 2,985,769         | 832,577,220        | 114,754,050        | 257,948,255        | 418,202,813           | 3,394,877         | 794,299,995        |
|                  |      | <u>117,230,295</u> | <u>270,023,306</u> | <u>442,337,850</u>    | <u>2,985,769</u>  | <u>832,577,220</u> | <u>114,754,050</u> | <u>257,948,255</u> | <u>418,202,813</u>    | <u>3,394,877</u>  | <u>794,299,995</u> |

5.1 These accounts carry mark-up rates ranging from 2.40% to 13.85% per annum (2018: 2.40% to 7.50% per annum).

5.2 These represent 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.

#### 6. INVESTMENTS

|  | Note | 2019               |                    |                       |                      | 2018                 |                    |                       |                      |
|--|------|--------------------|--------------------|-----------------------|----------------------|----------------------|--------------------|-----------------------|----------------------|
|  |      | Equity sub fund    | Debt sub fund      | Money Market sub fund | Total                | Equity sub fund      | Debt sub fund      | Money Market sub fund | Total                |
| (Rupees)   |      |                    |                    |                       |                      |                      |                    |                       |                      |
| <b>Investments designated at fair value through profit or loss</b> |      |                    |                    |                       |                      |                      |                    |                       |                      |
| Listed equity securities   | 6.1  | 823,325,371        | -                  | -                     | 823,325,371          | 1,015,418,934        | -                  | -                     | 1,015,418,934        |
| Government securities - Ijarah sukuks                              | 6.2  | -                  | 110,515,000        | -                     | 110,515,000          | -                    | 113,774,500        | -                     | 113,774,500          |
| Sukuks certificates  | 6.3  | -                  | 4,377,345          | -                     | 4,377,345            | -                    | -                  | -                     | -                    |
| Commercial Papers  | 6.4  | -                  | 19,764,263         | -                     | 19,764,263           | -                    | -                  | -                     | -                    |
| Term Deposit Receipts  | 6.5  | -                  | 97,000,000         | 108,000,000           | 205,000,000          | -                    | -                  | -                     | -                    |
|  |      | <u>823,325,371</u> | <u>231,656,608</u> | <u>108,000,000</u>    | <u>1,162,981,979</u> | <u>1,015,418,934</u> | <u>113,774,500</u> | <u>-</u>              | <u>1,129,193,434</u> |

**6.1.1 Held by Equity sub fund**

| Name of the investee company                    | As at July 01, 2018            | Purchases during the year | Bonus shares issue during the year (note 6.1.3) | Right shares purchased / subscribed during the year | Sales during the year | As at June 30, 2019 | Market value as at June 30, 2019 | Market value as a percentage of net assets of sub fund | Market value as a percentage investments of sub fund | Percentage of paid-up capital of the investee company held |
|---|--------------------------------|---------------------------|---|---|-----------------------|---------------------|----------------------------------|--|--|--|
|   | ----- (Number of Shares) ----- |                           |   |   |                       |                     | (Rupees)                         | ----- (%) -----  |  |  |
| <b>Commercial Bank</b>                          |                                |                           |   |   |                       |                     |                                  |  |  |  |
| Meezan Bank Limited                             | 474,710                        | 452,000                   | 138,179   | -   | 357,500               | 707,389             | 61,656,034                       | 6.60   | 7.49   | 0.07   |
|   | <b>474,710</b>                 | <b>452,000</b>            | <b>138,179</b>                                  | <b>-</b>  | <b>357,500</b>        | <b>707,389</b>      | <b>61,656,034</b>                | <b>6.60</b>  | <b>7.49</b>  |  |
| <b>Cement</b>                                   |                                |                           |   |   |                       |                     |                                  |  |  |  |
| Attock Cement Pakistan Limited                  | 58,100                         | -                         | -   | -   | 58,100                | -                   | -                                | -  | -  | -  |
| D.G.Khan Cement                                 | 257,400                        | 161,000                   | -   | -   | 395,400               | 23,000              | 1,300,420                        | 0.14   | 0.16   | 0.01   |
| Fauji Cement Company Limited                    | 267,500                        | 90,000                    | -   | -   | 231,000               | 126,500             | 1,989,845                        | 0.21   | 0.24   | 0.01   |
| Fecto Cement Limited                            | 19,600                         | -                         | -   | -   | -                     | 19,600              | 382,200                          | 0.04   | 0.05   | 0.04   |
| Kohat Cement Limited                            | 61,800                         | 136,900                   | 30,360  | -   | 49,100                | 179,960             | 9,453,299                        | 1.01   | 1.15   | 0.12   |
| Lucky Cement Limited                            | 48,150                         | 133,900                   | -   | -   | 80,100                | 101,950             | 38,788,917                       | 4.16   | 4.71   | 0.03   |
| Maple Leaf Cement Factory Limited               | 213,375                        | 1,299,000                 | -   | -   | 1,239,875             | 272,500             | 6,510,025                        | 0.70   | 0.79   | 0.05   |
| Pioneer Cement Limited                          | 143,300                        | 787,000                   | -   | -   | 874,300               | 56,000              | 1,268,400                        | 0.14   | 0.15   | 0.02   |
|   | <b>1,069,225</b>               | <b>2,607,800</b>          | <b>30,360</b>                                   | <b>-</b>  | <b>2,927,875</b>      | <b>779,510</b>      | <b>59,693,106</b>                | <b>6.40</b>  | <b>7.25</b>  |  |
| <b>Power Generation &amp; Distribution</b>      |                                |                           |   |   |                       |                     |                                  |  |  |  |
| Hub Power Company Limited                       | 557,300                        | 617,000                   | -   | 116,922   | 208,000               | 1,083,222           | 85,303,756                       | 9.14   | 10.36  | 0.09   |
| Nishat Power Limited                            | -                              | 189,000                   | -   | -   | -                     | 189,000             | 5,205,060                        | 0.56   | 0.63   | 0.06   |
| Lalpir Power Limited                            | -                              | 390,500                   | -   | -   | -                     | 390,500             | 5,076,500                        | 0.54   | 0.62   | 0.09   |
| Kot Addu Power Company Limited                  | 168,000                        | -                         | -   | -   | 168,000               | -                   | -                                | -  | -  | -  |
|   | <b>725,300</b>                 | <b>1,196,500</b>          | <b>-</b>  | <b>116,922</b>                                      | <b>376,000</b>        | <b>1,662,722</b>    | <b>95,585,316</b>                | <b>10.24</b>   | <b>11.61</b>   |  |
| <b>Oil &amp; Gas Exploration Companies</b>      |                                |                           |   |   |                       |                     |                                  |  |  |  |
| Mari Petroleum Company Limited                  | 34,000                         | 14,040                    | 4,804   | -   | 5,900                 | 46,944              | 47,381,988                       | 5.08   | 5.75   | 0.04   |
| Oil & Gas Development Company (note 6.1.2)      | 494,900                        | 262,600                   | -   | -   | 42,600                | 714,900             | 94,002,201                       | 10.07  | 11.42  | 0.02   |
| Pakistan Oilfields Limited (note 6.1.2)         | 97,500                         | 60,100                    | 23,020  | -   | 85,300                | 95,320              | 38,689,435                       | 4.14   | 4.70   | 0.04   |
| Pakistan Petroleum Limited (note 6.1.2)         | 423,832                        | 131,000                   | 67,025  | -   | 44,100                | 577,757             | 83,445,415                       | 8.94   | 10.14  | 0.03   |
|   | <b>1,050,232</b>               | <b>467,740</b>            | <b>94,849</b>                                   | <b>-</b>  | <b>177,900</b>        | <b>1,434,921</b>    | <b>263,519,039</b>               | <b>28.23</b>   | <b>32.01</b>   |  |
| <b>Oil &amp; Gas Marketing Companies</b>        |                                |                           |   |   |                       |                     |                                  |  |  |  |
| Attock Petroleum Limited                        | 10,400                         | 5,200                     | 2,080   | -   | 17,680                | -                   | -                                | -  | -  | -  |
| Hascol Petroleum Limited                        | 33,788                         | 40,500                    | 15,773  | -   | 84,250                | 5,811               | 398,751                          | 0.04   | 0.05   | -  |
| Pakistan State Oil Company Limited (note 6.1.2) | 144,864                        | 94,200                    | 22,593  | -   | 115,500               | 146,157             | 24,792,578                       | 2.66   | 3.01   | 0.05   |
| Shell Pakistan Limited                          | 11,000                         | -                         | -   | -   | 11,000                | -                   | -                                | -  | -  | -  |
| Sui Northern Gas Pipelines Limited              | 253,000                        | 195,500                   | -   | -   | 173,000               | 275,500             | 19,144,495                       | 2.05   | 2.33   | 0.30   |
|   | <b>453,052</b>                 | <b>335,400</b>            | <b>40,446</b>                                   | <b>-</b>  | <b>401,430</b>        | <b>427,468</b>      | <b>44,335,824</b>                | <b>4.75</b>  | <b>5.39</b>  |  |
| <b>Refinery</b>                                 |                                |                           |   |   |                       |                     |                                  |  |  |  |
| Attock Refinery Limited                         | 5,900                          | -                         | 1,475   | -   | 7,000                 | 375                 | 28,976                           | -  | -  | -  |
| National Refinery Limited                       | -                              | 29,200                    | -   | -   | 29,200                | -                   | -                                | -  | -  | -  |
|   | <b>5,900</b>                   | <b>29,200</b>             | <b>1,475</b>                                    | <b>-</b>  | <b>36,200</b>         | <b>375</b>          | <b>28,976</b>                    | <b>-</b>   | <b>-</b>   |  |
| <b>Textile Composite</b>                        |                                |                           |   |   |                       |                     |                                  |  |  |  |
| Kohinoor Textile Mills Limited                  | 214,992                        | -                         | -   | -   | 81,000                | 133,992             | 3,356,500                        | 0.36   | 0.41   | 0.05   |
| Interloop Limited                               | -                              | 143,319                   | -   | -   | -                     | 143,319             | 6,344,732                        | 0.68   | 0.77   | 0.06   |
| Nishat Mills Limited                            | 369,400                        | 218,600                   | -   | -   | 193,700               | 394,300             | 36,803,962                       | 3.94   | 4.47   | 0.11   |
|   | <b>584,392</b>                 | <b>361,919</b>            | <b>-</b>  | <b>-</b>  | <b>274,700</b>        | <b>671,611</b>      | <b>46,505,194</b>                | <b>4.98</b>  | <b>5.65</b>  |  |

| Name of the investee company                   | As at July 01, 2018            | Purchases during the year | Bonus shares issue during the year (note 6.1.3) | Right shares purchased / subscribed during the year | Sales during the year | As at June 30, 2019 | Market value as at June 30, 2019 | Market value as a percentage of net assets of sub fund | Market value as a percentage of investments of sub fund | Percentage of paid-up capital of the investee company held |
|--|--------------------------------|---------------------------|---|---|-----------------------|---------------------|----------------------------------|--|---|--|
|  | ----- (Number of Shares) ----- |                           |   |   |                       | (Rupees)            |                                  | ----- (%) -----  |   |  |
| <b>Chemical</b>                                |                                |                           |   |   |                       |                     |                                  |  |   |  |
| Akzo Nobel Pakistan Limited                    | 53,000                         | -                         | -   | -   | -                     | 53,000              | 5,302,650                        | 0.57   | 0.64  | 0.11   |
| Dynea Pakistan Limited                         | 16,500                         | -                         | -   | -   | 16,500                | -                   | -                                | -  | -   | -  |
| Engro Polymer and Chemicals Limited            | 976,778                        | 417,500                   | -   | -   | 887,500               | 506,778             | 13,662,735                       | 1.46   | 1.66  | 0.03   |
| Ittehad Chemical Limited                       | 272,000                        | 69,500                    | 27,200  | -   | 167,000               | 201,700             | 5,437,832                        | 0.58   | 0.66  | 1.23   |
|  | <b>1,318,278</b>               | <b>487,000</b>            | <b>27,200</b>                                   | <b>-</b>  | <b>1,071,000</b>      | <b>761,478</b>      | <b>24,403,217</b>                | <b>2.61</b>  | <b>2.96</b>   |  |
| <b>Fertilizer</b>                              |                                |                           |   |   |                       |                     |                                  |  |   |  |
| Dawood Hercules Corporation Limited            | 58,900                         | -                         | -   | -   | 52,000                | 6,900               | 767,556                          | 0.08   | 0.09  | -  |
| Engro Corporation Limited                      | 260,000                        | 96,400                    | 30,100  | -   | 55,400                | 331,100             | 87,940,160                       | 9.42   | 10.68   | 0.06   |
| Engro Fertilizers Limited                      | 926,000                        | 673,000                   | -   | -   | 753,000               | 846,000             | 54,118,620                       | 5.80   | 6.57  | 0.06   |
|  | <b>1,244,900</b>               | <b>769,400</b>            | <b>30,100</b>                                   | <b>-</b>  | <b>860,400</b>        | <b>1,184,000</b>    | <b>142,826,336</b>               | <b>15.30</b>   | <b>17.34</b>  |  |
| <b>Automobile Parts &amp; Accessories</b>      |                                |                           |   |   |                       |                     |                                  |  |   |  |
| Agriautos Industries Limited                   | 22,000                         | 7,000                     | -   | -   | 29,000                | -                   | -                                | -  | -   | -  |
| Baluchistan Wheels Limited                     | 82,800                         | -                         | -   | -   | -                     | 82,800              | 5,063,220                        | 0.54   | 0.61  | 0.62   |
| Thal Limited                                   | 10,400                         | -                         | -   | -   | 10,400                | -                   | -                                | -  | -   | -  |
|  | <b>115,200</b>                 | <b>7,000</b>              | <b>-</b>  | <b>-</b>  | <b>39,400</b>         | <b>82,800</b>       | <b>5,063,220</b>                 | <b>0.54</b>  | <b>0.61</b>   |  |
| <b>Automobile Assembler</b>                    |                                |                           |   |   |                       |                     |                                  |  |   |  |
| Honda Atlas Cars (Pakistan)                    | -                              | 29,100                    | -   | -   | -                     | 29,100              | 4,316,112                        | 0.46   | 0.52  | 0.02   |
| Millat Tractors Limited                        | 8,060                          | 2,400                     | -   | -   | 10,460                | -                   | -                                | -  | -   | -  |
| Pak Suzuki Motor Company Limited               | 800                            | -                         | -   | -   | -                     | 800                 | 183,168                          | 0.02   | 0.02  | -  |
|  | <b>8,860</b>                   | <b>31,500</b>             | <b>-</b>  | <b>-</b>  | <b>10,460</b>         | <b>29,900</b>       | <b>4,499,280</b>                 | <b>0.48</b>  | <b>0.54</b>   |  |
| <b>Paper &amp; Board</b>                       |                                |                           |   |   |                       |                     |                                  |  |   |  |
| Packages Limited                               | 7,100                          | -                         | -   | -   | 500                   | 6,600               | 1,983,696                        | 0.21   | 0.24  | 0.01   |
|  | <b>7,100</b>                   | <b>-</b>                  | <b>-</b>  | <b>-</b>  | <b>500</b>            | <b>6,600</b>        | <b>1,983,696</b>                 | <b>0.21</b>  | <b>0.24</b>   |  |
| <b>Vanaspati &amp; Allied Industries</b>       |                                |                           |   |   |                       |                     |                                  |  |   |  |
| Unity Foods Limited                            | -                              | 459,500                   | -   | 1,019,309   | 1,478,799             | 10                  | 8                                | -  | -   | -  |
|  | <b>-</b>                       | <b>459,500</b>            | <b>-</b>  | <b>1,019,309</b>                                    | <b>1,478,799</b>      | <b>10</b>           | <b>8</b>                         | <b>-</b>   | <b>-</b>  |  |
| <b>Sugar &amp; Allied Industries</b>           |                                |                           |   |   |                       |                     |                                  |  |   |  |
| Faran Sugar Mills Limited                      | 43,000                         | -                         | -   | -   | -                     | 43,000              | 1,745,800                        | 0.19   | 0.21  | 0.17   |
|  | <b>43,000</b>                  | <b>-</b>                  | <b>-</b>  | <b>-</b>  | <b>-</b>              | <b>43,000</b>       | <b>1,745,800</b>                 | <b>0.19</b>  | <b>0.21</b>   |  |
| <b>Engineering</b>                             |                                |                           |   |   |                       |                     |                                  |  |   |  |
| Amrell Steels Limited                          | 67,000                         | 135,000                   | -   | -   | 202,000               | -                   | -                                | -  | -   | -  |
| Crescent Steel & Allied Products Limited       | 15,700                         | -                         | -   | -   | 15,700                | -                   | -                                | -  | -   | -  |
| Mughal Iron and Steel Industries Limited       | 66,750                         | 260,000                   | -   | -   | 165,000               | 161,750             | 4,069,630                        | 0.44   | 0.49  | 0.06   |
|  | <b>149,450</b>                 | <b>395,000</b>            | <b>-</b>  | <b>-</b>  | <b>382,700</b>        | <b>161,750</b>      | <b>4,069,630</b>                 | <b>0.44</b>  | <b>0.49</b>   |  |
| <b>Transport</b>                               |                                |                           |   |   |                       |                     |                                  |  |   |  |
| Pakistan National Shipping Corporation Limited | 27,000                         | -                         | -   | -   | 27,000                | -                   | -                                | -  | -   | -  |
|  | <b>27,000</b>                  | <b>-</b>                  | <b>-</b>  | <b>-</b>  | <b>27,000</b>         | <b>-</b>            | <b>-</b>                         | <b>-</b>   | <b>-</b>  |  |
| <b>Cable &amp; Electrical Goods</b>            |                                |                           |   |   |                       |                     |                                  |  |   |  |
| Pak Elektron Limited                           | 113,125                        | 429,000                   | -   | -   | 542,125               | -                   | -                                | -  | -   | -  |
|  | <b>113,125</b>                 | <b>429,000</b>            | <b>-</b>  | <b>-</b>  | <b>542,125</b>        | <b>-</b>            | <b>-</b>                         | <b>-</b>   | <b>-</b>  |  |

| Name of the investee company                                    | As at July 01, 2018            | Purchases during the year | Bonus shares issue during the year (note 6.1.3) | Right shares purchased / subscribed during the year | Sales during the year | As at June 30, 2019 | Market value as at June 30, 2019 | Market value as a percentage of net assets of sub fund | Market value as a percentage of investments of sub fund | Percentage of paid-up capital of the investee company held |
|---|--------------------------------|---------------------------|---|---|-----------------------|---------------------|----------------------------------|--|---|--|
|   | ----- (Number of Shares) ----- |                           |   |   |                       |                     | (Rupees)                         | ----- (%) -----  |   |  |
| <b>Technology and Communication</b>                             |                                |                           |   |   |                       |                     |                                  |  |   |  |
| Avanceon Limited  | 90,125                         | -                         | 16,450  | -   | 66,500                | 40,075              | 1,965,278                        | 0.21   | 0.24  | 0.03   |
| Systems Limited   | 253,000                        | 27,600                    | 11,550  | -   | 147,000               | 145,150             | 13,930,046                       | 1.49   | 1.69  | 0.16   |
| NetSol Technologies Limited                                     | 152,500                        | 256,200                   | -   | -   | 209,200               | 199,500             | 13,145,055                       | 1.41   | 1.60  | 1.47   |
|   | <b>495,625</b>                 | <b>283,800</b>            | <b>28,000</b>                                   | <b>-</b>  | <b>422,700</b>        | <b>384,725</b>      | <b>29,040,379</b>                | <b>3.11</b>  | <b>3.53</b>   |  |
| <b>Miscellaneous</b>  |                                |                           |   |   |                       |                     |                                  |  |   |  |
| Synthetic Products Enterprises Limited                          | 170,700                        | 2,500                     | -   | -   | -                     | 173,200             | 3,843,308                        | 0.41   | 0.47  | 0.20   |
|   | <b>170,700</b>                 | <b>2,500</b>              | <b>-</b>  | <b>-</b>  | <b>-</b>              | <b>173,200</b>      | <b>3,843,308</b>                 | <b>0.41</b>  | <b>0.47</b>   |  |
| <b>Food and Personal Care Products</b>                          |                                |                           |   |   |                       |                     |                                  |  |   |  |
| At-Tahur Limited  | -                              | 347,997                   | -   | -   | 251,000               | 96,997              | 1,911,811                        |  |   |  |
| Al-Shaheer Corporation Limited                                  | 401,535                        | -                         | -   | -   | 92,000                | 309,535             | 3,900,141                        | 0.42   | 0.47  | 0.22   |
|   | <b>401,535</b>                 | <b>347,997</b>            | <b>-</b>  | <b>-</b>  | <b>343,000</b>        | <b>406,532</b>      | <b>5,811,952</b>                 | <b>0.42</b>  | <b>0.47</b>   |  |
| <b>Glass &amp; Ceramics</b>                                     |                                |                           |   |   |                       |                     |                                  |  |   |  |
| Ghani Glass Limited XD  | 61,180                         | -                         | -   | 18,354  | -                     | 79,534              | 3,495,519                        | 0.37   | 0.42  | 0.04   |
| Ghani Value Glass Limited                                       | -                              | 204,000                   | -   | -   | -                     | 204,000             | 7,497,000                        | 0.80   | 0.91  | 0.28   |
| Shabbir Tiles & Ceramics Limited                                | 179,000                        | 666,500                   | -   | -   | 547,000               | 298,500             | 3,071,565                        | 0.33   | 0.37  | 0.09   |
| Tariq Glass Industries Limited                                  | 136,500                        | 61,000                    | -   | -   | 44,000                | 153,500             | 11,762,705                       | 1.26   | 1.43  | 0.21   |
|   | <b>376,680</b>                 | <b>931,500</b>            | <b>-</b>  | <b>18,354</b>                                       | <b>591,000</b>        | <b>735,534</b>      | <b>25,826,789</b>                | <b>2.76</b>  | <b>3.13</b>   | <b>0.62</b>  |
| <b>Pharmaceuticals</b>  |                                |                           |   |   |                       |                     |                                  |  |   |  |
| Abbot Laboratories (Pakistan) Limited                           | 13,750                         | 3,500                     | -   | -   | 17,250                | -                   | -                                | -  | -   | -  |
| AGP Limited   | 49,500                         | 43,500                    | -   | -   | 93,000                | -                   | -                                | -  | -   | -  |
| Ferozsons Laboratories Limited                                  | 17,800                         | -                         | -   | -   | 17,800                | -                   | -                                | -  | -   | -  |
| GlaxoSmithKline (Pakistan) Limited                              | 17,080                         | 37,000                    | -   | -   | 54,080                | -                   | -                                | -  | -   | -  |
| GlaxoSmithKline Consumer Healthcare (Pakistan) Limited          | 3,444                          | -                         | -   | -   | -                     | 3,444               | 664,692                          | 0.07   | 0.08  | 0.02   |
| The Searle Company Limited                                      | 29,145                         | 29,700                    | 5,827   | -   | 49,500                | 15,172              | 2,223,575                        | 0.24   | 0.27  | 0.01   |
|   | <b>130,719</b>                 | <b>113,700</b>            | <b>5,827</b>                                    | <b>-</b>  | <b>231,630</b>        | <b>18,616</b>       | <b>2,888,267</b>                 | <b>0.31</b>  | <b>0.35</b>   |  |
| <b>Total - as at June 30, 2019</b>                              | <b>8,964,983</b>               | <b>9,708,456</b>          | <b>396,436</b>                                  | <b>1,154,585</b>                                    | <b>10,552,319</b>     | <b>9,672,141</b>    | <b>823,325,371</b>               | <b>87.98</b>   | <b>100.00</b>   |  |
| Carrying value before fair value adjustment as at June 30, 2019 |                                |                           |   |   |                       |                     | <u>1,004,063,805</u>             |  |   |  |

**6.1.2** Investments include shares with market value of Rs. 17.029 million (30 June 2018: Rs. 27.212 million ) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular number 11 dated 23 October 2007 issued by the Securities and Exchange Commission of Pakistan.

**6.1.3** "The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001 as a result of which companies were liable to withhold five percent of the bonus shares to be issued. The shares so withheld were only to be released if the Fund deposits tax equivalent to five percent of the value of the bonus shares issued to the Fund including bonus shares withheld, determined on the basis of day-end price on the first day of closure of books of the issuing company.

In this regard, a constitutional petition had been filed by Collective Investment Schemes (CISs) through their Trustees in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by CISs. The petition was based on the fact that because CISs are exempt from deduction of income tax under Clause 99 Part I to the Second Schedule of the Income Tax Ordinance 2001, the withholding tax provision should also not be applicable on bonus shares received by CISs. A stay order had been granted by the High Court of Sindh (HCS) in favour of CISs.

During the year ended June 30, 2018, the Supreme Court of Pakistan passed a judgement on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, the CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically during the current year. Subsequent to the year ended June 30, 2019, the CISs have filed a fresh constitutional petition via CP 4653 dated July 11, 2019 as a result of which the HCS issued an order dated July 15, 2019 whereby the previous stay has been restored. The matter is still pending adjudication and no provision has been recorded or contingent liability has been disclosed in the financial statements as the management is confident that the case will be decided in favor of the CISs.

Further, Finance Act, 2018 effective from July 1, 2018 has omitted Section 236M of Income Tax Ordinance, 2001 therefore, bonus shares, subsequent to this amendment, issued to the Fund were not withheld by the investee companies."

## 6.2 Government securities - Ijarah sukuk

### 6.2.1 Held by Debt sub fund

| Name of the security  | Issue date        | Maturity date     | Profit rate per annum | Face value          |   | As at June 30, 2019 | Market value as at June 30, 2019 | Market value as a percentage of net assets of sub fund | Market value as a percentage of total investments of sub fund |
|---|-------------------|-------------------|-----------------------|---------------------|---|---------------------|----------------------------------|--|---|
|   |                   |                   |                       | As at July 01, 2018 | Purchases during the year / Maturity / sold during the year |                     |                                  |  |   |
|   |                   |                   |                       | (Rupees)            |   | (%)                 |                                  |  |   |
| GoP - Ijarah Sukuk XVI  | December 18, 2015 | December 15, 2018 | 6.33%                 | 35,000,000          | -   | 35,000,000          | -                                | -  | -   |
| GoP - Ijarah Sukuk XVII   | February 15, 2016 | February 15, 2019 | 6.10%                 | 5,000,000           | -   | 5,000,000           | -                                | -  | -   |
| GoP - Ijarah Sukuk XIX  | June 30, 2017     | June 30, 2020     | 5.24%                 | 75,000,000          | 40,000,000  | -                   | 115,000,000                      | 21.83  | 47.71   |
|   |                   |                   |                       | <b>115,000,000</b>  | <b>40,000,000</b>   | <b>40,000,000</b>   | <b>115,000,000</b>               | <b>21.83</b>   | <b>47.71</b>  |
| Carrying value before fair value adjustment as at June 30, 2019 |                   |                   |                       |                     |   |                     | <b>112,592,000</b>               |  |   |

6.2.1.1 The nominal value of the sukuk certificates is Rs. 100,000 each

## 6.3 Sukuk - Unlisted Company

## 6.3.1 Held by Debt sub fund

| Name of the security  | Issue date        | Maturity date | Profit rate per annum | Face value           |                           |                                | As at June 30, 2019 | Market value as at June 30, 2019 | Market value as a percentage of net assets of sub fund | Market value as a percentage of total investments of sub fund |  |
|---|-------------------|---------------|-----------------------|----------------------|---------------------------|--------------------------------|---------------------|----------------------------------|--|---|--|
|   |                   |               |                       | As at July 01, 2018  | Purchases during the year | Matured / sold during the year |                     |                                  |  |   |  |
|   |                   |               |                       | ----- (Rupees) ----- |                           |                                |                     |                                  |  | ----- (%) -----   |  |
| Pak Elektron Limited  | February 19, 2018 | May 19, 2019  | 11.77%                | -                    | 9,000,000                 | 9,000,000                      | -                   | -                                | -  | -   |  |
| Engro Fertilizers Limited                                       | July 9, 2014      | July 9, 2019  | 12.52%                | -                    | 8,750,000                 | 4,375,000                      | 4,375,000           | 4,377,345                        | 0.86   | 1.89  |  |
|   |                   |               |                       | -                    | <b>17,750,000</b>         | <b>13,375,000</b>              | <b>4,375,000</b>    | <b>4,377,345</b>                 | <b>0.86</b>  | <b>1.89</b>   |  |
| Carrying value before fair value adjustment as at June 30, 2019 |                   |               |                       |                      |                           |                                |                     | <u><b>4,445,000</b></u>          |  |   |  |

6.3.1.1 The nominal value of the sukuk certificates is Rs. 1,000,000 each

6.4 "This represents the purchase of commercial paper from HASCOL Petroleum Limited on January 15, 2019 having face value of Rs. 10 million (carrying value of Rs. 9.956 million) carrying profit at the rate of 12.01% that will mature on July 15, 2019. It also includes the purchase of commercial paper from K-Electric Limited on March 01, 2019 having face value of Rs. 10 million (carrying amount of Rs. 9.909 million) carrying profit at the rate of 12.53% that will mature on September 02, 2019. "

6.5 These carry markup rate of 13.60% (2018: Nil) per annum and having maturity at July 28, 2019 and July 29, 2019 (2018: Nil).

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

|  | 2019                 |                    |                       |                      | 2018                |                    |                       |                     |
|--|----------------------|--------------------|-----------------------|----------------------|---------------------|--------------------|-----------------------|---------------------|
|  | Equity sub fund      | Debt sub fund      | Money Market sub fund | Total                | Equity sub fund     | Debt sub fund      | Money Market sub fund | Total               |
| ----- (Rupees) -----                         |                      |                    |                       |                      |                     |                    |                       |                     |
| Market value / carrying value of investments | 823,325,371          | 114,892,345        | -                     | 938,217,716          | 1,015,418,934       | 113,774,500        | -                     | 1,129,193,434       |
| Less: Carrying cost of investments           | (1,004,063,805)      | (117,037,000)      | -                     | (1,121,100,805)      | (1,090,367,991)     | (116,345,500)      | -                     | (1,206,713,491)     |
|  | <u>(180,738,434)</u> | <u>(2,144,655)</u> | -                     | <u>(182,883,089)</u> | <u>(74,949,057)</u> | <u>(2,571,000)</u> | -                     | <u>(77,520,057)</u> |

## 7. MARK-UP RECEIVABLES

|   |                |                  |                  |                   |                |                  |                  |                  |
|---|----------------|------------------|------------------|-------------------|----------------|------------------|------------------|------------------|
| Mark-up on Government Securities - Ijarah sukuks and sukuk certificates | -              | 3,463,550        | -                | 3,463,550         | -              | 2,162,979        | -                | 2,162,979        |
| Mark-up on term deposit receipts  | -              | 1,133,906        | 253,628          | 1,387,534         | -              | -                | -                | -                |
| Mark-up on saving accounts  | 993,147        | 3,004,893        | 5,303,834        | 9,301,874         | 674,614        | 1,496,995        | 2,543,237        | 4,714,846        |
|   | <u>993,147</u> | <u>7,602,349</u> | <u>5,557,462</u> | <u>14,152,958</u> | <u>674,614</u> | <u>3,659,974</u> | <u>2,543,237</u> | <u>6,877,825</u> |

**8. DEPOSITS AND OTHER RECEIVABLES**

|  | 2019             |                |                       |                  | 2018             |                |                       |                  |
|--|------------------|----------------|-----------------------|------------------|------------------|----------------|-----------------------|------------------|
|  | Equity sub fund  | Debt sub fund  | Money Market sub fund | Total            | Equity sub fund  | Debt sub fund  | Money Market sub fund | Total            |
|  | (Rupees)         |                |                       |                  |                  |                |                       |                  |
| Advance tax  | 436,108          | -              | -                     | 436,108          | 426,931          | -              | -                     | 426,931          |
| Security deposit with the Central Depository Company of Pakistan Limited | 100,000          | 100,000        | 100,000               | 300,000          | 100,000          | 100,000        | 100,000               | 300,000          |
| Security deposit with the National Clearing Company of Pakistan Limited  | 2,500,000        | -              | -                     | 2,500,000        | 2,500,000        | -              | -                     | 2,500,000        |
| Advance against Initial Public Offer                                     | -                | -              | -                     | -                | 2,557,500        | -              | -                     | 2,557,500        |
|  | <b>3,036,108</b> | <b>100,000</b> | <b>100,000</b>        | <b>3,236,108</b> | <b>5,584,431</b> | <b>100,000</b> | <b>100,000</b>        | <b>5,784,431</b> |

**9. PAYABLE TO NBP FUND MANAGEMENT LIMITED - PENSION FUND MANAGER**

|   | Note | 2019             |                |                       |                |                  | 2018             |                |                       |                  |                  |
|---|------|------------------|----------------|-----------------------|----------------|------------------|------------------|----------------|-----------------------|------------------|------------------|
|   |      | 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)         |                |                       |                |                  |                  |                |                       |                  |                  |
| Remuneration to Pension Fund Manager                    | 9.1  | 1,131,080        | 612,233        | 647,211               | -              | 2,390,524        | 1,296,858        | 469,730        | 467,932               | -                | 2,234,520        |
| Sindh Sales Tax on remuneration to Pension Fund Manager | 9.2  | 147,040          | 79,590         | 84,132                | -              | 310,762          | 168,492          | 61,398         | 60,826                | -                | 290,716          |
| Preliminary expenses and floatation cost                |      | 75,000           | 75,000         | 75,000                | -              | 225,000          | 75,000           | 75,000         | 75,000                | -                | 225,000          |
| Sales load  |      | -                | -              | -                     | 693,530        | 693,530          | -                | -              | -                     | 951,976          | 951,976          |
| Sindh Sales Tax on sales load                           | 9.2  | -                | -              | -                     | 140,643        | 140,643          | -                | -              | -                     | 158,569          | 158,569          |
|   |      | <b>1,353,120</b> | <b>766,823</b> | <b>806,343</b>        | <b>834,173</b> | <b>3,760,459</b> | <b>1,540,350</b> | <b>606,128</b> | <b>603,758</b>        | <b>1,110,545</b> | <b>3,860,781</b> |

**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 funds 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 to Pension Fund Manager and sales load through Sindh Sales Tax on Services Act, 2011, effective from 1 July 2011. During the year, Sindh Sales Tax at the rate of 13% ( 2018 : 13%) was charged on management remuneration and sales load.

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

|  | Note | 2019            |               |                       |                | 2018            |               |                       |                |
|--|------|-----------------|---------------|-----------------------|----------------|-----------------|---------------|-----------------------|----------------|
|  |      | Equity sub fund | Debt sub fund | Money Market sub fund | Total          | Equity sub fund | Debt sub fund | Money Market sub fund | Total          |
|  |      | (Rupees)        |               |                       |                |                 |               |                       |                |
| Remuneration to trustee                    | 10.1 | 94,849          | 51,342        | 54,272                | 200,463        | 110,091         | 39,284        | 38,998                | 188,373        |
| Sindh Sales Tax on remuneration to trustee | 10.2 | 12,330          | 6,675         | 7,055                 | 26,060         | 14,312          | 5,107         | 5,070                 | 24,489         |
|  |      | <b>107,179</b>  | <b>58,017</b> | <b>61,327</b>         | <b>226,523</b> | <b>124,403</b>  | <b>44,391</b> | <b>44,068</b>         | <b>212,862</b> |

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

Based on the Trust Deed, the tariff structure applicable to the Fund as at June 30, 2019 is as follows:

| Net assets  | Tariff per annum  |
|---|---|
| Up to Rs. 1,000 million                             | Rs. 0.3 million or 0.15% p.a of net assets value, whichever is higher           |
| Exceeding Rs. 1,000 million up to Rs. 3,000 million | Rs. 1.5 million plus 0.10% p.a of net assets value, exceeding Rs. 1,000 million |
| Exceeding Rs. 3,000 million up to Rs. 6,000 million | Rs. 3.5 million plus 0.08% p.a of net assets value, exceeding Rs. 3,000 million |
| Exceeding Rs. 6,000 million                         | Rs. 5.9 million plus 0.06% p.a of net assets value, exceeding Rs. 6,000 million |

The remuneration is paid to the Trustee monthly in arrears.

- 10.2** The Sindh Provincial Government levied Sindh Sales Tax on the remuneration to trustee through Sindh Sales Tax on Services Act, 2011, effective from 1 July 2015. During the year, Sindh Sales Tax at the rate of 13% ( 2018 : 13%) was charged on trustee remuneration.

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

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

## 12. ACCRUED EXPENSES AND OTHER

### LIABILITIES

|   | Note | 2019             |                  |                       |                  |                   | 2018             |                  |                       |                  |                   |
|---|------|------------------|------------------|-----------------------|------------------|-------------------|------------------|------------------|-----------------------|------------------|-------------------|
|   |      | 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 | 6,827,479        | 1,222,536        | 1,255,765             | -                | 9,305,780         | 6,827,479        | 719,761          | 540,646               | -                | 8,087,886         |
| Federal Excise Duty on remuneration to Pension Fund Manager | 12.2 | 1,103,629        | 725,198          | 420,894               | -                | 2,249,721         | 1,103,629        | 725,198          | 420,894               | -                | 2,249,721         |
| Federal Excise Duty on Sales load                           |      | -                | -                | -                     | 1,988,876        | 1,988,876         | -                | -                | -                     | 1,988,876        | 1,988,876         |
| Auditors' remuneration                                      |      | 115,924          | 115,925          | 115,927               | -                | 347,776           | 103,281          | 103,282          | 103,284               | -                | 309,847           |
| Bank charges  |      | 91,956           | 91,768           | 38,676                | -                | 222,400           | 173,657          | 169,260          | 60,765                | -                | 403,682           |
| Printing charges  |      | 30,134           | 30,140           | 30,134                | -                | 90,408            | 29,086           | 29,092           | 29,086                | -                | 87,264            |
| Legal and professional fees                                 |      | 126,138          | 38,833           | 42,432                | -                | 207,403           | 162,496          | 41,662           | 41,663                | -                | 245,821           |
| Brokerage fees  |      | 30,382           | -                | -                     | -                | 30,382            | 153,315          | -                | -                     | -                | 153,315           |
| Withholding tax   |      | 18,040           | -                | -                     | 162,720          | 180,760           | 10,037           | 5,214            | 3,827                 | 295,456          | 314,534           |
| Charity payable   | 12.3 | 1,386,366        | -                | -                     | -                | 1,386,366         | 1,119,607        | -                | -                     | -                | 1,119,607         |
| Other charges   |      | 82,825           | 17,018           | 17,229                | -                | 117,072           | 13,297           | 18,761           | 12,530                | -                | 44,588            |
|   |      | <b>9,812,873</b> | <b>2,241,418</b> | <b>1,921,057</b>      | <b>2,151,596</b> | <b>16,126,944</b> | <b>9,695,884</b> | <b>1,812,230</b> | <b>1,212,695</b>      | <b>2,284,332</b> | <b>15,005,141</b> |



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

In current year, SWWF recognised in all funds except equity subfund as there is net loss in it. Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from May 21, 2015 to June 30, 2019, the net asset value of the Equity sub fund, Debt sub fund and Money Market sub fund as at June 30, 2019 would have been higher by Rs. 1.7665, Rs. 0.3276 and Rs. 0.3142 per unit respectively (2018: Rs. 1.8158, Rs. 0.2467 and Rs. 0.1661 )

- 12.2** As per the requirement of Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Pension Fund Manager has been applied effective June 13, 2013. The Pension Fund Manager 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 September 04, 2013. The Honorable Sindh High Court (SHC) through its recent order dated June 02, 2016, in CPD-3184 of 2014 (and others) filed by various taxpayers, has interalia declared that Federal Excise Act 2005 (FED Act) is on services, other than shipping agents and related services, is ultra vires to the Constitution from July 01, 2011. However, the declaration made by the Honorable Court, as directed, will have affect in the manner prescribed in the judgment. The Sind High Court in its decision dated July 16, 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 June 02, 2016, which is pending for the decision. However, after the exclusion of the mutual funds from federal statute on FED from July 01, 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 for management fee aggregating to Rs. 1.104 million, Rs. 0.725 million and Rs. 0.421 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 June 30, 2019 would have been higher by Rs. 0.2856, Rs. 0.1943 and Rs. 0.1053 (2018: Rs. 0.2935, Rs. 0.2486 and Rs. 0.1293 ) per unit respectively.

- 12.3** In accordance with the instructions of the Shariah Advisor, any income earned by the Fund from investments whereby the portion of the investment of the investee company has been made in Shariah non-compliant avenues, such proportion of income of the Fund from those investments should be given away for charitable purposes directly by the Fund. During the year, Rs. 0.581 million (2018: Rs. 0.251 million) has been given out to charitable institutions.

## **13. CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding as at June 30, 2019 (2018 : Nil)

**14. NUMBER OF UNITS IN ISSUE**

|  | 2019                          |                  |                       |                   | 2018             |                  |                       |                  |
|--|-------------------------------|------------------|-----------------------|-------------------|------------------|------------------|-----------------------|------------------|
|  | Equity sub fund               | Debt sub fund    | Money Market sub fund | Total             | Equity sub fund  | Debt sub fund    | Money Market sub fund | Total            |
|  | ----- (Number of units) ----- |                  |                       |                   |                  |                  |                       |                  |
| Total units in issue at beginning of the year  | 3,760,000                     | 2,917,702        | 3,255,032             | 9,932,734         | 2,920,901        | 2,940,742        | 2,037,522             | 7,899,165        |
| Add: Units issued during the year              | 823,711                       | 1,510,571        | 2,117,498             | 4,451,780         | 1,186,884        | 1,196,088        | 2,293,619             | 4,676,591        |
| Less: Units redeemed during the year           | (605,394)                     | (730,772)        | (1,554,648)           | (2,890,814)       | (344,732)        | (1,087,933)      | (1,224,237)           | (2,656,902)      |
| Reallocation during the year                   | (113,429)                     | 33,908           | 178,222               | 98,701            | (3,053)          | (131,195)        | 148,128               | 13,880           |
| <b>Total units in issue at end of the year</b> | <b>3,864,888</b>              | <b>3,731,409</b> | <b>3,996,104</b>      | <b>11,592,401</b> | <b>3,760,000</b> | <b>2,917,702</b> | <b>3,255,032</b>      | <b>9,932,734</b> |

**15. AUDITORS' REMUNERATION**

|   | 2019                 |                |                       |                | 2018            |                |                       |                |
|---|----------------------|----------------|-----------------------|----------------|-----------------|----------------|-----------------------|----------------|
|   | Equity sub fund      | Debt sub fund  | Money Market sub fund | Total          | Equity sub fund | Debt sub fund  | Money Market sub fund | Total          |
|   | ----- (Rupees) ----- |                |                       |                |                 |                |                       |                |
| Annual audit fee  | 70,000               | 70,000         | 70,000                | 210,000        | 60,000          | 60,000         | 60,000                | 180,000        |
| Half yearly review fee  | 30,000               | 30,000         | 30,000                | 90,000         | 30,000          | 30,000         | 30,000                | 90,000         |
| Out of pocket expenses and others including government levies | 21,616               | 21,616         | 21,616                | 64,848         | 26,401          | 26,401         | 26,401                | 79,203         |
|   | <b>121,616</b>       | <b>121,616</b> | <b>121,616</b>        | <b>364,848</b> | <b>116,401</b>  | <b>116,401</b> | <b>116,401</b>        | <b>349,203</b> |

**16. 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. Therefore, no provision has been made for current and deferred taxation in these financial statements."

"The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV to the Second Schedule of the Income Tax Ordinance, 2001. Accordingly, Supertax and any other taxes introduced in Finance Act, 2015 is also not applicable on fund."

**17. CONTRIBUTION TABLE**

Contributions net of front end fee for the year:

|                                 | 2019            |             |               |             |                       |             |           |             |
|---------------------------------|-----------------|-------------|---------------|-------------|-----------------------|-------------|-----------|-------------|
|                                 | Equity sub fund |             | Debt sub fund |             | Money Market sub fund |             | Total     |             |
| From:                           | Units           | (Rupees)    | Units         | (Rupees)    | Units                 | (Rupees)    | Units     | (Rupees)    |
| Individuals - issuance of units | 823,711         | 225,080,221 | 1,510,571     | 200,279,263 | 2,117,498             | 283,414,771 | 4,451,780 | 708,774,255 |
|                                 | 2018            |             |               |             |                       |             |           |             |
|                                 | Equity sub fund |             | Debt sub fund |             | Money Market sub fund |             | Total     |             |
|                                 | Units           | (Rupees)    | Units         | (Rupees)    | Units                 | (Rupees)    | Units     | (Rupees)    |
| Individuals - issuance of units | 1,186,884       | 357,809,281 | 1,196,088     | 150,699,964 | 2,293,619             | 291,215,138 | 4,676,591 | 799,724,383 |

**18. RECONCILIATION OF LIABILITIES ARISING OUT OF FINANCING ACTIVITIES**

|  | Receivable against sale of units | Payable against redemption of units | Total         | Receivable against sale of units | Payable against redemption of units | Total         | Receivable against sale of units | Payable against redemption of units | Total         |
|--|----------------------------------|-------------------------------------|---------------|----------------------------------|-------------------------------------|---------------|----------------------------------|-------------------------------------|---------------|
|  | (Rupees)                         |                                     |               | (Rupees)                         |                                     |               | (Rupees)                         |                                     |               |
|  | Equity sub fund                  |                                     |               | Debt sub fund                    |                                     |               | Money Market sub fund            |                                     |               |
| Opening balance as at July 01, 2018        | -                                | -                                   | -             | -                                | -                                   | -             | -                                | -                                   | -             |
| Receivable against issuance of units       | 225,080,221                      | -                                   | (225,080,221) | 200,279,263                      | -                                   | (200,279,263) | 308,116,336                      | -                                   | (308,116,336) |
| Payable against redemption of units        | -                                | (197,392,292)                       | (197,392,292) | -                                | (91,634,547)                        | (91,634,547)  | -                                | (208,995,490)                       | (208,995,490) |
|  | 225,080,221                      | (197,392,292)                       | 422,472,513   | 200,279,263                      | (91,634,547)                        | (291,913,810) | 308,116,336                      | (208,995,490)                       | (517,111,826) |
| Amount received on issuance of units       | (225,080,221)                    |                                     | 225,080,221   | (200,279,263)                    | -                                   | 200,279,263   | (308,116,336)                    | -                                   | 308,116,336   |
| Amount paid on redemption of units         |                                  | 197,392,292                         | (197,392,292) |                                  | 91,634,547                          | (91,634,547)  |                                  | 208,995,490                         | (208,995,490) |
|  | (225,080,221)                    | 197,392,292                         | 422,472,513   | (200,279,263)                    | 91,634,547                          | 291,913,810   | (308,116,336)                    | 208,995,490                         | 517,111,826   |
| <b>Closing balance as at June 30, 2019</b> | <b>-</b>                         | <b>-</b>                            | <b>-</b>      | <b>-</b>                         | <b>-</b>                            | <b>-</b>      | <b>-</b>                         | <b>-</b>                            | <b>-</b>      |

**19. CASH AND CASH EQUIVALENT**

|                       | 2019            |               |                       |           | 2018          |                 |               |                       |           |             |
|-----------------------|-----------------|---------------|-----------------------|-----------|---------------|-----------------|---------------|-----------------------|-----------|-------------|
|                       | Equity sub fund | Debt sub fund | Money Market sub fund | Others    | Total         | Equity sub fund | Debt sub fund | Money Market sub fund | Others    | Total       |
| Savings accounts      | 117,230,295     | 270,023,306   | 442,337,850           | 2,985,769 | 832,577,220   | 114,754,050     | 257,948,255   | 418,202,813           | 3,394,877 | 794,299,995 |
| Term deposit receipts | -               | 97,000,000    | 108,000,000           | -         | 205,000,000   | -               | -             | -                     | -         | -           |
|                       | 117,230,295     | 367,023,306   | 550,337,850           | 2,985,769 | 1,037,577,220 | 114,754,050     | 257,948,255   | 418,202,813           | 3,394,877 | 794,299,995 |

**20. FINANCIAL INSTRUMENTS BY CATEGORY**

|                               | As at June 30, 2019 |                                      |             |                   |                                      |             |                       |                                      |             |                   |       |
|-------------------------------|---------------------|--------------------------------------|-------------|-------------------|--------------------------------------|-------------|-----------------------|--------------------------------------|-------------|-------------------|-------|
|                               | Equity sub fund     |                                      |             | Debt sub fund     |                                      |             | Money Market sub fund |                                      |             | Others            | Total |
|                               | At amortised cost   | At fair value through profit or loss | Total       | At amortised cost | At fair value through profit or loss | Total       | At amortised cost     | At fair value through profit or loss | Total       | At amortised cost |       |
|                               | (Rupees)            |                                      |             |                   |                                      |             |                       |                                      |             |                   |       |
| <b>Financial assets</b>       |                     |                                      |             |                   |                                      |             |                       |                                      |             |                   |       |
| Bank balances                 | 117,230,295         | -                                    | 117,230,295 | 270,023,306       | -                                    | 270,023,306 | 442,337,850           | -                                    | 442,337,850 | 2,985,769         |       |
| Investments                   | -                   | 823,325,371                          | 823,325,371 | -                 | 231,656,608                          | 231,656,608 | -                     | 108,000,000                          | 108,000,000 | -                 |       |
| Dividend receivable           | 532,714             | -                                    | 532,714     | -                 | -                                    | -           | -                     | -                                    | -           | 532,714           |       |
| Mark-up receivables           | 993,147             | -                                    | 993,147     | 7,602,349         | -                                    | 7,602,349   | 5,557,462             | -                                    | 5,557,462   | -                 |       |
| Deposits and other receivable | 2,600,000           | -                                    | 2,600,000   | 100,000           | -                                    | 100,000     | 100,000               | -                                    | 100,000     | -                 |       |
|                               | 121,356,156         | 823,325,371                          | 944,681,527 | 277,725,655       | 231,656,608                          | 509,382,263 | 447,995,312           | 108,000,000                          | 555,995,312 | 2,985,769         |       |
|                               |                     |                                      |             |                   |                                      |             |                       |                                      |             | 2,013,044,871     |       |

**Financial liabilities**

Payable to NBP Fund Management Limited - Pension Fund Manager  
 Payable to Central Depository Company of Pakistan Limited - Trustee  
 Payable against purchase of investment  
 Accrued expenses and other liabilities

| As at June 30, 2019 |                   |                       |                   |                  |
|---------------------|-------------------|-----------------------|-------------------|------------------|
| Equity sub fund     | Debt sub fund     | Money Market sub fund | Others            | Total            |
| At amortised cost   | At amortised cost | At amortised cost     | At amortised cost |                  |
| 1,353,120           | 766,823           | 806,343               | 834,173           | 3,760,459        |
| 107,179             | 58,017            | 61,327                | -                 | 226,523          |
| -                   | -                 | -                     | -                 | -                |
| <b>1,580,988</b>    | <b>1,018,882</b>  | <b>665,292</b>        | <b>-</b>          | <b>3,265,162</b> |
| <b>3,041,287</b>    | <b>1,843,722</b>  | <b>1,532,962</b>      | <b>834,173</b>    | <b>7,252,144</b> |

| As at June 30, 2018   |                    |                      |                       |                    |                    |                       |                    |                    |                  |                       |
|-----------------------|--------------------|----------------------|-----------------------|--------------------|--------------------|-----------------------|--------------------|--------------------|------------------|-----------------------|
| Loans and receivables | Equity sub fund    |                      | Loans and receivables | Debt sub fund      |                    | Money Market sub fund |                    | Others             | Total            |                       |
|                       | Held for trading   | Total                |                       | Held for trading   | Total              | Loans and receivables | Total              |                    |                  | Loans and receivables |
|                       | 114,754,050        | -                    | 114,754,050           | 257,948,255        | -                  | 257,948,255           | 418,202,813        | 418,202,813        | 3,394,877        | 794,299,995           |
|                       | -                  | 1,015,418,934        | 1,015,418,934         | -                  | 113,774,500        | 113,774,500           | -                  | -                  | -                | 1,129,193,434         |
|                       | 1,850,288          | -                    | 1,850,288             | -                  | -                  | -                     | -                  | -                  | -                | 1,850,288             |
|                       | 674,614            | -                    | 674,614               | 3,659,974          | -                  | 3,659,974             | 2,543,237          | 2,543,237          | -                | 6,877,825             |
|                       | 3,026,931          | -                    | 3,026,931             | 100,000            | -                  | 100,000               | 100,000            | 100,000            | -                | 5,357,500             |
|                       | <b>120,305,883</b> | <b>1,015,418,934</b> | <b>1,135,724,817</b>  | <b>261,708,229</b> | <b>113,774,500</b> | <b>375,482,729</b>    | <b>420,846,050</b> | <b>420,846,050</b> | <b>3,394,877</b> | <b>1,937,579,042</b>  |

(Rupees)

**Financial assets**

Bank balances  
 Investments  
 Dividend receivable  
 Mark-up receivables  
 Deposit and other receivable

| As at June 30, 2018         |                             |                             |                             |                   |
|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-------------------|
| Equity sub fund             | Debt sub fund               | Money Market sub fund       | Others                      | Total             |
| Other financial liabilities | Other financial liabilities | Other financial liabilities | Other financial liabilities |                   |
| 1,540,350                   | 606,128                     | 603,758                     | 1,110,545                   | 3,860,781         |
| 124,403                     | 44,391                      | 44,068                      | -                           | 212,862           |
| 16,417,313                  | -                           | -                           | -                           | 16,417,313        |
| <b>1,738,761</b>            | <b>1,087,255</b>            | <b>668,222</b>              | <b>-</b>                    | <b>3,494,238</b>  |
| <b>19,820,827</b>           | <b>1,737,774</b>            | <b>1,316,048</b>            | <b>1,110,545</b>            | <b>23,985,194</b> |

**Financial liabilities**

Payable to NBP Fund Management Limited - Pension Fund Manager  
 Payable to Central Depository Company of Pakistan Limited - Trustee  
 Payable against purchase of investment  
 Accrued expenses and other liabilities

## 21. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

**21.1** Connected persons and related parties include NBP Fund Management Limited being the Pension fund manager, Central Depository Company of Pakistan Limited (CDC) being the Trustee, National Bank of Pakistan (NBP) being the parent company of pension fund manager and Baltoro Growth Fund being the sponsor of the pension fund manager. It also includes associated companies of Management Company due to common directorship, post-employment benefit funds of the Pension fund manager, its parent and sponsor. It also includes subsidiaries and associated companies of the Parent of the Pension fund manager and other collective investment schemes (CIS) managed by the Pension fund manager, directors and key management personnel of the Pension fund manager and any person or company beneficially owning directly or indirectly 10% or more of the units in issue / net assets of the Fund.

- 21.2** The transactions with connected persons and related parties are carried at agreed rates and terms.
- 21.3** Remuneration payable to Pension Fund Manager and the Trustee is determined in accordance with the provisions of the Voluntary Pension System Rules, 2005 and the Trust Deed respectively.

Details of transaction with connected persons and related parties are as follows:

| 21.4 Transactions during the year                               | 2019            |               |                       |            | 2018            |               |                       |            |
|---|-----------------|---------------|-----------------------|------------|-----------------|---------------|-----------------------|------------|
|   | Equity sub fund | Debt sub fund | Money Market sub fund | Total      | Equity sub fund | Debt sub fund | Money Market sub fund | Total      |
| ----- (Rupees) -----  |                 |               |                       |            |                 |               |                       |            |
| <b>NBP Fund Management Limited - Pension Fund Manager</b>       |                 |               |                       |            |                 |               |                       |            |
| Remuneration to Pension Fund Manager                            | 16,235,524      | 6,177,226     | 7,111,525             | 29,524,275 | 13,960,593      | 5,480,110     | 4,412,574             | 23,853,277 |
| Sindh Sales Tax on remuneration to Pension Fund Manager         | 2,110,618       | 803,040       | 924,498               | 3,838,156  | 1,814,877       | 712,414       | 573,635               | 3,100,926  |
| Number of units issued  | Units 13,649    | -             | -                     | 13,649     | 2,342           | -             | -                     | 2,342      |
| Amount of units issued  | 3,830,000       | -             | -                     | 3,830,000  | 677,790         | -             | -                     | 677,790    |
| Number of units redeemed  | Units 127,120   | -             | 29,284                | 156,404    | -               | -             | 5,270                 | 5,270      |
| Amount of units redeemed  | 35,767,000      | -             | 3,830,000             | 39,597,000 | -               | -             | 677,790               | 677,790    |
| <b>Central Depository Company of Pakistan Limited - Trustee</b> |                 |               |                       |            |                 |               |                       |            |
| Remuneration to Trustee   | 1,357,084       | 516,545       | 594,648               | 2,468,277  | 1,311,879       | 516,351       | 413,155               | 2,241,385  |
| Sindh Sales Tax on remuneration to Trustee                      | 176,420         | 67,149        | 77,306                | 320,875    | 170,545         | 67,125        | 53,712                | 291,382    |
| <b>* Alexandra Fund Management Pte. Limited</b>                 |                 |               |                       |            |                 |               |                       |            |
| Number of units redeemed  | Units -         | -             | -                     | -          | 63,651          | 172,800       | 172,490               | 408,941    |
| Amount of units redeemed  | -               | -             | -                     | -          | 20,210,411      | 21,472,785    | 21,444,723            | 63,127,919 |
| <b>Taurus Securities Limited</b>                                |                 |               |                       |            |                 |               |                       |            |
| Brokerage charges   | 70,596          | -             | -                     | 70,596     | 58,736          | -             | -                     | 58,736     |

|   |       | 2019               |                  |                             |            | 2018               |                  |                             |            |
|---|-------|--------------------|------------------|-----------------------------|------------|--------------------|------------------|-----------------------------|------------|
|   |       | Equity<br>sub fund | Debt<br>sub fund | Money<br>Market<br>sub fund | Total      | Equity<br>sub fund | Debt<br>sub fund | Money<br>Market<br>sub fund | Total      |
| ----- (Rupees) -----                            |       |                    |                  |                             |            |                    |                  |                             |            |
| <b>Employees of NBP Fund Management Limited</b> |       |                    |                  |                             |            |                    |                  |                             |            |
| Number of units issued                          | Units | 109,075            | 4,949            | 166,806                     | 280,830    | 54,330             | 14,290           | 69,063                      | 137,683    |
| Amount of units issued                          |       | 30,918,000         | 646,000          | 22,308,000                  | 53,872,000 | 16,085,956         | 1,791,653        | 8,868,224                   | 26,745,833 |
| Number of units redeemed                        | Units | 127,483            | 9,067            | 165,448                     | 301,998    | 6,301              | 7,461            | 5,937                       | 19,699     |
| Amount of units redeemed                        |       | 34,743,000         | 1,177,000        | 21,719,000                  | 57,639,000 | 1,995,130          | 943,360          | 763,629                     | 3,702,119  |

**BankIslami Pakistan Limited (Common directorship with the Management Company)**

|                              |  |           |           |           |            |           |           |           |           |
|------------------------------|--|-----------|-----------|-----------|------------|-----------|-----------|-----------|-----------|
| Purchase of Commercial Paper |  | -         | 9,426,880 | -         | 9,426,880  | -         | 8,677,224 | -         | 8,677,224 |
| Mark-up on bank balances     |  | 4,554,286 | 7,339,907 | 8,563,129 | 20,457,322 | 2,506,201 | 3,034,061 | 2,543,968 | 8,084,230 |

**21.5 Amount outstanding as at year end**

|                      |  | 2019               |                  |                             |       | 2018  |                    |                  |                             |       |       |
|----------------------|--|--------------------|------------------|-----------------------------|-------|-------|--------------------|------------------|-----------------------------|-------|-------|
|                      |  | Equity<br>sub fund | Debt<br>sub fund | Money<br>Market<br>sub fund | Other | Total | Equity<br>sub fund | Debt<br>sub fund | Money<br>Market<br>sub fund | Other | Total |
| ----- (Rupees) ----- |  |                    |                  |                             |       |       |                    |                  |                             |       |       |

**NBP Fund Management Limited - Pension Fund Manager**

|  |       |           |         |         |         |           |            |         |           |           |            |
|--|-------|-----------|---------|---------|---------|-----------|------------|---------|-----------|-----------|------------|
| Remuneration payable                             |       | 1,131,080 | 612,233 | 647,211 | -       | 2,390,524 | 1,296,858  | 469,730 | 467,932   | -         | 2,234,520  |
| Sindh Sales Tax payable                          |       | 147,040   | 79,590  | 84,132  | -       | 310,762   | 168,492    | 61,398  | 60,826    | -         | 290,716    |
| Preliminary expenses and floatation cost payable |       | 75,000    | 75,000  | 75,000  | -       | 225,000   | 75,000     | 75,000  | 75,000    | -         | 225,000    |
| Number of units held                             | Units | -         | -       | -       | -       | -         | 113,471    | -       | 29,284    | -         | 142,755    |
| Amount of units held                             |       | -         | -       | -       | -       | -         | 33,504,128 | -       | 3,768,518 | -         | 37,272,646 |
| Sales load inclusive of Sinds Sales Tax          |       | -         | -       | -       | 834,173 | 834,173   | -          | -       | -         | 1,110,545 | 1,110,545  |

**Employees of NBP Fund Management Limited**

|                      |       |            |         |            |   |            |            |         |            |   |            |
|----------------------|-------|------------|---------|------------|---|------------|------------|---------|------------|---|------------|
| Number of units held | Units | 121,453    | 3,154   | 132,729    | - | 257,336    | 98,037     | 7,272   | 121,817    | - | 227,126    |
| Amount of units held |       | 29,335,000 | 428,000 | 18,369,000 | - | 48,132,000 | 28,946,966 | 929,442 | 15,676,608 | - | 45,553,016 |

|  | 2019               |                  |                             |       |           | 2018               |                  |                             |       |           |           |
|--|--------------------|------------------|-----------------------------|-------|-----------|--------------------|------------------|-----------------------------|-------|-----------|-----------|
|  | Equity<br>sub fund | Debt<br>sub fund | Money<br>Market<br>sub fund | Other | Total     | Equity<br>sub fund | Debt<br>sub fund | Money<br>Market<br>sub fund | Other | Total     |           |
| ----- (Rupees) -----   |                    |                  |                             |       |           |                    |                  |                             |       |           |           |
| <b>Central Depository Company of Pakistan Limited - Trustee</b>                      |                    |                  |                             |       |           |                    |                  |                             |       |           |           |
| Remuneration payable   | 94,849             | 51,342           | 54,272                      | -     | 200,463   | 110,091            | 39,284           | 38,998                      | -     | 188,373   |           |
| Sindh Sales Tax payable  | 12,330             | 6,675            | 7,055                       | -     | 26,060    | 14,312             | 5,107            | 5,070                       | -     | 24,489    |           |
| <b>Dr. Amjad Waheed - Chief Executive Officer</b>                                    |                    |                  |                             |       |           |                    |                  |                             |       |           |           |
| Number of units held   | Units              | 18,693           | -                           | -     | -         | 18,693             | 18,693           | -                           | -     | -         | 18,693    |
| Amount of units held   | Units              | 4,515,000        | -                           | -     | -         | 4,515,000          | 5,519,389        | -                           | -     | -         | 5,519,389 |
| <b>BankIslami Pakistan Limited (Common directorship with the Management Company)</b> |                    |                  |                             |       |           |                    |                  |                             |       |           |           |
| Mark-up on bank balances   | 324,343            | 1,262,682        | 462,948                     | -     | 2,049,973 | 314,703            | 367,922          | 395,287                     | -     | 1,077,912 |           |

\*Current year transactions with these parties have not been disclosed as they did not remain connected persons and related parties during the year.

\*\*Comparative transactions with these parties have not been disclosed as these parties were not related parties in last year.

## 22. 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.

### Financial risk management objectives and policies

The risk management policy of the Fund aims to maximise the return attributable to the participants and seeks to minimise potential adverse effects on the Fund's financial performance.

Risk of the Funds is being managed by the Pension Fund Manager in accordance with the approved policies of the Investment Committee which provides broad guidelines for management of risk pertaining to market risks (including price risk and interest rate risk), credit risk and liquidity risk. Further, the overall exposure of the Fund complies with the VPS Rules and the directives issued by SECP."

## 22.1 Market risk

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

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

### 22.1.1 Currency risk

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

### 22.1.2 Interest rate risk

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

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

The debt sub fund holds balance in savings accounts and KIBOR based sukuk certificates that expose the Fund to cash flow interest rate risk as at June 30, 2019. In case of 100 basis points increase in KIBOR on June 30, 2019, with all other variables held constant, the net assets of the Fund for the year would have been higher by Rs. 13.016 million (2018: 1.126 million) and net income for the year would have been higher by Rs. 13.016 million (2018: 1.126 million). In case of 100 basis points decrease in KIBOR on June 30, 2019, with all other variables held constant, the net assets of the Fund for the year would have been lower by Rs. 9.065 million (2018: 1.126 million) and net income for the year would have been lower by Rs. 9.065 million (2018: 1.126 million).

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

The Fund holds interest bearing government securities - Ijarah sukuks, deposits receipts and commercial papers that expose the Fund to fair value interest rate risk as at June 30, 2019. In case of 100 basis points increase in coupon rate on June 30, 2019, with all other variables held constant, the net assets of the Fund for the year would have been higher by Rs. 9.580 million (2018: Nil) and net income for the year would have been higher by Rs. 9.580 million (2018: Nil). In case of 100 basis points decrease in KIBOR on 30 June 2017, with all other variables held constant, the net assets of the Fund for the year would have been lower by Rs. 8.976 million (2018: Nil) and net income for the year would have been lower by Rs. 8.976 million (2018: Nil).

The composition of the Fund's investment portfolio, KIBOR rates and rates announced by Financial Markets Association of Pakistan are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2019 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.



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 settlement date.

|   | As at June 30, 2019             |                                       |   |               |                                 |                                       |   |             |                                 |                                       |   |             |                                 |                                       |   |              | 2019<br>Total |               |               |             |
|---|---------------------------------|---------------------------------------|---|---------------|---------------------------------|---------------------------------------|---|-------------|---------------------------------|---------------------------------------|---|-------------|---------------------------------|---------------------------------------|---|--------------|---------------|---------------|---------------|-------------|
|   | Equity sub fund                 |                                       |   |               | Debt sub fund                   |                                       |   |             | Money Market sub fund           |                                       |   |             | Others                          |                                       |   |              |               |               |               |             |
|   | Effective yield / interest rate | Exposed to yield / interest rate risk | Not exposed to yield / interest rate risk | Total         | Effective yield / interest rate | Exposed to yield / interest rate risk | Not exposed to yield / interest rate risk | Total       | Effective yield / interest rate | Exposed to yield / interest rate risk | Not exposed to yield / interest rate risk | Total       | Effective yield / interest rate | Exposed to yield / interest rate risk | Not exposed to yield / interest rate risk | Total        |               |               |               |             |
|   | %                               |                                       | (Rupees)                                  |               | %                               |                                       | (Rupees)                                  |             | %                               |                                       | (Rupees)                                  |             | %                               |                                       | (Rupees)                                  |              | (Rupees)      |               |               |             |
| <b>On-balance sheet financial instruments</b>                       |                                 |                                       |   |               |                                 |                                       |   |             |                                 |                                       |   |             |                                 |                                       |   |              |               |               |               |             |
| <b>Financial assets</b>   |                                 |                                       |   |               |                                 |                                       |   |             |                                 |                                       |   |             |                                 |                                       |   |              |               |               |               |             |
| Bank balances   | 2.40 - 13.85                    | 117,230,295                           | -   | -             | 117,230,295                     | 2.40 - 13.85                          | 270,023,306                               | -           | -                               | 270,023,306                           | 2.40 - 13.85                              | 442,337,850 | -                               | -                                     | 442,337,850                               | 2.40 - 13.85 | 2,985,769     | 832,577,220   |               |             |
| Investments   | -                               | -                                     | -   | 823,325,371   | 5.24 - 6.33                     | 823,325,371                           | 121,141,608                               | -           | 110,515,000                     | 97,000,000                            | -   | 108,000,000 | -                               | -                                     | 108,000,000                               | -            | -             | 1,259,981,979 |               |             |
| Dividend receivable   | -                               | -                                     | -   | 532,714       | -                               | 532,714                               | -   | -           | -                               | -                                     | -   | -           | -                               | -                                     | -   | -            | -             | 532,714       |               |             |
| Mark-up receivables   | -                               | -                                     | -   | 993,147       | -                               | 993,147                               | -   | -           | 7,602,349                       | 7,602,349                             | -   | 5,557,462   | 5,557,462                       | -                                     | -   | -            | -             | 14,152,958    |               |             |
| Deposits and other receivable                                       | -                               | -                                     | -   | 2,600,000     | -                               | 2,600,000                             | -   | -           | 100,000                         | 100,000                               | -   | 100,000     | 100,000                         | -                                     | -   | -            | -             | 2,800,000     |               |             |
|   |                                 | 117,230,295                           | -   | 827,451,232   |                                 | 944,681,527                           | 391,164,914                               | -           | 110,515,000                     | 104,702,349                           | 606,382,263                               | 550,337,850 | -                               | -                                     | 5,657,462                                 | 555,995,312  | 2,985,769     | 2,110,044,871 |               |             |
| <b>Financial liabilities</b>  |                                 |                                       |   |               |                                 |                                       |   |             |                                 |                                       |   |             |                                 |                                       |   |              |               |               |               |             |
| Payable to NBP Fund Management Limited - Pension Fund Manager       | -                               | -                                     | -   | 1,353,120     | -                               | 1,353,120                             | -   | -           | 766,823                         | 766,823                               | -   | -           | -                               | 806,343                               | 806,343                                   | -            | -             | 834,173       | 4,594,632     |             |
| Payable to Central Depository Company of Pakistan Limited - Trustee | -                               | -                                     | -   | 107,179       | -                               | 107,179                               | -   | -           | 58,617                          | 58,617                                | -   | -           | -                               | 61,327                                | 61,327                                    | -            | -             | -             | 295,523       |             |
| Accrued expenses and other liabilities                              | -                               | -                                     | -   | 1,580,968     | -                               | 1,580,968                             | -   | -           | 1,018,882                       | 1,018,882                             | -   | -           | -                               | 665,292                               | 665,292                                   | -            | -             | 2,151,596.00  | 5,416,758     |             |
| Net assets attributable to redeemable                               | -                               | -                                     | -   | 933,487,281   | -                               | 933,487,281                           | -   | -           | 506,180,106                     | 506,180,106                           | -   | -           | -                               | 553,050,131                           | 553,050,131                               | -            | -             | -             | 1,992,717,518 |             |
|   |                                 | -                                     | -   | 936,528,568   |                                 | 936,528,568                           | -   | -           | 508,023,828                     | 508,023,828                           | -   | -           | -                               | 554,583,093                           | 554,583,093                               | -            | -             | 834,173       | 2,002,955,431 |             |
| <b>On-balance sheet gap</b>   |                                 | 117,230,295                           | -   | (109,077,336) |                                 | 8,152,959                             | 391,164,914                               | -           | 110,515,000                     | (403,321,479)                         | 98,358,435                                | 550,337,850 | -                               | -                                     | (548,925,631)                             | 1,412,219    | 2,151,596     | (2,985,769)   | (834,173)     | 107,089,440 |
| <b>Off-balance sheet financial instruments</b>                      |                                 | -                                     | -   | -             |                                 | -                                     | -   | -           | -                               | -                                     | -   | -           | -                               | -                                     | -   | -            | -             | -             | -             | -           |
| <b>Off-balance sheet gap</b>  |                                 | -                                     | -   | -             |                                 | -                                     | -   | -           | -                               | -                                     | -   | -           | -                               | -                                     | -   | -            | -             | -             | -             | -           |
| <b>Total interest rate sensitivity gap</b>                          |                                 | 117,230,295                           | -   | (109,077,336) |                                 | 8,152,959                             | 391,164,914                               | -           | 110,515,000                     | (403,321,479)                         | 98,358,435                                | 550,337,850 | -                               | -                                     | (548,925,631)                             | 1,412,219    | 2,151,596     | (2,985,769)   | (834,173)     | 107,089,440 |
| <b>Cumulative interest rate sensitivity gap</b>                     |                                 | 117,230,295                           | 117,230,295                               | 117,230,295   |                                 | 117,230,295                           | 391,164,914                               | 391,164,914 | 391,679,914                     |                                       | 98,358,435                                | 550,337,850 | 550,337,850                     | 550,337,850                           |   | 1,412,219    | 2,151,596     | 2,151,596     | 2,151,596     |             |

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 settlement date.

|   | As at June 30, 2018             |                                       |   |               |                                 |                                       |   |             |                                 |                                       |   |             |                                 |                                       |   |             | 2018<br>Total |               |               |            |
|---|---------------------------------|---------------------------------------|---|---------------|---------------------------------|---------------------------------------|---|-------------|---------------------------------|---------------------------------------|---|-------------|---------------------------------|---------------------------------------|---|-------------|---------------|---------------|---------------|------------|
|   | Equity sub fund                 |                                       |   |               | Debt sub fund                   |                                       |   |             | Money Market sub fund           |                                       |   |             | Others                          |                                       |   |             |               |               |               |            |
|   | Effective yield / interest rate | Exposed to yield / interest rate risk | Not exposed to yield / interest rate risk | Total         | Effective yield / interest rate | Exposed to yield / interest rate risk | Not exposed to yield / interest rate risk | Total       | Effective yield / interest rate | Exposed to yield / interest rate risk | Not exposed to yield / interest rate risk | Total       | Effective yield / interest rate | Exposed to yield / interest rate risk | Not exposed to yield / interest rate risk | Total       |               |               |               |            |
|   | %                               |                                       | (Rupees)                                  |               | %                               |                                       | (Rupees)                                  |             | %                               |                                       | (Rupees)                                  |             | %                               |                                       | (Rupees)                                  |             | (Rupees)      |               |               |            |
| <b>On-balance sheet financial instruments</b>                       |                                 |                                       |   |               |                                 |                                       |   |             |                                 |                                       |   |             |                                 |                                       |   |             |               |               |               |            |
| <b>Financial assets</b>   |                                 |                                       |   |               |                                 |                                       |   |             |                                 |                                       |   |             |                                 |                                       |   |             |               |               |               |            |
| Bank balances   | 2.40 - 6.20                     | 114,754,050                           | -   | -             | 114,754,050                     | 2.40 - 6.20                           | 257,948,255                               | -           | -                               | 257,948,255                           | 2.40 - 6.20                               | 418,202,813 | -                               | -                                     | 418,202,813                               | 2.40 - 6.20 | 3,394,877     | 794,299,995   |               |            |
| Investments   | -                               | -                                     | -   | 1,015,418,934 | 5.24 - 6.33                     | 1,015,418,934                         | 113,774,500                               | -           | 113,774,500                     | -                                     | -   | -           | -                               | -                                     | -   | -           | -             | 1,129,193,434 |               |            |
| Dividend receivable   | -                               | -                                     | -   | 1,850,288     | -                               | 1,850,288                             | -   | -           | -                               | -                                     | -   | -           | -                               | -                                     | -   | -           | -             | 1,850,288     |               |            |
| Mark-up receivables   | -                               | -                                     | -   | 674,814       | -                               | 674,814                               | -   | -           | 3,659,974                       | 3,659,974                             | -   | 2,543,237   | 2,543,237                       | -                                     | -   | -           | -             | 6,877,625     |               |            |
| Deposits and other receivable                                       | -                               | -                                     | -   | 5,175,500     | -                               | 5,175,500                             | -   | -           | 100,000                         | 100,000                               | -   | 100,000     | 100,000                         | -                                     | -   | -           | -             | 5,375,500     |               |            |
|   |                                 | 114,754,050                           | -   | 1,023,119,336 |                                 | 1,137,873,386                         | 257,948,255                               | -           | 113,774,500                     | 3,759,974                             | 375,482,729                               | 418,202,813 | -                               | -                                     | 2,643,237                                 | 420,846,050 | 3,394,877     | 1,937,597,042 |               |            |
| <b>Financial liabilities</b>  |                                 |                                       |   |               |                                 |                                       |   |             |                                 |                                       |   |             |                                 |                                       |   |             |               |               |               |            |
| Payable to NBP Fund Management Limited - Pension Fund Manager       | -                               | -                                     | -   | 1,540,350     | -                               | 1,540,350                             | -   | -           | 606,128                         | 606,128                               | -   | -           | -                               | 603,758                               | 603,758                                   | -           | -             | -             | 2,750,236     |            |
| Payable to Central Depository Company of Pakistan Limited - Trustee | -                               | -                                     | -   | 124,403       | -                               | 124,403                               | -   | -           | 44,391                          | 44,391                                | -   | -           | -                               | 44,068                                | 44,068                                    | -           | -             | -             | 212,862       |            |
| Payable against purchase of investment                              | -                               | -                                     | -   | 16,417,313    | -                               | 16,417,313                            | -   | -           | -                               | -                                     | -   | -           | -                               | -                                     | -   | -           | -             | -             | 16,417,313    |            |
| Accrued expenses and other liabilities                              | -                               | -                                     | -   | 1,754,739     | -                               | 1,754,739                             | -   | -           | 362,057                         | 362,057                               | -   | -           | -                               | 247,328                               | 247,328                                   | -           | -             | 2,284,332     | 4,648,456     |            |
| Net assets attributable to redeemable units                         | -                               | -                                     | -   | 1,110,197,234 | -                               | 1,110,197,234                         | -   | -           | 372,899,418                     | 372,899,418                           | -   | -           | -                               | 418,808,452                           | 418,808,452                               | -           | -             | -             | 1,901,985,104 |            |
|   |                                 | -                                     | -   | 1,130,034,039 |                                 | 1,130,034,039                         | -   | -           | 373,911,904                     | 373,911,904                           | -   | -           | -                               | 419,783,606                           | 419,783,606                               | -           | -             | 2,284,332     | 1,926,013,971 |            |
| <b>On-balance sheet gap</b>   |                                 | 114,754,050                           | -   | (106,914,703) |                                 | 7,839,347                             | 257,948,255                               | -           | 113,774,500                     | (370,152,020)                         | 1,570,735                                 | 418,202,813 | -                               | -                                     | (417,140,369)                             | 1,062,444   | 3,394,877     | (2,284,332)   | 1,110,545     | 11,583,071 |
| <b>Off-balance sheet financial instruments</b>                      |                                 | -                                     | -   | -             |                                 | -                                     | -   | -           | -                               | -                                     | -   | -           | -                               | -                                     | -   | -           | -             | -             | -             | -          |
| <b>Off-balance sheet gap</b>  |                                 | -                                     | -   | -             |                                 | -                                     | -   | -           | -                               | -                                     | -   | -           | -                               | -                                     | -   | -           | -             | -             | -             | -          |
| <b>Total interest rate sensitivity gap</b>                          |                                 | 114,754,050                           | -   | (106,914,703) |                                 | 7,839,347                             | 257,948,255                               | -           | 113,774,500                     | (370,152,020)                         | 1,570,735                                 | 418,202,813 | -                               | -                                     | (417,140,369)                             | 1,062,444   | 3,394,877     | (2,284,332)   | 1,110,545     | 11,583,071 |
| <b>Cumulative interest rate sensitivity gap</b>                     |                                 | 114,754,050                           | 114,754,050                               | 114,754,050   |                                 | 114,754,050                           | 257,948,255                               | 257,948,255 | 371,722,755                     |                                       | 1,570,735                                 | 418,202,813 | 418,202,813                     | 418,202,813                           |   | 1,062,444   | 3,394,877     | 3,394,877     | 3,394,877     |            |

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 settlement date.

### 22.1.3 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 provide the maximum return to the participants from investment in Shariah compliant investments for the given level of risks. 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 June 30, 2019, 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 Karachi Meezan Index - 30 (KMI). 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. 8.233 million (2018: Rs. 10.154 million) if the prices of equity vary due to increase/decrease in the KMI. This is based on the assumption that the fair value of the Fund's portfolio moves according to their historical correlation with the KMI and that the KMI increases / decreases by 1% on KMI index with all other factors held constant.

The pension fund manager uses the KMI as a reference point in making investment decisions. However, the Pension Fund Manager does not manage the Fund's investment strategy to track the KMI or any other index or external benchmark. The sensitivity analysis presented is based upon the portfolio composition as at June 30, 2019 and the historical correlation of the securities comprising the portfolio of the KMI. The composition of the Fund's investment portfolio and the correlation thereof to the KMI, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2019 is not necessarily indicative of the effect on the Fund's net assets attributed to units of future movements in the level of the KMI.

### 22.2 Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail to perform as contracted.

Credit risk arises from deposits with banks and financial institutions, credit exposure arising as a result of investment in debt securities, profit receivable on debt securities, dividends receivable on equity securities and other deposits.

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.

Credit risk arises from deposits with banks and financial institutions, credit exposure arising as a result of investment in debt securities, profit receivable on debt securities, dividends receivable on equity securities, receivable against sale of investments and other deposits.

Credit risk arising on the debt instruments is mitigated by investing in rated instruments or instruments issued by rated counterparties of credit ratings of at least investment grade by the recognised rating agencies. The Fund receives a monthly rating update, against which investments are reviewed. The credit rating wise analysis of investment in debt instruments has been tabulated as follows:

| Rating Agency           | 2019          |                    |                       |                    | 2018          |          |                       |           |
|-------------------------|---------------|--------------------|-----------------------|--------------------|---------------|----------|-----------------------|-----------|
|                         | Debt sub fund |                    | Money market sub fund |                    | Debt sub fund |          | Money market sub fund |           |
|                         |               | (%)                |                       | (%)                |               | (%)      |                       | (%)       |
| - Government guaranteed | -             | 0%                 | -                     | 0%                 | -             | 0%       | -                     | 0%        |
| - AAA                   | VIC           | 4,377,345          | 4%                    | -                  | 0%            | -        | 0%                    | 0%        |
| - A1                    | PACRA         | 97,000,000         | 96%                   | 108,000,000        | 100%          | -        | 0%                    | 0%        |
|                         |               | <u>101,377,345</u> | <u>100%</u>           | <u>108,000,000</u> | <u>100%</u>   | <u>-</u> | <u>0%</u>             | <u>0%</u> |

Credit Rating wise analysis of balances with banks of the Fund are tabulated below:

| Ratings | Rating agency | 2019               |     |
|---------|---------------|--------------------|-----|
|         |               | (Rs. in '000)      | (%) |
| AAA     | VIS, PACRA    | 227,343,989        | 27% |
| AA+     | VIS, PACRA    | 185,178,612        | 22% |
| AA      | VIS, PACRA    | 104,781,782        | 13% |
| AA-     | VIS, PACRA    | 111,196,265        | 13% |
| A+      | VIS, PACRA    | 204,076,572        | 25% |
|         |               | <u>832,577,220</u> |     |

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

The maximum exposure to credit risk as at June 30, 2019 along with comparative is tabulated below:

| Financial assets exposed to credit risk | 2019               |                    |                    |                  | 2018               |                    |
|---|--------------------|--------------------|--------------------|------------------|--------------------|--------------------|
|   | Equity sub fund    | Debt sub fund      | Money sub fund     | Others           | Total              | Total              |
| Bank balances                           | 117,230,295        | 270,023,306        | 442,337,850        | 2,985,769        | 832,577,220        | 794,299,995        |
| Investments                             | -                  | 24,141,608         | -                  | -                | 24,141,608         | -                  |
| Dividend receivable                     | 532,714            | -                  | -                  | -                | 532,714            | 1,850,288          |
| Markup receivable                       | 993,147            | 7,602,349          | 5,557,462          | -                | 14,152,958         | 6,877,825          |
| Deposits and other receivables          | 2,600,000          | 100,000            | 100,000            | -                | 2,800,000          | 2,800,000          |
|   | <b>121,356,156</b> | <b>301,867,263</b> | <b>447,995,312</b> | <b>2,985,769</b> | <b>874,204,500</b> | <b>805,828,108</b> |

## 22.3 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 assets 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 reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows:

|   | 2019               |                    |                                    |                    |                    |  |                    |                       | 2019               |                                    |                    |                   |                      |
|---|--------------------|--------------------|------------------------------------|--------------------|--------------------|--|--------------------|-----------------------|--------------------|------------------------------------|--------------------|-------------------|----------------------|
|   | Equity sub fund    |                    |                                    | Debt sub fund      |                    |  |                    | Money Market sub fund |                    |                                    |                    | Others            | Total                |
|   | Total              | Upto three months  | More than months and upto one year | Total              | Upto three months  | More than three months and upto one year | More than one year | Total                 | Upto three months  | More than months and upto one year | More than one year | Upto three months | Total                |
| ----- (Rupees) -----  |                    |                    |                                    |                    |                    |  |                    |                       |                    |                                    |                    |                   |                      |
| <b>Financial Liabilities (excluding participants' funds)</b>        |                    |                    |                                    |                    |                    |  |                    |                       |                    |                                    |                    |                   |                      |
| Payable to NBP Fund Management Limited - Pension Fund Manager       | 1,353,120          | 1,353,120          | -                                  | 766,823            | 766,823            | -  | -                  | 806,343               | 806,343            | -                                  | -                  | 834,173           | 3,760,459            |
| Payable to Central Depository Company of Pakistan Limited - Trustee | 107,179            | 107,179            | -                                  | 58,017             | 58,017             | -  | -                  | 61,327                | 61,327             | -                                  | -                  | -                 | 226,523              |
| Accrued expenses and other liabilities                              | 1,580,988          | 1,580,988          | -                                  | 1,018,882          | 1,018,882          | -  | -                  | 665,292               | 665,292            | -                                  | -                  | 2,151,596         | 5,416,758            |
|   | <b>3,041,287</b>   | <b>3,041,287</b>   | <b>-</b>                           | <b>1,843,722</b>   | <b>1,843,722</b>   | <b>-</b>                                 | <b>-</b>           | <b>1,532,962</b>      | <b>1,532,962</b>   | <b>-</b>                           | <b>-</b>           | <b>2,985,769</b>  | <b>9,403,740</b>     |
| Participants' funds   | <b>933,487,281</b> | <b>933,487,281</b> | <b>-</b>                           | <b>506,180,106</b> | <b>506,180,106</b> | <b>-</b>                                 | <b>-</b>           | <b>553,050,131</b>    | <b>553,050,131</b> | <b>-</b>                           | <b>-</b>           | <b>-</b>          | <b>1,992,717,518</b> |

|   | 2018                 |                      |  |                    |                    |                    |  |                    |                       |                    |  |                    |                   |                      |
|---|----------------------|----------------------|--|--------------------|--------------------|--------------------|--|--------------------|-----------------------|--------------------|--|--------------------|-------------------|----------------------|
|   | Equity sub fund      |                      |  |                    | Debt sub fund      |                    |  |                    | Money Market sub fund |                    |  |                    | Others            | 2018                 |
|   | 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 | Upto three months | Total                |
|   | (Rupees)             |                      |  |                    |                    |                    |  |                    |                       |                    |  |                    |                   |                      |
| Financial Liabilities (excluding participants' funds)               |                      |                      |  |                    |                    |                    |  |                    |                       |                    |  |                    |                   |                      |
| Payable to NBP Fund Management Limited - Pension Fund Manager       | 1,540,350            | 1,540,350            | -  | -                  | 606,128            | 606,128            | -  | -                  | 603,758               | 603,758            | -  | -                  | -                 | 2,750,236            |
| Payable to Central Depository Company of Pakistan Limited - Trustee | 124,403              | 124,403              | -  | -                  | 44,391             | 44,391             | -  | -                  | 44,068                | 44,068             | -  | -                  | -                 | 212,862              |
| Accrued expenses and other liabilities                              | 1,738,761            | 1,738,761            | -  | -                  | 1,087,255          | 1,087,255          | -  | -                  | 668,222               | 668,222            | -  | -                  | 2,284,332         | 5,778,570            |
|   | <u>3,403,514</u>     | <u>3,403,514</u>     | <u>-</u>                                 | <u>-</u>           | <u>1,737,774</u>   | <u>1,737,774</u>   | <u>-</u>                                 | <u>-</u>           | <u>1,316,048</u>      | <u>1,316,048</u>   | <u>-</u>                                 | <u>-</u>           | <u>2,284,332</u>  | <u>8,741,668</u>     |
| Participants' funds   | <u>1,110,197,234</u> | <u>1,110,197,234</u> | <u>-</u>                                 | <u>-</u>           | <u>372,899,418</u> | <u>372,899,418</u> | <u>-</u>                                 | <u>-</u>           | <u>418,888,452</u>    | <u>418,888,452</u> | <u>-</u>                                 | <u>-</u>           | <u>-</u>          | <u>1,901,985,104</u> |

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.

## 23. PARTICIPANTS' FUNDS RISK MANAGEMENT

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 21, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption. Since the participants of the Fund have invested with a long term objective, the possibility of a significant redemption pressure is limited, such liquidity being 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 represent an undivided share in the pertinent sub funds of the fund and rank parri 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 held by such participant in such sub fund.

## 24. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the assets that are measured at fair value

|   |   | June 30, 2019     |                             |             |             |         |         |                 |                                      |                |                             |             |         |                         |         |             |                                      |                |                             | 2019           |         |         |                             |             |                |                             |       |             |             |               |               |
|---|---|-------------------|-----------------------------|-------------|-------------|---------|---------|-----------------|--------------------------------------|----------------|-----------------------------|-------------|---------|-------------------------|---------|-------------|--------------------------------------|----------------|-----------------------------|----------------|---------|---------|-----------------------------|-------------|----------------|-----------------------------|-------|-------------|-------------|---------------|---------------|
|   |   | Equity Sub - Fund |                             |             |             |         |         | Debt Sub - Fund |                                      |                |                             |             |         | Money Market Sub - Fund |         |             |                                      |                |                             | Others         |         |         | Total                       |             |                |                             |       |             |             |               |               |
|   |   | Carrying value    |                             |             | Fair Value  |         |         | Carrying value  |                                      |                | Fair value                  |             |         | Carrying value          |         |             | Fair value                           |                |                             | Amortised cost |         |         | Other financial liabilities |             |                | Total                       |       |             |             |               |               |
| Note  | At fair value through profit or loss                                | Amortised cost    | Other financial liabilities | Total       | Level 1     | Level 2 | Level 3 | Total           | At fair value through profit or loss | Amortised cost | Other financial liabilities | Total       | Level 1 | Level 2                 | Level 3 | Total       | At fair value through profit or loss | Amortised cost | Other financial liabilities | Total          | Level 1 | Level 2 | Level 3                     | Total       | Amortised cost | Other financial liabilities | Total |             |             |               |               |
| (Rupees)  |   |                   |                             |             |             |         |         |                 |                                      |                |                             |             |         |                         |         |             |                                      |                |                             |                |         |         |                             |             |                |                             |       |             |             |               |               |
| <b>On-balance sheet financial instruments</b>           |   |                   |                             |             |             |         |         |                 |                                      |                |                             |             |         |                         |         |             |                                      |                |                             |                |         |         |                             |             |                |                             |       |             |             |               |               |
| <b>Financial assets measured at fair value</b>          |   |                   |                             |             |             |         |         |                 |                                      |                |                             |             |         |                         |         |             |                                      |                |                             |                |         |         |                             |             |                |                             |       |             |             |               |               |
| <b>Investments</b>                                      |   |                   |                             |             |             |         |         |                 |                                      |                |                             |             |         |                         |         |             |                                      |                |                             |                |         |         |                             |             |                |                             |       |             |             |               |               |
| - Investments designated at fair value through profit   |   |                   |                             |             |             |         |         |                 |                                      |                |                             |             |         |                         |         |             |                                      |                |                             |                |         |         |                             |             |                |                             |       |             |             |               |               |
| -   | Listed equity securities  | 823,325,371       | -                           | 823,325,371 | 823,325,371 | -       | -       | 823,325,371     | -                                    | -              | -                           | -           | -       | -                       | -       | -           | -                                    | -              | -                           | -              | -       | -       | -                           | -           | -              | -                           | -     | 823,325,371 |             |               |               |
| -   | Government of Pakistan - Ijarah Sukuk                               | -                 | -                           | -           | -           | -       | -       | 110,515,000     | -                                    | -              | -                           | 110,515,000 | -       | -                       | -       | 110,515,000 | -                                    | -              | -                           | -              | -       | -       | -                           | -           | -              | -                           | -     | -           | 110,515,000 |               |               |
| -   | Sukuk certificates  | -                 | -                           | -           | -           | -       | -       | 4,377,345       | -                                    | -              | -                           | 4,377,345   | -       | -                       | -       | 4,377,345   | -                                    | -              | -                           | -              | -       | -       | -                           | -           | -              | -                           | -     | -           | 4,377,345   |               |               |
| -   | Commercial Papers*  | -                 | -                           | -           | -           | -       | -       | 19,764,263      | -                                    | -              | -                           | 19,764,263  | -       | -                       | -       | 19,764,263  | -                                    | -              | -                           | -              | -       | -       | -                           | -           | -              | -                           | -     | -           | 19,764,263  |               |               |
| -   | Term deposit receipts**   | -                 | -                           | -           | -           | -       | -       | 97,000,000      | -                                    | -              | -                           | 97,000,000  | -       | -                       | -       | 97,000,000  | 108,000,000                          | -              | -                           | -              | -       | -       | -                           | 108,000,000 | -              | -                           | -     | 205,000,000 |             |               |               |
|   |   | 823,325,371       | -                           | 823,325,371 | 823,325,371 | -       | -       | 823,325,371     | 134,656,608                          | -              | -                           | 134,656,608 | -       | -                       | -       | 134,656,608 | -                                    | -              | -                           | -              | -       | -       | -                           | 108,000,000 | -              | -                           | -     | 957,981,979 |             |               |               |
| <b>Financial assets not measured at fair value</b>      |   |                   |                             |             |             |         |         |                 |                                      |                |                             |             |         |                         |         |             |                                      |                |                             |                |         |         |                             |             |                |                             |       |             |             |               |               |
| 24.1  | Bank balances   | -                 | 117,230,295                 | 117,230,295 | -           | -       | -       | -               | 270,023,306                          | -              | -                           | 270,023,306 | -       | -                       | -       | -           | -                                    | 442,337,850    | -                           | -              | -       | -       | -                           | -           | -              | 2,985,769                   | -     | 2,985,769   | 832,577,220 |               |               |
|   | Dividend receivable   | -                 | 532,714                     | 532,714     | -           | -       | -       | -               | -                                    | -              | -                           | -           | -       | -                       | -       | -           | -                                    | -              | -                           | -              | -       | -       | -                           | -           | -              | -                           | -     | 532,714     |             |               |               |
|   | Mark-up receivables   | -                 | 993,147                     | 993,147     | -           | -       | -       | -               | 7,602,349                            | -              | -                           | 7,602,349   | -       | -                       | -       | -           | -                                    | -              | 5,557,462                   | -              | -       | -       | -                           | -           | -              | -                           | -     | 14,152,958  |             |               |               |
|   | Deposits and other receivables                                      | -                 | 2,600,000                   | 2,600,000   | -           | -       | -       | -               | 100,000                              | -              | -                           | 100,000     | -       | -                       | -       | -           | -                                    | -              | 100,000                     | -              | -       | -       | -                           | -           | -              | -                           | -     | 2,800,000   |             |               |               |
|   |   | -                 | 121,356,156                 | 121,356,156 | -           | -       | -       | -               | 277,725,655                          | -              | -                           | 277,725,655 | -       | -                       | -       | -           | -                                    | 447,995,312    | -                           | -              | -       | -       | -                           | 108,000,000 | -              | 2,985,769                   | -     | 2,985,769   | 850,062,892 |               |               |
| <b>Financial liabilities not measured at fair value</b> |   |                   |                             |             |             |         |         |                 |                                      |                |                             |             |         |                         |         |             |                                      |                |                             |                |         |         |                             |             |                |                             |       |             |             |               |               |
| 24.1  | Payable to NBP Fund Management Limited - Pension Fund Manager       | -                 | -                           | 1,353,120   | 1,353,120   | -       | -       | -               | -                                    | -              | 766,823                     | 766,823     | -       | -                       | -       | -           | -                                    | -              | -                           | -              | -       | -       | -                           | -           | 806,343        | 806,343                     | -     | -           | 834,173     | 834,173       | 3,760,459     |
|   | Payable to Central Depository Company of Pakistan Limited - Trustee | -                 | -                           | 107,179     | 107,179     | -       | -       | -               | -                                    | -              | 58,017                      | 58,017      | -       | -                       | -       | -           | -                                    | -              | -                           | -              | -       | -       | -                           | -           | 61,327         | 61,327                      | -     | -           | -           | 226,523       |               |
|   | Accrued expenses and other liabilities                              | -                 | -                           | 1,580,988   | 1,580,988   | -       | -       | -               | -                                    | -              | 1,018,882                   | 1,018,882   | -       | -                       | -       | -           | -                                    | -              | -                           | -              | -       | -       | -                           | -           | 665,292        | 665,292                     | -     | -           | 2,151,596   | 2,151,596     | 5,416,738     |
|   | Net assets attributable to redeemable units                         | -                 | -                           | 933,487,281 | 933,487,281 | -       | -       | -               | -                                    | -              | 506,180,106                 | 506,180,106 | -       | -                       | -       | -           | -                                    | -              | -                           | -              | -       | -       | -                           | -           | 553,050,131    | 553,050,131                 | -     | -           | -           | 1,992,717,516 |               |
|   |   | -                 | -                           | 936,528,568 | 936,528,568 | -       | -       | -               | -                                    | -              | 508,023,828                 | 508,023,828 | -       | -                       | -       | -           | -                                    | -              | -                           | -              | -       | -       | -                           | -           | 554,583,093    | 554,583,093                 | -     | -           | 2,985,769   | 2,985,769     | 2,002,121,258 |

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|   |                | Equity Sub - Fund           |               |               |         |            |               |   |                | Debt Sub - Fund             |             |         |         |            |             |   |                | Money Market Sub - Fund     |             |             |         |            |       |                |                             | Others    |           |               | Total |
|---|----------------|-----------------------------|---------------|---------------|---------|------------|---------------|---|----------------|-----------------------------|-------------|---------|---------|------------|-------------|---|----------------|-----------------------------|-------------|-------------|---------|------------|-------|----------------|-----------------------------|-----------|-----------|---------------|-------|
|   |                | Carrying value              |               |               |         | Fair Value |               |   |                | Carrying value              |             |         |         | Fair Value |             |   |                | Carrying value              |             |             |         | Fair Value |       |                |                             |           |           |               |       |
| At fair value through profit or loss - held for trading             | Amortised cost | Other financial liabilities | Total         | Level 1       | Level 2 | Level 3    | Total         | At fair value through profit or loss - held for trading | Amortised cost | Other financial liabilities | Total       | Level 1 | Level 2 | Level 3    | Total       | At fair value through profit or loss - held for trading | Amortised cost | Other financial liabilities | Total       | Level 1     | Level 2 | Level 3    | Total | Amortised cost | Other financial liabilities | Total     |           |               |       |
| (Rupees)  |                |                             |               |               |         |            |               |   |                |                             |             |         |         |            |             |   |                |                             |             |             |         |            |       |                |                             |           |           |               |       |
| On-balance sheet financial instruments                              |                |                             |               |               |         |            |               |   |                |                             |             |         |         |            |             |   |                |                             |             |             |         |            |       |                |                             |           |           |               |       |
| <b>Financial assets measured at fair value</b>                      |                |                             |               |               |         |            |               |   |                |                             |             |         |         |            |             |   |                |                             |             |             |         |            |       |                |                             |           |           |               |       |
| Investments   |                |                             |               |               |         |            |               |   |                |                             |             |         |         |            |             |   |                |                             |             |             |         |            |       |                |                             |           |           |               |       |
| - Investments designated at fair value through profit               |                |                             |               |               |         |            |               |   |                |                             |             |         |         |            |             |   |                |                             |             |             |         |            |       |                |                             |           |           |               |       |
| - Listed equity securities  | 1,015,418,934  | -                           | 1,015,418,934 | 1,015,418,934 | -       | -          | 1,015,418,934 | -   | -              | -                           | -           | -       | -       | -          | -           | -   | -              | -                           | -           | -           | -       | -          | -     | -              | -                           | -         | -         | 1,015,418,934 |       |
| - Government of Pakistan - Ijarah sukuk                             | -              | -                           | -             | -             | -       | -          | -             | 113,774,500   | -              | -                           | 113,774,500 | -       | -       | -          | 113,774,500 | -   | -              | -                           | -           | -           | -       | -          | -     | -              | -                           | -         | -         | 113,774,500   |       |
|   | 1,015,418,934  | -                           | 1,015,418,934 | 1,015,418,934 | -       | -          | 1,015,418,934 | 113,774,500   | -              | -                           | 113,774,500 | -       | -       | -          | 113,774,500 | -   | -              | -                           | -           | -           | -       | -          | -     | -              | -                           | -         | -         | 1,129,193,434 |       |
| <b>Financial assets not measured at fair value</b>                  |                |                             |               |               |         |            |               |   |                |                             |             |         |         |            |             |   |                |                             |             |             |         |            |       |                |                             |           |           |               |       |
| Bank balances   | -              | 114,754,050                 | 114,754,050   | -             | -       | -          | -             | 257,948,255   | -              | -                           | 257,948,255 | -       | -       | -          | -           | -   | -              | -                           | 418,202,813 | -           | -       | -          | -     | -              | 3,394,877                   | -         | 3,394,877 | 794,299,995   |       |
| Investments in term deposit receipts                                | -              | -                           | -             | -             | -       | -          | -             | -   | -              | -                           | -           | -       | -       | -          | -           | -   | -              | -                           | -           | -           | -       | -          | -     | -              | -                           | -         | -         | -             |       |
| Dividend receivable   | -              | 1,850,288                   | 1,850,288     | -             | -       | -          | -             | -   | -              | -                           | -           | -       | -       | -          | -           | -   | -              | -                           | -           | -           | -       | -          | -     | -              | -                           | -         | -         | 1,850,288     |       |
| Mark-up receivables   | -              | 674,614                     | 674,614       | -             | -       | -          | -             | 3,659,974   | -              | -                           | 3,659,974   | -       | -       | -          | -           | -   | -              | -                           | 2,543,237   | -           | -       | -          | -     | -              | -                           | -         | -         | 6,877,825     |       |
| Deposit and other receivable  | -              | 2,600,000                   | 2,600,000     | -             | -       | -          | -             | 100,000   | -              | -                           | 100,000     | -       | -       | -          | -           | -   | -              | -                           | 100,000     | -           | -       | -          | -     | -              | -                           | -         | -         | 2,800,000     |       |
|   | -              | 119,878,952                 | 119,878,952   | -             | -       | -          | -             | 261,708,229   | -              | -                           | 261,708,229 | -       | -       | -          | -           | -   | -              | -                           | 420,846,050 | -           | -       | -          | -     | -              | 3,394,877                   | -         | 3,394,877 | 805,828,108   |       |
| <b>Financial liabilities not measured at fair value</b>             |                |                             |               |               |         |            |               |   |                |                             |             |         |         |            |             |   |                |                             |             |             |         |            |       |                |                             |           |           |               |       |
| Payable to NBP Fund Management Limited - Pension Fund Manager       | -              | -                           | 1,540,350     | 1,540,350     | -       | -          | -             | -   | -              | 603,758                     | 603,758     | -       | -       | -          | -           | -   | -              | -                           | 603,758     | 603,758     | -       | -          | -     | -              | -                           | 1,110,545 | 1,110,545 | 3,658,411     |       |
| Payable to Central Depository Company of Pakistan Limited - Trustee | -              | -                           | 124,403       | 124,403       | -       | -          | -             | -   | -              | 44,068                      | 44,068      | -       | -       | -          | -           | -   | -              | -                           | 44,068      | 44,068      | -       | -          | -     | -              | -                           | -         | -         | 212,539       |       |
| Payable against purchase of investment                              | -              | -                           | 16,417,313    | 16,417,313    | -       | -          | -             | -   | -              | -                           | -           | -       | -       | -          | -           | -   | -              | -                           | -           | -           | -       | -          | -     | -              | -                           | -         | -         | 16,417,313    |       |
| Accrued expenses and other liabilities                              | -              | -                           | 9,695,884     | 9,695,884     | -       | -          | -             | -   | -              | 1,212,695                   | 1,212,695   | -       | -       | -          | -           | -   | -              | -                           | 1,212,695   | 1,212,695   | -       | -          | -     | -              | -                           | 2,284,332 | 2,284,332 | 14,405,606    |       |
| Net assets attributable to redeemable units                         | -              | -                           | 1,110,197,234 | 1,110,197,234 | -       | -          | -             | -   | -              | 372,899,418                 | 372,899,418 | -       | -       | -          | -           | -   | -              | -                           | 418,888,452 | 418,888,452 | -       | -          | -     | -              | -                           | -         | -         | -             |       |
|   | -              | -                           | 1,137,975,164 | 1,137,975,164 | -       | -          | -             | -   | -              | 374,759,939                 | 374,759,939 | -       | -       | -          | -           | -   | -              | -                           | 420,748,973 | 420,748,973 | -       | -          | -     | -              | -                           | 3,394,877 | 3,394,877 | 34,863,869    |       |

**24.1** There were no transfers between above levels during the year.

**24.2** Underlying the definition of fair values 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.

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

## 25.1 Equity sub fund

|   | 2019                 | 2018          | % Change | 2017                 | 2016        | 2015        |
|---|----------------------|---------------|----------|----------------------|-------------|-------------|
|   | ----- (Rupees) ----- |               |          | ----- (Rupees) ----- |             |             |
| Net (loss) / income for the year                              | <b>(204,397,882)</b> | (103,883,989) | 97%      | 254,046,643          | 62,465,968  | 52,435,170  |
| Net realised (loss) / gains on sales of investment            | <b>(59,821,856)</b>  | (57,190,923)  | 5%       | 55,005,154           | 5,445,863   | 17,811,482  |
| Net unrealised (loss) / gain on re-measurement of investments | <b>(180,738,434)</b> | (74,949,057)  | 141%     | 113,480,973          | 38,840,657  | 24,960,581  |
| Dividend income   | <b>52,032,047</b>    | 43,908,175    | 19%      | 28,889,732           | 14,696,771  | 4,677,308   |
| Mark-up on bank deposits                                      | <b>7,148,754</b>     | 4,267,879     | 68%      | 2,172,866            | 1,599,504   | 760,381     |
| Net asset value per unit                                      | <b>241.5302</b>      | 295.2652      | -18%     | 330.0453             | 243.0699    | 208.0138    |
| Transactions in securities                                    |                      |               |          |                      |             |             |
| Purchases   | <b>715,394,666</b>   | 736,430,683   | -3%      | 541,531,325          | 315,525,028 | 223,091,819 |
| Sales   | <b>686,068,645</b>   | 466,729,537   | 47%      | 229,964,004          | 163,386,816 | 115,788,008 |
| Total contribution received                                   | <b>225,080,221</b>   | 357,809,281   | -37%     | 429,615,993          | 233,501,357 | 151,408,445 |

## 25.2 Debt sub fund

|   | 2019                 | 2018        | % Change | 2017                 | 2016        | 2015        |
|---|----------------------|-------------|----------|----------------------|-------------|-------------|
|   | ----- (Rupees) ----- |             |          | ----- (Rupees) ----- |             |             |
| Net income for the year                                       | <b>24,635,973</b>    | 10,035,767  | 145%     | 13,858,359           | 10,181,651  | 5,709,594   |
| Net realised (loss) / gains on sales of investment            | <b>(154,500)</b>     | (695,000)   | -78%     | 260,000              | (803,480)   | (24,500)    |
| Net unrealised (loss) / gain on re-measurement of investments | <b>(2,144,655)</b>   | (2,571,000) | -17%     | 1,589,500            | (59,000)    | (523,150)   |
| Mark-up on savings accounts with banks                        | <b>23,684,500</b>    | 12,699,995  | 86%      | 10,723,637           | 6,199,090   | 1,085,411   |
| Mark-up on term deposit receipt                               | <b>2,935,551</b>     | -           | 100%     | -                    | -           | -           |
| Return on government securities                               | <b>4,873,200</b>     | 7,698,987   | -37%     | 5,918,734            | 6,080,038   | 6,163,829   |
| Return on sukuk   | <b>2,415,766</b>     | -           | 100%     | -                    | -           | -           |
| Income from commercial paper                                  | <b>1,649,009</b>     | 322,776     | 411%     | -                    | -           | -           |
| NAV per unit  | <b>135.6539</b>      | 127.8059    | 6%       | 124.3591             | 119.6465    | 115.2910    |
| Transactions in securities                                    |                      |             |          |                      |             |             |
| Purchases   | <b>517,250,000</b>   | 9,000,000   | 5647%    | 75,000,000           | 127,877,588 | 73,660,150  |
| Sales / Matured   | <b>395,875,000</b>   | 50,000,000  | 100%     | -                    | -           | 1,005,000   |
| Total contribution received                                   | <b>200,279,263</b>   | 150,699,964 | 33%      | 185,579,482          | 156,738,807 | 100,310,247 |



## 25.3 Money market sub fund

|   | 2019                 | 2018        | % Change | 2017                 | 2016       | 2015       |
|---|----------------------|-------------|----------|----------------------|------------|------------|
|   | ----- (Rupees) ----- |             |          | ----- (Rupees) ----- |            |            |
| Net income for the year                                       | <b>35,040,833</b>    | 10,474,898  | 235%     | 9,304,715            | 5,762,625  | 4,030,640  |
| Net realised (loss) / gains on sales of investment            | -                    | (208,500)   | 100%     | -                    | (366,750)  | -          |
| Net unrealised (loss) / gain on re-measurement of investments | -                    | -           | 0%       | 180,000              | 118,500    | (358,600)  |
| Mark-up on savings accounts with banks                        | <b>41,768,130</b>    | 16,304,439  | 156%     | 9,663,787            | 4,606,485  | 784,974    |
| Mark-up on term deposit receipt                               | <b>3,271,957</b>     | -           | 100%     | -                    | -          | -          |
| Return on government securities                               | -                    | -           | 0%       | 817,976              | 2,220,871  | 4,106,785  |
| NAV per unit  | <b>138.3973</b>      | 128.6895    | 8%       | 124.2692             | 119.7025   | 115.1765   |
| Transactions in securities                                    |                      |             |          |                      |            |            |
| Purchases   | <b>471,500,000</b>   | -           | 0%       | -                    | 15,000,000 | 21,772,250 |
| Sales / Matured   | <b>363,500,000</b>   | 15,000,000  | 100%     | -                    | -          | -          |
| Total contribution received                                   | <b>283,414,771</b>   | 291,215,138 | -3%      | 137,604,144          | 75,950,614 | 40,712,651 |

## 25.4 Highest and lowest issue price of units during the last 5 years

|                     | Equity sub fund      |          | Debt sub fund   |          | Money Market sub fund |          |
|---------------------|----------------------|----------|-----------------|----------|-----------------------|----------|
|                     | 2019                 | 2018     | 2019            | 2018     | 2019                  | 2018     |
|                     | ----- (Rupees) ----- |          |                 |          |                       |          |
| Highest issue price | <b>308.0447</b>      | 334.7733 | <b>135.7898</b> | 127.8059 | <b>138.3973</b>       | 124.2804 |
| Lowest issue price  | <b>234.8687</b>      | 268.4293 | <b>127.7666</b> | 124.2132 | <b>128.7064</b>       | 128.6895 |

## 26. 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 August 30, 2019.

## 27. GENERAL

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

27.2 Corresponding figures have been rearranged or reclassified, where necessary, for the purpose of better presentation.

**For NBP Fund Management Limited  
(Pension Fund Manager)**

\_\_\_\_\_  
Chief Financial Officer

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








\_\_\_\_\_  
Director



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