



NBP FUNDS

Managing Your Savings

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NAFA 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

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
MCB Bank Limited
Summit Bank Limited
JS Bank Limited
Meezan Bank Limited
Habib Bank Limited
United Bank Limited
Bank Al Habib Limited
Habib Metropolitan Bank Limited
Sindh Bank Limited
National Bank of Pakistan
Samba Bank Limited



Zarai Taraqiati Bank Limited
MCB Islamic Bank Limited
Faysal Bank Limited
Soneri Bank Limited
The Bank of Punjab
Al Baraka Bank Limited
Dubai Islamic Bank Limited
Bankislami Pakistan Limited

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.nbpfunfs.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 Pension Fund (NPF)** on July 02, 2013.

	Fund Size (Rs. in mln) June 30,2019	NAV Per Unit (Rs.) June 30, 2018	NAV Per Unit (Rs.) June 30, 2019	Annualized Performance Since Launch July 02, 2013
NPF-Equity Sub-fund	744.7	306.8328	252.8409	16.5%
NPF-Debt Sub-fund	592.6	147.5565	157.7781	7.7%
NPF-Money Market Sub-fund	852.9	133.9705	144.7624	6.2%
Annualized Return	[Net of management fee & all other expenses]			

Fund's performance

After challenging FY2017-18, amid thin trading volumes, the stock market depicted dismal performance during FY2018-19 as the benchmark KSE-100 Index fell sharply by 19.1% 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 sovereign yields also responded to increase in the policy rate whereby 3-month, 6-month, and 12-month T-Bill yields went up by 597 bps, 595 bps, and 593 bps, respectively.

The trading activity in TFCs / Sukuks remained thin during FY2019 with the cumulative traded value of around Rs. 16 billion compared to Rs. 21 billion in FY2018. We have seen surge in the primary issuance as the demand for long-term credit increased, notably in the power sector.

The equity sub-fund decreased by 17.6% during FY19 compared with 19.1% decreased in the benchmark KSE-100 Index during the same period.

The debt sub-fund yielded 6.9% return during FY19.

The money market sub-fund delivered a return of 8.1% during the year. 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:

Asset Allocation (% of Net Assets)	
Equity Sub-fund	
Equity	95.0%
Cash Equivalents	6.13%
Others	(1.13%)
Total	100.0%
Debt Sub-fund	
TFCs/Sukuks	7.9%
T-Bills	14.5%
PIBs	11.2%
Commercial Papers	5.2%
Cash Equivalents	60.8%
Others	0.4%
Total	100.0%
Money Market Sub-fund	
Bank Placement	36.7%
Commercial Papers	4.1%
Cash Equivalents	59.4%
Others	(0.2)%
Total	100.0%

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

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

NBP فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز 02 جولائی 2013 کو قائم ہونے والے NAFA پنشن فنڈ (NPF) کی ساتویں سالانہ رپورٹ برائے ختمہ سال 30 جون 2019 پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

2 جولائی 2013 کو آغاز سے اب تک کی سالانہ کارکردگی	NAV فی یونٹ (روپے) 30 جون 2019	NAV فی یونٹ (روپے) 30 جون 2018	فنڈ کا سائز (ملین روپے) 30 جون 2019	
16.5%	252.8409	306.8328	744.7	NPF ایکویٹی سب فنڈ
7.7%	157.7781	147.5565	592.6	NPF ڈیٹ سب فنڈ
6.2%	144.7624	133.9705	852.9	NPF منی مارکیٹ سب فنڈ
(میتھمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص)				سالانہ ریٹرن

فنڈ کی کارکردگی

بعد از مشکل مالی سال 2017-18، مالی سال 2019 بھی تجارتی حجم میں کمی کے باعث اسٹاک مارکیٹ نے مایوس 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 وقتی ثابت ہوا جس کی وجہ سے سرمایہ کاروں کا خراب معیشت کی طرف متوجہ ہونا تھا۔ یہ صورتحال دو ہرے خسارے، خاص طور پر بڑھتے ہوئے کرنٹ اکاؤنٹ خسارہ (CAD) سے صاف ظاہر ہو رہی تھی۔

مہنگائی پر قابو 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 پریشانی درآمدی اشیاء کی ڈیوٹی 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 کے منافع پر طلب کی کمی اور لاگتوں 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 ہوئی 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 پلوامہ 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 سے بھرپور 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 پیمائش 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 لٹیئر کے نرخوں میں متوقع اضافی ایڈجسٹمنٹ، ٹیکسوں کا بڑھنا اور کرنسی کی قدر میں کمی کے دوسرے دور چیسے اثرات کی وجہ سے افراط زر میں اضافہ متوقع ہے۔ گورنمنٹ بونڈ کے منافع بھی پالیسی کی شرح میں اضافے کے جواب میں بالترتیب 3 ماہ، 6 ماہ اور 12 ماہ کے 593bps اور 595bps تک بڑھ گئے۔

TFCs/سکوک میں تجارتی سرگرمی مالی سال 2018 میں 21 بلین روپے کے مقابلے میں مالی سال 2019 کے دوران تقریباً 16 بلین روپے کی مجموعی تجارتی قیمت کے ساتھ کم رہی۔ بنیادی اجراء میں اضافہ دیکھا گیا کیونکہ طویل مدتی کریڈٹ کی طلب خاص طور پر بجلی کے شعبہ میں قابل ذکر حد تک بڑھ گئی۔

ایکویٹی سب فنڈ اسی مدت کے دوران بیچ مارک KSE-100 انڈیکس میں 19.1% کمی کے مقابلے میں مالی سال 2019 کے دوران 17.6% کم ہوا۔
 ڈیٹ سب فنڈ نے مالی سال 2019 کے دوران 6.9% منافع کمایا۔
 مالی سال 19 کے دوران میں منی مارکیٹ سب فنڈ سے آمدنی میں اضافہ کی شرح 8.1% رہی۔ یہ کارکردگی پیٹرنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔
 30 جون 2019 کو فنڈ کی ایسٹ ایلیویشن درج ذیل ہے:

ایسٹ ایلیویشن	(فیٹ ایسٹس کا %)
ایکویٹی سب فنڈ	
ایکویٹی	95.0%
کیش کے مساوی	6.13%
دیگر	(1.13%)
کل	100.00%
ڈیٹ سب فنڈ	
TFCs / اسلوک	7.9%
ٹی بلز	14.5%
PIBs	11.2%
کمرشل پیپرز	5.2%
کیش مساوی	60.8%
دیگر	0.4%
کل	100.00%
منی مارکیٹ سب فنڈ	
بینک ڈپازٹس	36.7%
کمرشل پیپرز	4.1%
کیش مساوی	59.4%
دیگر	(0.2%)
کل	100.00%

ایسٹ ایلیویشن کے کوڈ آف کارپوریٹ گورننس ریگولیشنز 2017 ("CCG") کی پیروی میں ڈائریکٹرز اسٹیٹمنٹ

1. پیٹرنٹ فیس کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلو 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 پیروی کی گئی ہے۔ شمار یا قیاسی 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 پیروی 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 ٹیمپل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔



- 9 ٹیکسوں، ڈیویڈنڈ، محصولات اور چارجز کی مدد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
- 10 ڈائریکٹرز، ای او ای او ای ایف او، کمپنی بیکٹری 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 فہرست شدہ کمپنی ہونے کے ناطہ کوئی منارٹی انٹریسٹ نہیں رکھتی۔

نام	کیٹگری
•1 جناب کمال عامر چنائے •2 جناب شہیر یار فاروق •3 جناب ہمایوں بشیر	غیر جانبدار ڈائریکٹرز
ڈاکٹر امجد وحید (چیف ایگزیکٹو آفیسر)	ایگزیکٹو ڈائریکٹر
•1 شیخ محمد عبدالواحد سیٹھی (چیئر مین) •2 جناب ناصر حسین •3 جناب عبدالہادی پالیکر •4 جناب علی سیگل •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 کمشن 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 آرٹسٹری کی طرف سے سخت محنت، لگن اور عزم کے مظاہرے پر اپنا خراج تحسین بھی ریکارڈ پر لانا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

NBP فنڈ 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 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

FUND MANAGER REPORT

NAFA Pension Fund

NAFA Pension Fund is an Open-ended Voluntary Pension Scheme

Investment Objective of the Fund

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

Fund performance review

	Fund Size (Rs. in mln) June 30,2019	NAV Per Unit (Rs.) June 30, 2018	NAV Per Unit (Rs.) June 30, 2019	Performance Since Launch July 02, 2013
NPF-Equity Sub-fund	744.7	306.8328	252.8409	16.5%
NPF-Debt Sub-fund	592.6	147.5565	157.7781	7.7%
NPF-Money Market Sub-fund	852.9	133.9705	144.7624	6.2%
Annualized Return	[Net of management fee & all other expenses]			

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 KSE-100 Index fell sharply by 19.1% 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 TFCs / Sukuks remained thin during FY2019 with the cumulative traded value of around Rs. 16 billion compared to Rs. 21 billion in FY2018. We have seen surge in the primary issuance as the demand for long-term credit increased, notably in the power sector.

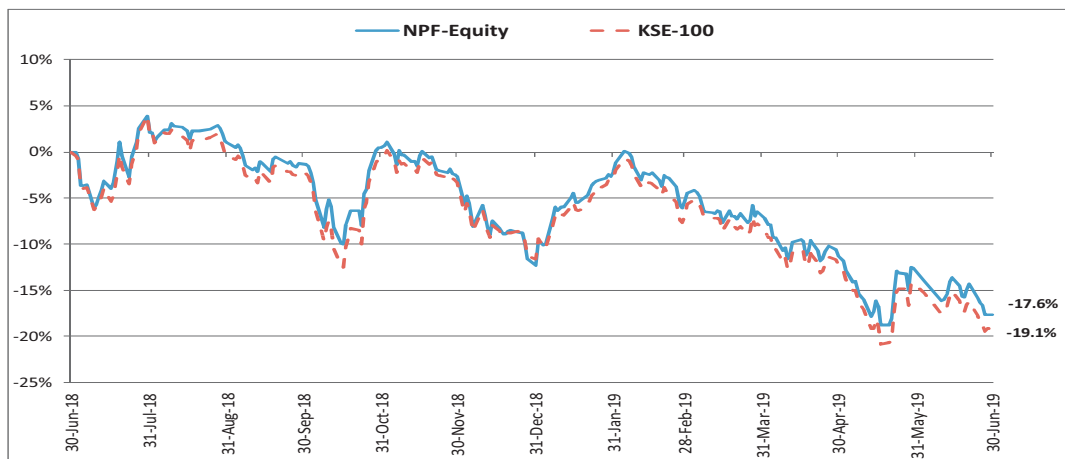
During FY2019, the State Bank of Pakistan (SBP) held six bi-monthly monetary policy reviews. Aiming to curb the surging demand pressures to address the external account woes and addressing the underlying inflationary pressures, the SBP increased the policy rate from 6.50% to 12.25%. Inflation as measured 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 sovereign yields also responded to increase in the policy rate whereby 3-month, 6-month, and 12-month T-Bill yields went up by 597 bps, 595 bps, and 593 bps, respectively.

The equity sub-fund decreased by 17.6% during FY19 compared with 19.1% decreased in the benchmark KSE-100 Index during the same period.

The debt sub-fund yielded 6.9% return during FY19.

The money market sub-fund delivered a return of 8.1% during the year. These returns are net of management fee and all other expenses.

NPF-Equity Performance vs. KSE-100 during FY19



Asset Allocation of the Fund (% of NAV)

Asset Allocation (% of Net Assets)	
Equity Sub-fund	
Equity	95.0%
Cash Equivalents	6.13%
Others	(1.13%)
Total	100.0%
Debt Sub-fund	
TFCs/Sukuks	7.9%
T-Bills	14.5%
PIBs	11.2%
Commercial Papers	5.2%
Cash Equivalents	60.8%
Others	0.4%
Total	100.0%
Money Market Sub-fund	
Bank Placement	36.7%
Commercial Papers	4.1%
Cash Equivalents	59.4%
Others	(0.2)%
Total	100.0%

During the period under question

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

Sindh Workers' Welfare Fund (SWWF)

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability in Equity Sub Fund , Debt Sub Fund & Money Market Sub fund to the tune of Rs. 8.15 million, 1.77 million & 2.4 million respectively. If the same were not made the NAV per unit would be higher by Rs.2.7673, Rs.0.4702 and 0.4072 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.

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 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

	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	
ASSETS	Note----- (Rupees) -----										
Bank balances	5	45,636,250	360,449,017	506,421,145	2,402,140	914,908,552	96,242,228	207,518,978	545,833,957	2,475,488	852,070,651
Investments	6	707,428,312	230,587,217	347,934,165	-	1,285,949,694	1,019,710,359	184,545,214	121,543,927	-	1,325,799,500
Dividend receivables		-	-	-	-	-	2,138,975	-	-	-	2,138,975
Profits receivable	7	605,646	5,564,611	3,715,047	-	9,885,304	185,257	1,467,024	1,166,622	-	2,818,903
Deposits and other receivables	8	3,040,846	462,057	100,000	-	3,602,903	5,671,644	439,644	100,000	-	6,211,291
Total assets		756,711,054	597,062,902	858,170,357	2,402,140	2,214,346,453	1,123,948,466	393,970,860	668,644,506	2,475,488	2,189,039,320
LIABILITIES											
Payable to NBP Fund Management Limited - Pension Fund Manager	9	1,148,659	855,220	1,166,384	460,465	3,630,728	1,596,147	573,637	998,942	420,860	3,589,586
Payable to Central Depository Company of Pakistan Limited - Trustee	10	88,511	64,311	89,961	-	242,783	142,060	41,015	94,569	-	277,644
Payable to Securities and Exchange Commission of Pakistan	11	311,150	131,466	247,694	-	690,310	342,454	126,348	176,574	-	645,376
Payable against purchase of investments		-	-	-	-	-	-	24,453,212	-	-	24,453,212
Accrued expenses and other liabilities	12	10,454,103	3,440,784	3,738,702	1,941,675	19,575,264	10,378,523	2,802,230	2,556,113	2,054,628	17,791,494
Total liabilities		12,002,423	4,491,781	5,242,741	2,402,140	24,139,085	12,459,184	27,996,442	3,826,198	2,475,488	46,757,312
NET ASSETS		744,708,631	592,571,121	852,927,616	-	2,190,207,368	1,111,489,282	365,974,418	664,818,308	-	2,142,282,008
PARTICIPANTS' SUB FUNDS (as per statement attached)		744,708,631	592,571,121	852,927,616	-	2,190,207,368	1,111,489,282	365,974,418	664,818,308	-	2,142,282,008
Contingencies and commitments	13	----- (Number of units) -----									
Number of units in issue	14	2,945,364	3,755,725	5,891,916			3,622,459	2,480,232	4,962,422		
Net assets value per unit		252.8409	157.7781	144.7624			306.8328	147.5565	133.9705		

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
INCOME	(Rupees)							
Mark-up on saving accounts	5,562,105	10,840,133	37,542,828	53,945,066	4,176,932	6,042,383	10,795,206	21,014,521
Income from term deposit receipts	-	423,452	16,368,451	16,791,903	-	1,596,869	9,028,471	10,625,340
Return on government securities	-	19,771,647	20,007,828	39,779,475	-	12,529,550	14,224,964	26,754,514
Return from term finance certificates	-	7,863,189	-	7,863,189	-	4,359,249	-	4,359,249
Income from commercial papers	-	689,091	778,006	1,467,097	-	-	-	-
Dividend income	47,528,550	-	-	47,528,550	49,145,210	-	-	49,145,210
Net realised loss on sale of investments	(72,040,353)	(1,407,986)	(792,818)	(74,241,157)	(77,436,126)	(370,792)	(99,293)	(77,906,211)
Net unrealised loss on re-measurement of investments at fair value through profit or loss	(134,789,724)	(2,705,917)	-	(137,495,641)	(38,221,038)	(35,722)	-	(38,256,760)
Total (loss) / income	(153,739,422)	35,473,609	73,904,295	(44,361,518)	(62,335,022)	24,121,537	33,949,348	(4,264,137)
EXPENSES								
Remuneration of NBP Fund Management Limited - Pension Fund Manager	14,143,164	5,975,737	11,258,824	31,377,725	15,566,116	5,743,062	8,026,083	29,335,261
Sindh Sales Tax on remuneration to Pension Fund Manager	1,838,611	776,846	1,463,647	4,079,104	2,023,595	746,598	1,043,391	3,813,584
Remuneration of Central Depository Company of Pakistan Limited - Trustee	1,168,037	493,755	930,045	2,591,837	1,435,526	536,708	737,257	2,709,491
Sindh Sales Tax on remuneration to the Trustee	151,844	64,189	120,906	336,939	186,619	69,772	95,843	352,234
Annual fee to the Securities and Exchange Commission of Pakistan	311,150	131,466	247,694	690,310	342,455	126,347	176,574	645,376
Auditors' remuneration	121,616	121,616	121,616	364,848	116,401	116,401	116,401	349,203
Securities transaction costs	1,697,846	16,384	1,917	1,716,147	1,243,057	18,445	1,816	1,263,318
Legal and professional charges	29,930	29,565	29,930	89,425	29,930	29,565	29,930	89,425
Printing expenses	14,965	14,965	14,965	44,895	14,965	14,965	14,965	44,895
Settlement and bank charges	493,374	383,269	397,442	1,274,085	347,100	154,081	213,638	714,819
Total expenses	19,970,537	8,007,792	14,586,986	42,565,315	21,305,764	7,555,944	10,455,898	39,317,606
Net (loss) / income from operating activities	(173,709,959)	27,465,817	59,317,309	(86,926,833)	(83,640,786)	16,565,593	23,493,450	(43,581,743)
Provision for Sindh Workers' Welfare Fund	-	(549,316)	(1,186,346)	(1,735,662)	-	(331,312)	(469,869)	(801,181)
Net (loss) / income for the year before taxation	(173,709,959)	26,916,501	58,130,963	(88,662,495)	(83,640,786)	16,234,281	23,023,581	(44,382,924)
Taxation	-	-	-	-	-	-	-	-
Net (loss) / income for the year after taxation	(173,709,959)	26,916,501	58,130,963	(88,662,495)	(83,640,786)	16,234,281	23,023,581	(44,382,924)

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	(173,709,959)	26,916,501	58,130,963	(88,662,495)	(83,640,786)	16,234,281	23,023,581	(44,382,924)
Other comprehensive income for the year	-	-	-	-	-	-	-	-
Total comprehensive income for the year	(173,709,959)	26,916,501	58,130,963	(88,662,495)	(83,640,786)	16,234,281	23,023,581	(44,382,924)

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' FUND 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
Note	----- (Rupees) -----							
Net assets at beginning of the year	1,111,489,282	365,974,418	664,818,308	2,142,282,008	1,085,603,658	438,729,509	453,460,689	1,977,793,856
Amount received on issuance of units	352,086,452	170,369,307	310,762,584	590,770,744	253,299,551	113,932,521	273,367,527	640,599,599
Amount paid on withdrawal of units	(527,139,953)	(91,296,510)	(207,480,420)	(454,182,889)	(104,677,905)	(130,854,315)	(196,196,303)	(431,728,523)
Reallocation among sub funds	(18,017,191)	120,607,405	26,696,181	-	(39,095,236)	(72,067,578)	111,162,814	-
	(193,070,692)	199,680,202	129,978,345	136,587,855	109,526,410	(88,989,372)	188,334,038	208,871,076
Total comprehensive income for the year	(173,709,959)	26,916,501	58,130,963	(88,662,495)	(83,640,786)	16,234,281	23,023,581	(44,382,924)
Net assets at end of the year	744,708,631	592,571,121	852,927,616	2,190,207,368	1,111,489,282	365,974,418	664,818,308	2,142,282,008
Net assets value per unit at beginning of the year	306.8328	147.5565	133.9705		331.3247	141.4226	128.3446	
Net assets value per unit at end of the year	252.8409	157.7781	144.7624		306.8328	147.5565	133.9705	

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

	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
Note ----- (Rupees) -----										
CASH FLOWS FROM OPERATING ACTIVITIES										
Net (loss) / income for the year before taxation	(173,709,959)	26,916,501	58,130,963	-	(88,662,495)	(83,640,786)	16,234,281	23,023,581	-	(44,382,924)
Adjustments:										
Net unrealised loss on re-measurement of investments										-
Net realised loss on sale of investments	134,789,724	2,705,917	-	-	137,495,641	38,221,038	35,722	-	-	38,256,760
	72,040,353	1,407,986	792,818	-	74,241,157	77,436,126	370,792	99,293	-	77,906,211
	33,120,118	31,030,404	58,923,781	-	123,074,303	32,016,378	16,640,795	23,122,874	-	71,780,047
(Increase) / decrease in assets										
Investments	105,451,970	(50,155,906)	(35,556,034)	-	19,740,030	(122,096,564)	(18,129,528)	89,652,857	-	(50,573,235)
Dividend receivables	2,138,975	-	-	-	2,138,975	438,675	-	-	-	438,675
Profits receivable	(420,389)	(4,097,587)	(2,548,425)	-	(7,066,401)	(158,794)	287,426	(815,730)	-	(687,098)
Receivable against sale of investments	-	-	-	-	-	1,591,204	-	-	-	1,591,204
Deposits and other receivables	2,630,801	(22,413)	-	-	2,608,388	(2,635,001)	-	29	-	(2,634,972)
	109,801,357	(54,275,906)	(38,104,459)	-	17,420,992	(122,860,480)	(17,842,102)	88,837,156	-	(51,865,426)
Increase / (decrease) in liabilities										
Payable to NBP Fund Management Limited - Pension Fund Manager	(447,488)	281,583	167,442	39,605	41,142	(29,227)	(76,419)	312,894	(889,718)	(682,470)
Payable to Central Depository Company of Pakistan Limited - Trustee	(53,549)	23,296	(4,608)	-	(34,861)	(7,067)	(15,946)	33,850	-	10,837
Payable to Securities and Exchange Commission of Pakistan	(31,304)	5,118	71,120	-	44,934	56,579	(3,080)	53,484	-	106,983
Payable against purchase of investments	-	(24,453,212)	-	-	(24,453,212)	-	24,453,212	-	-	24,453,212
Accrued expenses and other liabilities	75,580	638,554	1,182,589	(112,953)	1,783,770	92,188	348,640	501,186	-	1,054,967
	(456,761)	(23,504,661)	1,416,543	(73,348)	(22,618,227)	112,473	24,706,407	901,414	(776,765)	24,943,529
Net cash generated / (used in) from operating activities	142,464,714	(46,750,163)	22,235,865	(73,348)	117,877,068	(90,731,629)	23,505,100	112,861,444	(776,765)	44,858,150
CASH FLOWS FROM FINANCING ACTIVITIES										
Amount received on issuance of units	352,086,452	170,369,307	310,762,584	-	833,218,343	253,299,551	113,932,521	273,367,527	-	640,599,599
Amount paid on redemption of units	(527,139,953)	(91,296,510)	(207,480,420)	-	(825,916,883)	(104,677,905)	(130,943,428)	(196,554,231)	-	(432,175,564)
Reallocation among sub funds	(18,017,191)	120,607,405	26,696,181	-	129,286,395	(39,095,236)	(72,067,578)	111,162,814	-	-
Net cash (used in) / generated from financing activities	(193,070,692)	199,680,202	129,978,345	-	136,587,855	109,526,410	(89,078,485)	187,976,110	-	208,424,035
Net (decrease) / increase in cash and cash equivalents during the year	(50,605,978)	152,930,039	152,214,210	(73,348)	254,464,923	18,794,781	(65,573,385)	300,837,554	(776,765)	253,282,185
Cash and cash equivalents at beginning of the year	96,242,228	207,518,978	667,377,884	2,475,488	973,614,578	77,447,447	273,092,363	366,540,330	3,252,253	720,332,393
Cash and cash equivalents at end of the year	45,636,250	360,449,017	819,592,094	2,402,140	1,228,079,501	96,242,228	207,518,978	667,377,884	2,475,488	973,614,578

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 JUNE 30, 2019

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 NAFA Pension Fund (“the Fund”) was established under a Trust Deed, dated 12 October 2012, between NBP Fund Management Limited as the Pension Fund Manager and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan (SECP) as a pension fund on 16 November 2012.
- 1.2 The Pension Fund Manager has been licensed to act as a Pension Fund Manager under the Voluntary Pension System Rules, 2005 (VPS Rules) through a certificate of registration issued by the SECP. The registered office of the Pension Fund Manager is situated at 7th floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi.
- 1.3 The Fund is an unlisted open end pension scheme and offers units for public subscription on a continuous basis. The units are non-transferable except in the circumstances mentioned in VPS Rules and can be redeemed by surrendering to the Fund. Further, as per the Offering Document, no distribution of income or dividend is allowed from any of the sub funds.
- 1.4 The objective of the Fund is to provide individuals with a portable, individualised, funded (based on defined contribution), flexible pension scheme, assisting and facilitating them to plan and provide for their retirement.
- 1.5 The Fund consists of three sub funds namely, NAFA Pension Fund Equity sub fund (Equity sub fund), NAFA Pension Fund Debt sub fund (Debt sub fund) and NAFA Pension Fund Money Market sub fund (Money Market sub fund) (collectively the sub funds). The investment policy for each of the sub fund is as follows:
- The Equity sub fund consists of a minimum 90% of net assets invested in listed equity securities, investment in a single company is restricted to lower of 10% of Net Asset Value (NAV) of equity sub fund or paid-up capital of the investee company. Investment in a single stock exchange sector is restricted to the higher of 30% of NAV of equity sub fund or index weight, subject to a maximum of 35% of NAV of equity sub fund. Remaining assets of the equity sub fund may be invested in government treasury bills or government securities having less than one year time to maturity, or be deposited with scheduled commercial banks having at least 'A' rating.
 - The Debt sub fund consists of tradable debt securities with weighted average duration of the investment portfolio of the sub fund not exceeding five years. At least twenty five percent (25%) of the net assets of debt sub fund shall be invested in securities issued by the Federal Government. Up to twenty five percent (25%) may be deposited with banks having not less than “AA+” rating with a stable outlook. Exposure to securities issued by companies of a single sector shall not exceed 20% except for banking sector for which the exposure limit shall be up to 30% of net assets of a debt sub fund. Deposit in a single bank shall not exceed 10% of net asset of the debt sub fund. Composition of the remaining portion of the investments shall be according to the criteria mentioned in the offering document.
 - The Money Market sub fund consists of short term debt instruments with weighted average time to maturity not exceeding ninety days. There is no restriction on the amount of investment in securities issued by the Federal Government and deposit with commercial banks having 'A+' or higher rating. Investment in securities issued by provincial or city government, government corporate entities with 'A' or higher rating or a government corporations with 'A+' or higher rating shall be in proportion as defined in offering document.
- 1.6 The Fund offers six types of allocation schemes, as prescribed by the SECP under VPS Rules, to the contributors of the Fund namely High Volatility, Medium Volatility, Low Volatility, Lower Volatility, Customized Allocation and

Life Cycle Allocation. The participants of the Fund voluntarily determine the contribution amount, subject to the minimum limit fixed by the Pension Fund Manager. The Participant has the option to select any one from the Allocation Schemes or products being offered by the Pension Fund Manager at the date of opening his / her Individual Pension Account. The Participant may change the Allocation Scheme not more than twice a year. Thereafter, the contribution amount may be paid by the contributor on a periodic basis such as annual, semi annual, quarterly or monthly basis or with any other frequency.

- 1.7 Under the provisions of the Offering Document of the fund, Contributions received from or on behalf of any Participant by Trustee in cleared funds on any business day shall be credited to the Individual Pension Account of the Participant after deducting the Front-end Fees, any premium payable in respect of any schemes selected by the Participant pursuant to the offering document and any bank charges in respect of the receipt of such Contributions. The net Contribution received in the Individual Pension Account shall be used to allocate such number of Units of the relevant sub funds in accordance with the Allocation Policy selected by the Participant as is determined in accordance with the Trust Deed and the Units shall be allocated at Net Asset Value notified by the Pension Fund Manager at the close of that business day.
- 1.8 Pakistan Credit Rating Agency (PACRA) has assigned management quality rating of 'AM1' to the Pension Fund Manager while the Fund is currently not rated.
- 1.9 Title to the assets of the Fund are held in the name of CDC as the Trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standard (IFRS Standard) issued by the International Accounting Standard Board (IASB) as notified under the 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 and 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 Pak Rupees which is the functional and presentation currency of the Fund and 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 instruments (note 4.1.2);
- c) Provision (note 4.7)

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.

	"Effective from accounting period beginning on or after"
"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.

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

- 1) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; 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.

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.

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, has 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
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----- Rupees -----

Financial assets

Bank balances	LR	AC	852,070,651	852,070,651
Listed equity securities	HFT	FVTPL	1,019,710,359	1,019,710,359
Market Treasury Bills	HFT	FVTPL	100,870,426	100,870,426
Pakistan Investment Bonds	HFT	FVTPL	13,847,699	13,847,699
Term finance certificates	HFT	FVTPL	83,674,758	83,674,758
Term deposit receipts	LR	FVTPL	1,211,543,927	1,211,543,927
Dividend receivables	LR	AC	2,138,975	2,138,975
Profit receivables	LR	AC	2,818,903	2,818,903
Security deposits	LR	AC	2,800,000	2,800,000

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
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Financial liabilities

Payable to NBP Fund Management Limited - Pension Fund Manager	OFL	AC	3,589,586	3,589,586
Payable to Central Depository Company of Pakistan Limited - Trustee	OFL	AC	277,644	277,644
Payable against Purchase of Investments	OFL	AC	24,453,212	24,453,212
Accrued expenses and other liabilities	OFL	AC	930,542	930,542

"LR" is loans and receivables

"AC" is amortised 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. The preference shares received as dividend in specie are carried at cost.

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 follow:

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 and 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 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.

4.8 Taxation

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

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

4.9 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.

4.10 Issuance, allocation, reallocation and redemption of units

Contribution received in the individual pension account after deduction of takaful premium (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 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 close of the business day corresponding to the date of change specified by the participant.

4.11 Net assets value per unit of each sub-fund

The net assets value (NAV) per unit, as disclosed on the statement of assets and liabilities, is calculated by dividing the net assets of each sub-fund by the number of units in issue at year end.

4.12 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.

4.13 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.

4.14 Cash and cash equivalents

Cash and cash equivalents are carried in the Statement of Assets and Liabilities at cost. Cash comprises saving accounts 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.

4.15 Distribution

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

4.16 Revenue recognition

- Realised gains / (losses) arising on sale of investments are included in the Income Statement on the date at which transactions take place.
- Unrealised gain / (loss) arising on re-measurement of investments '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.
- Return on government securities, ijarah sukuks, sukuk certificate, commercial papers, term finance certificates, bank balances and term deposit receipts are recognised on a time proportion basis using the effective interest method.

5. BANK BALANCES

		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
Note ----- (Rupees) -----											
Savings accounts	5.1	<u>45,636,250</u>	<u>360,449,017</u>	<u>506,421,145</u>	<u>2,402,140</u>	<u>914,908,552</u>	<u>96,242,228</u>	<u>207,518,978</u>	<u>545,833,957</u>	<u>2,475,488</u>	<u>852,070,651</u>

5.1 These accounts carry mark-up rates ranging from 3.75% to 14.00% per annum (2018: 3.75% to 7.25% per annum).

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

6. INVESTMENTS

		2019				2018			
		Equity sub fund	Debt sub fund	Money Market sub fund	Total	Equity sub fund	Debt sub fund	Money Market sub fund	Total
Note ----- (Rupees) -----									
Investments designated at fair value through profit and loss									
Listed equity securities	6.1	<u>707,428,312</u>	-	-	<u>707,428,312</u>	1,019,710,359	-	-	1,019,710,359
Government securities - Market Treasury Bills	6.2	-	<u>86,080,192</u>	-	<u>86,080,192</u>	-	100,870,426	-	100,870,426
Government securities - Pakistan									
Investment Bonds	6.3	-	<u>66,631,045</u>	-	<u>66,631,045</u>	-	-	-	-
Term finance certificates / Sukuk certificates	6.4	-	<u>47,085,703</u>	-	<u>47,085,703</u>	-	83,674,788	-	83,674,788
Commercial papers	6.5	-	<u>30,790,277</u>	<u>34,763,216</u>	<u>65,553,493</u>	-	-	-	-
Term deposit receipts	6.6	-	-	<u>313,170,949</u>	<u>313,170,949</u>	-	-	<u>121,543,927</u>	<u>121,543,927</u>
		<u>707,428,312</u>	<u>230,587,217</u>	<u>347,934,165</u>	<u>1,285,949,694</u>	<u>1,019,710,359</u>	<u>184,545,214</u>	<u>121,543,927</u>	<u>1,325,799,500</u>

6.1 Listed equity securities

6.1.1 Held by Equity sub fund

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

Name of the investee company	As at July 01, 2018	Purchased during the year	Bonus shares issue during the year (note 6.1.2)	Right shares subscribed during the year	Sold during the year	As at June 30, 2019	Market value / carrying value as at June 30, 2019	Market value / carrying value as a percentage of net assets of the sub fund	Market value / carrying value as a percentage of investments of the sub fund	Par value as a percentage of issued capital of the investee company
	(Number of shares)						(Rupees)	(%)		
Automobile Assembler										
Indus Motor Company Limited	6,050	1,600	-	-	7,650	-	-	0.00	0.00	0.00
Millat Tractors Limited	7,480	-	-	-	7,480	-	-	0.00	0.00	0.00
Honda Atlas Cars (Pakistan) Limited	-	42,300	-	-	18,300	24,000	3,559,680	0.48	0.50	0.03
	<u>13,530</u>	<u>43,900</u>	<u>-</u>	<u>-</u>	<u>33,430</u>	<u>24,000</u>	<u>3,559,680</u>	<u>0.48</u>	<u>0.50</u>	
Automobile Parts and Accessories										
Agriaautos Industries Limited	3,400	-	-	-	3,400	-	-	0.00	0.00	0.00
Thal Limited	20,300	-	-	-	13,300	7,000	2,548,420	0.34	0.36	3.15
Baluchistan Wheels Limited	88,500	-	-	-	-	88,500	5,411,775	0.73	0.76	4.06
	<u>112,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,700</u>	<u>95,500</u>	<u>7,960,195</u>	<u>1.07</u>	<u>1.13</u>	
Cable & Electrical Goods										
Pak Elektron Limited	87,750	319,000	-	-	406,750	-	-	0.00	0.00	0.00
Pharmaceuticals										
AGP Limited	43,375	36,500	-	-	79,875	-	-	0.00	0.00	0.00
GlaxoSmithKline (Pakistan) Limited	17,860	32,000	-	-	49,860	-	-	0.00	0.00	0.00
The Searle Company Limited	12,933	19,000	2,015	-	32,600	1,348	197,563	0.03	0.03	0.65
Highnoon Laboratories Limited	36	2,600	264	-	2,600	300	75,951	0.01	0.01	0.15
Abbott Laboratories Pakistan Limited	9,750	3,100	-	-	12,850	-	-	0.00	0.00	0.00
Ferozsos Laboratories Limited	14,500	6,100	-	-	20,600	-	-	0.00	0.00	0.00
	<u>98,454</u>	<u>99,300</u>	<u>2,279</u>	<u>-</u>	<u>198,385</u>	<u>1,648</u>	<u>273,514</u>	<u>0.04</u>	<u>0.04</u>	<u>0.04</u>
Chemical										
Akzo Nobel Pakistan Limited	42,400	-	-	-	8,600	33,800	3,381,690	0.45	0.48	0.73
Ittehad Chemical Limited	302,000	-	24,700	-	168,500	158,200	4,265,072	0.57	0.60	0.50
Dynea Pakistan Limited	17,000	-	-	-	17,000	-	-	0.00	0.00	0.00
Engro Polymer and Chemicals Limited	842,787	297,500	-	-	759,000	381,287	10,279,471	1.38	1.45	0.61
Ghani Value Glass Limited	-	190,000	-	-	-	190,000	6,982,500	0.94	0.99	1.01
	<u>1,204,187</u>	<u>487,500</u>	<u>24,700</u>	<u>-</u>	<u>953,100</u>	<u>763,287</u>	<u>24,908,733</u>	<u>3.34</u>	<u>3.52</u>	
Cement										
D.G. Khan Cement Company Limited	138,800	65,000	-	-	183,800	20,000	1,130,800	0.15	0.16	0.26
Lucky Cement Limited	34,550	53,800	-	-	37,800	50,550	19,232,758	2.58	2.72	5.95
Maple Leaf Cement Factory Limited	55,000	695,000	-	-	601,000	149,000	3,559,634	0.48	0.50	0.67
Attock Cement (Pakistan) Limited	68,200	-	-	-	68,200	-	-	0.00	0.00	0.00
Pioneer Cement Limited	62,700	510,500	-	-	523,200	50,000	1,132,500	0.15	0.16	0.50
Kohat Cement Limited	46,800	142,500	14,370	-	89,900	113,770	5,976,338	0.80	0.84	3.87
Fauji Cement Company Limited	189,500	73,000	-	-	189,000	73,500	1,156,155	0.16	0.16	0.81
	<u>595,550</u>	<u>1,539,800</u>	<u>14,370</u>	<u>-</u>	<u>1,692,900</u>	<u>456,820</u>	<u>32,188,185</u>	<u>4.32</u>	<u>4.55</u>	
Refinery										
Attock Refinery Limited	400	-	100	-	-	500	38,635	0.01	0.01	0.05
National Refinery Limited	-	16,500	-	-	16,500	-	-	0.00	0.00	0.00
	<u>400</u>	<u>16,500</u>	<u>100</u>	<u>-</u>	<u>16,500</u>	<u>500</u>	<u>38,635</u>	<u>0.01</u>	<u>0.01</u>	

Name of the investee company	As at July 01, 2018	Purchased during the year	Bonus shares issue during the year (note 6.1.2)	Right shares subscribed during the year	Sold during the year	As at June 30, 2019	Market value / carrying value as at June 30, 2019	Market value / carrying value as a percentage of net assets of sub fund	Market value / carrying value as a percentage of investments of the sub fund	Par value as a percentage of issued capital of the investee company
	----- (Number of shares) -----						(Rupees)	----- (%) -----		
Commerical banks										
Habib Metropolitan Bank Limited	412,000	-	-	-	412,000	-	-	0.00	0.00	0.00
Allied Bank Limited	273,800	104,000	-	-	147,000	230,800	24,238,616	3.25	3.43	0.02
Bank Al-falah Limited (note 6.1.3)	1,133,500	540,500	102,600	-	832,500	944,100	41,153,319	5.53	5.82	0.08
Bank Al-Habib Limited (note 6.1.3)	369,150	323,500	-	-	155,000	537,650	42,141,007	5.66	5.96	0.05
MCB Bank Limited	128,800	90,000	-	-	84,600	134,200	23,411,190	3.14	3.31	0.01
United Bank Limited	195,860	371,900	-	-	274,700	293,060	43,191,183	5.80	6.11	0.02
Faysal Bank Limited (note 6.1.3)	952,391	-	-	-	726,500	225,891	4,861,174	0.65	0.69	0.02
Habib Bank Limited (note 6.1.3)	376,328	398,600	-	-	446,100	328,828	37,243,059	5.00	5.26	0.02
Bank of Punjab Limited	-	1,409,000	-	-	1,409,000	-	-	0.00	0.00	0.00
Meezan Bank Limited	-	66,000	-	-	66,000	-	-	0.00	0.00	0.00
	<u>3,841,829</u>	<u>3,303,500</u>	<u>102,600</u>	<u>-</u>	<u>4,553,400</u>	<u>2,694,529</u>	<u>216,239,548</u>	<u>29.04</u>	<u>30.57</u>	
Paper and Board										
Century Paper and Board Mills Limited	27,500	92,000	-	-	-	119,500	3,722,425	0.50	0.53	0.08
Cherat Packaging Limited.	-	-	-	-	-	-	-	0.00	0.00	0.00
	<u>27,500</u>	<u>92,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>119,500</u>	<u>3,722,425</u>	<u>0.50</u>	<u>0.53</u>	
Fertilizer										
Engro Corporation Limited	170,200	32,900	12,060	-	79,500	135,660	36,031,296	4.84	5.09	0.01
Engro Fertilizers Limited (note 6.1.3)	559,000	290,500	-	-	455,500	394,000	25,204,180	3.38	3.56	0.08
Fauji Fertilizer Bin Qasim Limited	-	317,500	-	-	317,500	-	-	0.00	0.00	0.00
Fauji Fertilizer Company Limited	289,500	413,000	-	-	320,500	382,000	33,310,400	4.47	4.71	0.03
Dawood Hercules Corporation Limited	52,600	-	-	-	52,600	-	-	0.00	0.00	0.00
	<u>1,071,300</u>	<u>1,053,900</u>	<u>12,060</u>	<u>-</u>	<u>1,225,600</u>	<u>911,660</u>	<u>94,545,876</u>	<u>12.70</u>	<u>13.36</u>	
Power Generation & Distribution										
The Hub Power Company Limited	322,100	479,500	71,049	-	180,500	692,149	54,505,954	7.32	7.70	0.08
Kot Addu Power Company Limited	116,500	-	-	-	116,500	-	-	0.00	0.00	0.00
Saif Power Limited	-	-	-	-	-	-	-	0.00	0.00	0.00
K-Electric Limited	-	-	-	-	-	-	-	0.00	0.00	0.00
Lalpir Power Limited	-	315,000	-	-	-	315,000	4,095,000	0.55	0.58	0.13
PAKGEN Power Limited	-	280,000	-	-	-	280,000	3,970,400	0.53	0.56	0.08
Nishat Power Limited	-	170,000	-	-	-	170,000	4,681,800	0.63	0.66	0.02
	<u>438,600</u>	<u>1,244,500</u>	<u>71,049</u>	<u>-</u>	<u>297,000</u>	<u>1,457,149</u>	<u>67,253,154</u>	<u>9.03</u>	<u>9.51</u>	
Textile Composite										
Nishat Mills Limited	144,000	165,000	-	-	109,200	199,800	18,649,332	2.50	2.64	0.08
Sapphire Fibers Limited	6,200	-	-	-	-	6,200	5,090,820	0.68	0.72	0.00
Crescent Textile Mills Limited	-	-	-	-	-	-	-	0.00	0.00	0.00
Nishat Chunian Limited	411,500	113,000	-	-	524,500	-	-	0.00	0.00	0.00
Dawood Lawrancepur Limited	40,900	-	-	-	40,900	-	-	0.00	0.00	0.00
Interloop Limited	-	121,319	-	-	-	121,319	5,370,792	0.72	0.76	0.21
Kohinoor Textile Mills Limited	168,453	-	-	-	129,000	39,453	988,298	0.13	0.14	0.20
	<u>771,053</u>	<u>399,319</u>	<u>-</u>	<u>-</u>	<u>803,600</u>	<u>366,772</u>	<u>30,099,242</u>	<u>4.04</u>	<u>4.25</u>	

Name of the investee company	As at July 01, 2018	Purchased during the year	Bonus shares issue during the year (note 6.1.2)	Right shares subscribed during the year	Sold 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 the sub fund	Par value as a percentage of issued capital of the investee company
	----- (Number of shares) -----						(Rupees)	----- (%) -----		
Sugar and Allied Industries										
Faran Sugar Mills Limited	70,500	-	-	-	-	70,500	2,862,300	0.38	0.40	0.28
	<u>70,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,500</u>	<u>2,862,300</u>	<u>0.38</u>	<u>0.40</u>	
Oil and Gas Exploration Companies										
Mari Petroleum Company Limited	24,600	14,320	3,476	-	14,640	27,756	28,014,963	3.76	3.96	0.00
Oil and Gas Development Company Limited (note 6.1.3)	296,200	283,600	-	-	132,600	447,200	58,802,328	7.90	8.31	0.19
Pakistan Oilfields Limited (note 6.1.3)	80,300	79,900	18,100	-	110,000	68,300	27,722,287	3.72	3.92	0.00
Pakistan Petroleum Limited	280,378	222,800	34,632	-	228,100	309,710	44,731,415	6.01	6.32	0.28
	<u>681,478</u>	<u>600,620</u>	<u>56,208</u>	<u>-</u>	<u>485,340</u>	<u>852,966</u>	<u>159,270,994</u>	<u>21.39</u>	<u>22.51</u>	
Oil and Gas Marketing Companies										
Attock Petroleum Limited	7,800	-	1,560	-	9,360	-	-	0.00	0.00	
Hascol Petroleum Limited	18,327	-	6,871	-	22,600	2,598	178,275	0.02	0.03	0.00
Pakistan State Oil Company Limited (note 6.1.3)	77,436	60,400	14,267	-	84,000	68,103	11,552,312	1.55	1.63	0.02
Shell Pakistan Limited	11,300	-	-	-	11,300	-	-	0.00	0.00	0.00
Sui Northern Gas Pipelines Limited	189,800	84,500	-	-	130,500	143,800	9,992,662	1.34	1.41	0.13
	<u>304,663</u>	<u>144,900</u>	<u>22,698</u>	<u>-</u>	<u>257,760</u>	<u>214,501</u>	<u>21,723,249</u>	<u>2.92</u>	<u>3.07</u>	
Engineering										
Aisha Steel Mills Limited	-	-	-	-	-	-	-	0.00	0.00	0.00
Crescent Steel & Allied Products Limited	1,400	-	-	-	1,400	-	-	0.00	0.00	0.00
Amreli Steels Ltd.	16,500	-	-	-	16,500	-	-	0.00	0.00	0.00
Mughal Iron and Steel Industries Limited	81,310	408,500	-	-	355,500	134,310	3,379,240	0.45	0.48	0.05
	<u>99,210</u>	<u>408,500</u>	<u>-</u>	<u>-</u>	<u>373,400</u>	<u>134,310</u>	<u>3,379,240</u>	<u>0.45</u>	<u>0.48</u>	
Technology and communication										
NETSOL Technologies Limited	150,000	124,900	-	-	139,800	135,100	8,901,739	1.20	1.26	0.10
Avanceon Limited	36,500	33,000	14,600	-	48,000	36,100	1,770,344	0.24	0.25	0.04
Systems Limited	168,500	41,700	8,950	-	116,500	102,650	9,851,321	1.32	1.39	0.09
	<u>355,000</u>	<u>199,600</u>	<u>23,550</u>	<u>-</u>	<u>304,300</u>	<u>273,850</u>	<u>20,523,404</u>	<u>2.76</u>	<u>2.90</u>	
Food and Personal Care Products										
Matco Foods Limited	300,500	94,000	-	-	394,500	-	-	0.00	0.00	0.00
Al-Shaheer Corporation Limited	137,552	170,000	-	-	304,000	3,552	44,762	0.01	0.01	0.00
At - Tahir limited	-	358,497	-	-	357,500	997	19,650	0.00	0.00	0.00
	<u>438,052</u>	<u>622,497</u>	<u>-</u>	<u>-</u>	<u>1,056,000</u>	<u>4,549</u>	<u>64,412</u>	<u>0.01</u>	<u>0.01</u>	
Glass and Ceramics										
Shabbir Tiles and Ceramics Limited	212,500	440,000	-	-	542,500	110,000	1,131,949	0.15	0.16	0.03
Tariq Glass Industries Limited	150,500	41,000	-	-	82,000	109,500	8,390,985	1.13	1.19	0.03
Ghani Glass Limited	28,000	10,000	11,400	-	-	49,400	2,171,130	0.29	0.31	0.07
	<u>391,000</u>	<u>491,000</u>	<u>11,400</u>	<u>-</u>	<u>624,500</u>	<u>268,900</u>	<u>11,694,064</u>	<u>1.57</u>	<u>1.65</u>	
Insurance										
Pakistan Reinsurance Company Limited	-	-	-	-	-	-	-	0.00	0.00	0.00
Adamjee Insurance Company Limited	-	431,500	-	-	303,500	128,000	4,486,400	0.60	0.63	0.04
	<u>-</u>	<u>431,500</u>	<u>-</u>	<u>-</u>	<u>303,500</u>	<u>128,000</u>	<u>4,486,400</u>	<u>0.60</u>	<u>0.63</u>	

Name of the investee company	As at July 01, 2018	Purchased during the year	Bonus shares issue during the year (note 6.1.2)	Right shares subscribed during the year	Sold 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 the sub fund	Par value as a percentage of issued capital of the investee company	
	----- (Number of shares) -----						----- (%) -----				
Synthetic Products											
Synthetic Products Enterprises Limited	117,750	1,000	-	-	-	118,750	2,635,063	0.35	0.37	0.14	
	117,750	1,000	-	-	-	118,750	2,635,063	0.35	0.37		
Vanaspati & Allied Industries □											
Unity Foods Limited	-	407,500	-	903,948	1,311,448	-	-	0.00	0.00	0.00	
	-	407,500	-	903,948	1,311,448	-	-	-	-		
Total June 30, 2019	10,720,006	11,906,336	341,014	903,948	14,913,613	8,957,691	707,428,312	94.99	100		
Carrying value before fair value adjustment as at June 30, 2019							842,218,035				

6.1.2 "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.

6.1.3 Investments include shares with market value of Rs. 18.208 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 dated 23 October 2007 issued by the Securities and Exchange Commission of Pakistan.

6.2 Government securities - Market Treasury bills

6.2.1 Held by Debt sub fund

Issue date	Maturity date	Note	Tenor	As at July 01, 2018	Purchases during the year	Face value Sales / matured during the year	As at June 30, 2019	Market value / carrying value as at June 30, 2019	Market value / carrying value as a percentage of net assets of sub fund	Market value / carrying value as a percentage of total investments of sub fund
				(Rupees)			(%)			
June 7, 2018	August 30, 2018		3 Months	102,000,000	-	102,000,000	-	-	-	-
August 2, 2018	October 25, 2018		3 Months	-	3,000,000	3,000,000	-	-	-	-
July 19, 2018	October 11, 2018		3 Months	-	359,000,000	359,000,000	-	-	-	-
October 11, 2018	January 3, 2019		3 Months	-	291,000,000	291,000,000	-	-	-	-
December 6, 2018	February 28, 2019		6 Months	-	212,000,000	212,000,000	-	-	-	-
February 14, 2019	May 9, 2019		3 Months	-	562,660,000	562,660,000	-	-	-	-
April 25, 2019	July 18, 2019		3 Months	-	12,000,000	12,000,000	-	-	-	-
May 9, 2019	August 1, 2019		3 Months	-	230,000,000	143,000,000	87,000,000	86,080,192	0.15	0.37
May 23, 2019	August 15, 2019		3 Months	-	62,000,000	62,000,000	-	-	-	-
				102,000,000	1,731,660,000	1,746,660,000	87,000,000	86,080,192	0.15	0.37
Carrying value before fair value adjustment as at June 30, 2019								86,170,681		

6.2.2 These Market Treasury Bills carry rate of return ranging from 7.45% to 12.70% per annum (2018: 5.96% to 6.62% per annum).

6.2.3 Held by Money Market sub fund

Issue date	Maturity date	Note	Tenor	As at July 01, 2018	Purchases during the year	Face value Sales / matured during the year	As at June 30, 2019	Market value / carrying value as at June 30, 2019	Market value / carrying value as a percentage of net assets of sub fund	Market value / carrying value as a percentage of total investments of sub fund
				(Rupees)			(%)			
July 19, 2018	October 11, 2018		3 Months	-	663,900,000	663,900,000	-	-	-	-
August 2, 2018	October 25, 2018		3 Months	-	23,000,000	23,000,000	-	-	-	-
October 11, 2018	January 3, 2019		3 Months	-	859,500,000	859,500,000	-	-	-	-
April 11, 2019	July 4, 2019		3 Months	-	110,000,000	110,000,000	-	-	-	-
February 14, 2019	May 9, 2019		3 Months	-	145,250,000	145,250,000	-	-	-	-
May 23, 2019	August 15, 2019		3 Months	-	408,000,000	408,000,000	-	-	-	-
				-	2,209,650,000	2,209,650,000	-	-	-	-
Carrying value before fair value adjustment as at June 30, 2019								-		

6.2.4 These Market Treasury Bills carry rate of return ranging from 7.45% to 12.70% per annum (2018: 5.96% to 6.62% per annum).

6.3 Government securities - Pakistan Investment Bonds
6.3.1 Held by Debt sub fund

Issue date	Maturity date	Note	Tenor	As at July 01, 2018	Purchases during the year	Face value Sales / matured during the year	As at June 30, 2019	Market value / carrying value as at June 30, 2019	Market value / carrying value as a percentage of net assets of sub fund	Market value / carrying value as a percentage of total investments of sub fund
				(Rupees)			(%)			
July 12, 2018	July 12, 2021	6.3.2	3 Years	-	200,000,000	125,000,000	75,000,000	66,631,045	21.75	44.67
				-	-	125,000,000	75,000,000	66,631,045	21.75	44.67
Carrying value before fair value adjustment as at June 30, 2019								68,575,562		

6.3.2 These Pakistan Investment Bonds carry yield ranging from 11.97 % to 13.41% per annum. (2018: 11.25 % to 12% per annum)

6.4 Term finance certificates / sukuk certificates

6.4.1 Held by Debt sub fund

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

Name of the investee company	As at July 01, 2018	Purchases during the year	Disposals / Matured during the year	As at June 30, 2019	Market value / carrying value as at June 30, 2019	Market value / carrying value as a percentage of net assets of sub fund	Market value / carrying value as a percentage of total investments of sub fund
Note	------(Number of certificates)-----			(Rupees)	------(%)-----		
Askari Commercial Bank Limited	3,300	-	-	3,300	16,099,109	2.72	6.98
Bank Alfalah Limited - Revised	1,600	-	-	1,600	7,980,800	1.35	3.46
JS Bank Limited	1,500	-	-	1,500	7,524,950	1.27	3.26
Jahangir Siddiqui and Company Limited - II	5,000	-	5,000	-	-	-	-
Jahangir Siddiqui and Company Limited - X	1,560	-	-	1,560	6,804,525	1.15	2.95
Jahangir Siddiqui and Company Limited - III	600	-	-	600	1,500,000	0.25	0.65
MCB Bank Limited	4,920	80	5,000	-	-	-	-
Dawood Hercules Corporation Limited - revised	80	-	-	80	7,176,319		
6.4.2	18,560	80	10,000	8,640	47,085,703	6.74	17.30
Carrying value before fair value adjustment as at June 30, 2019					47,470,200		

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

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

Name of security	Profit rate per annum	Number of certificates	Unredeemed face value (Rupees)	Mark-up rate (per annum)	Issue Date	Tenor	Secured / unsecured	Rating
Listed term finance certificates								
Bank Alfalah Limited	12.09%	1,600	7,980,800	6 months KIBOR + 1.25%	20-Feb-13	8 years	Secured	AA
Listed Sukuk certificates								
Dawood Hercules Corporation Limited	12.67%	80	7,200,000	3 months KIBOR + 1%	16-Nov-17	5 years	Secured	AA
Unlisted term finance certificates								
Askari Commercial Bank Limited	12.30%	3,300	16,470,300	6 months KIBOR + 1.2%	30-Sep-14	10 years	Secured	A+
JS Bank Limited	14.45%	1,500	7,492,500	6 months KIBOR + 1.4%	14-Dec-16	7 years	Secured	AA+
Jahangir Siddiqui and Company Limited - X	12.16%	1,560	6,825,000	6 months KIBOR + 1.4%	18-Jul-17	5 years	Secured	AA+
Jahangir Siddiqui and Company Limited - III	14.71%	600	1,500,000	6 months KIBOR + 1.65%	24-Jun-16	5 years	Secured	AA+

6.5 Commercial Paper

6.5.1 Held by Debt sub fund

This represents the purchase of commercial paper from Hub Power Company Limited on April 23, 2019 having face value of Rs. 31 million , (carrying value of Rs. 30.790 million) carrying profit at the rate of 11.96% and that mature on July 22, 2019.

6.5.2 Held by Money Market sub fund

This represents the purchase of commercial paper from HASCOL Petroleum Limited on April 23, 2019 having face value of Rs. 35 million, (carrying value of Rs. 34.736 million) carrying profit at the rate of 11.96% and that mature on July 22, 2019.

6.6 Term deposit receipts

Held by Money Market sub fund

Name of Issue	Start date	End Date	Profit rate per annum	Carrying Value as at June 30, 2019
Bank Islami Pakistan Limited	June 28, 2019	July 29, 2019	13.60%	160,000,000
JS Bank Limited	June 27, 2019	September 27, 2019	13.20%	18,001,345
JS Bank Limited	June 27, 2019	September 27, 2019	13.20%	135,169,604
				313,170,949

**6.7 Net unrealised (loss) / gain 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	707,428,312	192,620,621	121,543,927	1,021,592,860	1,019,710,359	184,545,214	243,087,854	1,447,343,427
Less: Carrying cost of investments	(842,218,035)	(195,000,443)	(121,543,927)	(1,158,762,405)	(1,057,931,397)	(184,580,936)	-	(1,242,512,333)
	<u>(134,789,724)</u>	<u>(2,379,822)</u>	<u>-</u>	<u>(137,169,545)</u>	<u>(38,221,038)</u>	<u>(35,722)</u>	<u>243,087,854</u>	<u>204,831,094</u>

7. PROFITS RECEIVABLE

	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) -----							
Profit receivable from savings accounts	605,646	1,623,887	3,314,625	5,544,158	185,257	305,632	501,294	992,183
Profit receivable from term deposit receipts	-	-	400,422	400,422	-	-	665,328	665,328
Profit receivable from term finance certificates	-	1,400,576	-	1,400,576	-	1,161,392	-	1,161,392
Profit receivable from Pakistan Investment Bonds	-	2,540,148	-	2,540,148	-	-	-	-
	<u>605,646</u>	<u>5,564,611</u>	<u>3,715,047</u>	<u>9,885,304</u>	<u>185,257</u>	<u>1,467,024</u>	<u>1,166,622</u>	<u>2,818,903</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	440,846	362,057	-	802,903	436,647	339,644	-	776,291
Security deposit with National Clearing Company of Pakistan Limited	2,500,000	-	-	2,500,000	2,500,000	-	-	2,500,000
Security deposit with Central Depository Company of Pakistan Limited	100,000	100,000	100,000	300,000	100,000	100,000	100,000	300,000
Other receivable	-	-	-	-	2,635,000	-	-	2,635,000
	<u>3,040,846</u>	<u>462,057</u>	<u>100,000</u>	<u>3,602,903</u>	<u>5,671,647</u>	<u>439,644</u>	<u>100,000</u>	<u>6,211,291</u>

9. PAYABLE TO NBP FUND MANAGEMENT COMPANY 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	1,025,140	765,459	1,040,826	-	2,831,425	1,346,147	441,272	817,647	-	2,605,066
Sindh Sales Tax on management remuneration to Pension Fund Manager	9.2	123,519	89,761	125,558	-	338,838	175,000	57,365	106,295	-	338,660
Preliminary expenses and floatation cost payable		-	-	-	-	-	75,000	75,000	75,000	-	225,000
Sales load		-	-	-	403,698	403,698	-	-	-	370,045	370,045
Sindh Sales Tax on sales load		-	-	-	56,767	56,767	-	-	-	50,815	50,815
		1,148,659	855,220	1,166,384	460,465	3,630,728	1,596,147	573,637,998,942	420,860	3,589,586	

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

9.2 The Sindh Provincial Government has levied Sindh Sales Tax on the remuneration to the Pension Fund Manager and sales load through Sindh Sales Tax on Services Act, 2011, effective from July 01, 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 the trustee	10.1	78,329	56,913	79,612	214,854	125,715	36,297	83,689	245,701
Sindh Sales Tax on remuneration to the trustee	10.2	10,182	7,398	10,349	27,929	16,345	4,718	10,880	31,943
		88,511	64,311	89,961	242,783	142,060	41,015	94,569	277,644

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

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

Tariff per annum

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

The remuneration is paid to the Trustee monthly in arrears.

10.2 The Sindh Provincial Government levied Sindh Sales Tax on the remuneration to the Trustee through Sindh Sales Tax on Services Act, 2011, effective from July 01, 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 asset 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	8,150,678	1,765,873	2,399,026	-	12,315,577	8,150,678	1,216,677	1,212,680	-	10,580,035
Federal Excise Duty on remuneration to the Pension fund manager	12.2	1,770,463	1,329,145	1,054,992	-	4,154,600	1,770,462	1,329,145	1,054,992	-	4,154,599
Federal Excise Duty on sales load		-	-	-	1,941,675	1,941,675	-	-	-	1,941,675	1,941,675
Auditors' remuneration		115,924	115,924	115,925	-	347,773	103,281	103,281	103,281	-	309,843
Legal and professional charges		78,603	34,503	35,234	-	148,340	85,030	41,297	41,663	-	167,990
Brokerage expense payable		72,940	-	-	-	72,940	98,224	12,281	-	-	110,505
Bank charges and settlement charges payable		201,017	161,923	102,400	-	465,340	123,602	68,556	62,789	-	254,947
Printing charges		30,885	30,885	30,885	-	92,655	31,284	29,085	29,086	-	89,455
Withholding tax		33,593	2,531	240	-	36,364	15,962	1,908	51,622	112,953	182,445
		10,454,103	3,440,784	3,738,702	1,941,675	19,575,264	10,378,523	2,802,230	2,556,113	2,054,628	17,791,494

- 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. 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 the 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 the current year, SWWF recognised in all funds except equity fund as there is net loss in it. Had the SWWF not been recorded in the financial statements of the Equity sub fund, Debt sub fund and Money Market sub fund for the period from May 21, 2015 to June 30, 2019, the net asset value of the Equity Sub-Fund, Debt sub fund and Money Market sub fund would have been higher by Rs. 2.7673, Rs. 0.4702 and Rs. 0.4072 (2018: Rs. 2.250, Rs. 0.491 and 0.244) per unit respectively.

- 12.2** As per the requirement of Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration to the Pension fund manager has been applied effective 13 June 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 inter alia declared that Federal Excise Act 2005 (FED Act) is on services, other than shipping agents and related services, is ultra vires to the Constitution from July 01, 2011. However, the declaration made by the Honorable Court, as directed, will have effect in the manner prescribed in the judgment. The Sindh High Court in its decision dated 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 Honorable 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 on management aggregating to Rs. 1.770 million, Rs. 1.329 million and Rs. 1.055 million for Equity sub fund, Debt sub fund and Money Market sub fund respectively. Had the provision not been made, the (NAV) per unit of the Equity sub fund, Debt sub fund and Money Market sub fund as at June 30, 2019 would have been higher by Rs. 0.6011, Rs. 0.3539 and Rs. 0.1791 (2018: Rs 0.4887, Rs. 0.5359 and Rs. 0.2126) per unit respectively.

13. CONTINGENCIES AND COMMITMENTS

There is no contingency and commitment outstanding as at June 30, 2019 (June 30, 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	3,622,459	2,480,232	4,962,422	11,065,113	3,276,556	3,102,258	3,533,149	9,911,963
Units issued during the year	386,054	1,100,572	2,210,971	3,697,597	812,410	787,248	2,077,264	3,676,922
Units redeemed during the year	(541,150)	(597,862)	(1,504,489)	(2,643,501)	(340,150)	(913,546)	(1,492,808)	(2,746,504)
Reallocation during the year	(521,999)	772,783	223,012	473,796	(126,357)	(495,729)	844,818	222,732
Total units in issue at end of the year	<u>2,945,364</u>	<u>3,755,725</u>	<u>5,891,916</u>	<u>12,593,005</u>	<u>3,622,459</u>	<u>2,480,232</u>	<u>4,962,422</u>	<u>11,065,113</u>

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 levy	21,616	21,616	21,616	64,848	26,401	26,401	26,401	79,203
	121,616	121,616	121,616	364,848	116,401	116,401	116,401	349,203

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

Contribution net of front end fee for the year

From:	2019							
	Equity sub fund		Debt sub fund		Money Market sub fund		Total	
	Units	Rupees	Units	Rupees	Units	Rupees	Units	Rupees
Individuals - issuance of units	386,054	352,086,452	1,100,572	170,369,307	2,210,971	310,762,584	3,697,597	833,218,343
	386,054	352,086,452	1,100,572	170,369,307	2,210,971	310,762,584	3,697,597	833,218,343
	-	-	-	-	-	-	-	-
From:	2018							
	Equity sub fund		Debt sub fund		Money Market sub fund		Total	
	Units	Rupees	Units	Rupees	Units	Rupees	Units	Rupees
Individuals - issuance of units	812,410	253,299,551	787,248	113,932,521	2,077,264	273,367,527	3,676,922	640,599,599
	812,410	253,299,551	787,248	113,932,521	2,077,264	273,367,527	3,676,922	640,599,599

18. RECONCILIATION OF LIABILITIES ARISING OUT OF FINANCING

	Equity sub fund			Debt sub fund			Money Market sub fund		
	Receivable against sale of units	Payable against redemption of units	Total	Receivable against sale of units	Payable against redemption of units	Total	Receivable against sale of units	Payable against redemption of units	Total
Opening balance as at July 01, 2018	-	-	-	-	-	-	-	-	-
Receivable against issuance of units	352,086,452	-	352,086,452	170,369,307	-	170,369,307	337,458,765	-	337,458,765
Payable against redemption of units	-	(545,157,144)	(545,157,144)	-	29,310,895	29,310,895	-	(207,480,420)	(207,480,420)
	352,086,452	(545,157,144)	(193,070,692)	170,369,307	29,310,895	199,680,202	337,458,765	(207,480,420)	129,978,345
Amount received on issuance of units	(352,086,452)	-	(352,086,452)	(170,369,307)	-	(170,369,307)	(337,458,765)	-	(337,458,765)
Amount paid on redemption of units	-	545,157,144	545,157,144	-	(29,310,895)	(29,310,895)	-	207,480,420	207,480,420
	(352,086,452)	545,157,144	193,070,692	(170,369,307)	(29,310,895)	(199,680,202)	(337,458,765)	207,480,420	(129,978,345)
Closing balance as at June 30, 2019	-	-	-	-	-	-	-	-	-

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
	(Rupees)									
Savings accounts	45,636,250	360,449,017	506,421,145	2,402,140	914,908,552	96,242,228	207,518,978	545,833,957	2,475,488	852,070,651
Term deposit receipts	-	-	313,170,949	-	313,170,949	-	-	121,543,927	-	121,543,927
	45,636,250	360,449,017	819,592,094	2,402,140	1,228,079,501	96,242,228	207,518,978	667,377,884	2,475,488	973,614,578

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) -----											
Financial assets											
Bank balances	45,636,250	-	45,636,250	360,449,017	-	360,449,017	506,421,145	-	506,421,145	2,402,140	914,908,552
Investments	-	707,428,312	707,428,312	-	230,587,217	230,587,217	-	34,763,216	34,763,216	-	972,778,745
Dividend receivables	-	-	-	-	-	-	-	-	-	-	-
Profits receivable	605,646	-	605,646	5,564,611	-	5,564,611	3,715,047	-	3,715,047	-	9,885,304
Security deposits	2,600,000	-	2,600,000	100,000	-	100,000	100,000	-	100,000	-	2,800,000
	<u>48,841,896</u>	<u>707,428,312</u>	<u>756,270,208</u>	<u>366,113,628</u>	<u>230,587,217</u>	<u>596,700,845</u>	<u>510,236,192</u>	<u>34,763,216</u>	<u>544,999,408</u>	<u>2,402,140</u>	<u>1,900,372,601</u>

As at June 30, 2019

	Equity sub fund			Debt sub fund			Money Market sub fund			Others	Total
	Liabilities at fair value through profit or loss	At amortised cost	Total	Liabilities at fair value through profit or loss	At amortised cost	Total	Liabilities at fair value through profit or loss	At amortised cost	Total	At amortised cost	
----- (Rupees) -----											
Financial liabilities											
Payable to NBP Fund Management Limited - Pension Fund Manager	-	1,148,659	1,148,659	-	855,220	855,220	-	1,166,384	1,166,384	460,465	3,630,728
Payable to Central Depository Company of Pakistan Limited - Trustee	-	88,511	88,511	-	64,311	64,311	-	89,961	89,961	-	242,783
Accrued expenses and other liabilities	-	499,369	499,369	-	343,235	343,235	-	284,444	284,444	-	1,127,048
	<u>-</u>	<u>1,736,539</u>	<u>1,736,539</u>	<u>-</u>	<u>1,262,766</u>	<u>1,262,766</u>	<u>-</u>	<u>1,540,789</u>	<u>1,540,789</u>	<u>460,465</u>	<u>5,000,559</u>

As at 30 June 2018

	Equity sub fund			Debt sub fund			Money Market sub fund			Others	Total
	Loans and receivables	Held for trading	Total	Loans and receivables	Held for trading	Total	Loans and receivables	Held for trading	Total	Loans and receivables	
----- (Rupees) -----											
Financial assets											
Bank balances	96,242,228	-	96,242,228	207,518,978	-	207,518,978	545,833,957	-	545,833,957	2,475,488	852,070,651
Investments	-	1,019,710,359	1,019,710,359	-	184,545,214	184,545,214	121,543,927	-	121,543,927	-	1,325,799,500
Dividend receivables	2,138,975	-	2,138,975	-	-	-	-	-	-	-	2,138,975
Profit receivables	185,257	-	185,257	1,467,024	-	1,467,024	1,166,622	-	1,166,622	-	2,818,903
Security deposits	2,600,000	-	2,600,000	100,000	-	100,000	100,000	-	100,000	-	2,800,000
	<u>101,166,460</u>	<u>1,019,710,359</u>	<u>1,120,876,819</u>	<u>209,086,002</u>	<u>184,545,214</u>	<u>393,631,216</u>	<u>668,644,506</u>	<u>-</u>	<u>668,644,506</u>	<u>2,475,488</u>	<u>2,185,628,029</u>

As at 30 June 2018

	Equity sub fund			Debt sub fund			Money Market sub fund			Others	Total
	At fair value through profit or loss	Other financial liabilities	Total	At fair value through profit or loss	Other financial liabilities	Total	At fair value through profit or loss	Other financial liabilities	Total	Other financial liabilities	
----- (Rupees) -----											
Financial liabilities											
Payable to NBP Fund Management Limited - Pension Fund Manager	-	1,596,147	1,596,147	-	573,637	573,637	-	998,942	998,942	420,860	3,589,586
Payable to Central Depository Company of Pakistan Limited - Trustee	-	142,060	142,060	-	41,015	41,015	-	94,569	94,569	-	277,644
Payable against Purchase of Investments	-	-	-	-	24,453,212	24,453,212	-	-	-	-	24,453,212
Accrued expenses and other liabilities	-	439,223	439,223	-	254,500	254,500	-	236,819	236,819	-	930,542
	<u>-</u>	<u>2,177,430</u>	<u>2,177,430</u>	<u>-</u>	<u>25,322,364</u>	<u>25,322,364</u>	<u>-</u>	<u>1,330,330</u>	<u>1,330,330</u>	<u>420,860</u>	<u>29,250,984</u>

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** Transactions with connected persons are carried out at agreed rates and terms determined in accordance with market rates.
- 21.3** Remuneration payable to Pension Fund Manager and the Trustee is determined in accordance with the provisions of the Voluntary Pension System Rules and the Trust Deed respectively.
- 21.4** Transactions during the year

	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)										
NBP Fund Management Limited - Pension Fund Manager										
Remuneration to Pension Fund Manager	14,143,164	5,975,737	11,258,824	-	31,377,725	15,566,116	5,743,062	8,026,083	-	29,335,261
Sindh Sales Tax on remuneration to Pension Fund Manager	1,838,611	776,846	1,463,647	-	4,079,104	2,023,595	746,598	1,043,391	-	3,813,584
Number of units issued	Units 17,434	-	-	-	17,434	2,325	-	-	-	2,325
Amount of units issued	4,922,000	-	-	-	4,922,000	700,075	-	-	-	700,075
Number of units redeemed	Units 136,241	-	36,088	-	172,329	-	-	5,229	-	5,229
Amount of units redeemed	39,435,000	-	4,922,000	-	44,357,000	-	-	700,075	-	700,075
** Alexandra Fund Management Pte. Limited - Sponsor										
Number of units redeemed	Units -	-	-	-	-	66,870	159,309	175,553	-	401,732
Amount of units redeemed	-	-	-	-	-	21,208,381	22,544,834	225,470,335	-	269,223,550
Amjad Waheed - Chief Executive Officer										
Number of units issued	Units 411,871	146,158	1,033,837	-	1,591,866	-	-	-	-	-
Amount of units issued	120,640,000	23,000,000	139,330,000	-	282,970,000	-	-	-	-	-
Number of units redeemed	Units 389,100	-	1,033,837	-	1,422,937	-	-	-	-	-
Amount of units redeemed	118,830,000	-	141,140,000	-	259,970,000	-	-	-	-	-
Employees of NBP Fund Management Limited										
Number of units issued	Units 8,272	19,422	39,480	-	67,174	8,061	7,432	16,750	-	32,243
Amount of units issued	2,304,000	2,947,000	5,452,000	-	10,703,000	2,447,428	1,060,151	2,199,549	-	5,707,128
Number of units redeemed	Units 15,814	7,397	142,726	-	165,937	10,673	7,432	7,584	-	25,689
Amount of units redeemed	4,623,000	1,127,000	19,537,000	-	25,287,000	3,231,172	1,061,207	999,186	-	5,291,564
Central Depository Company of Pakistan Limited - Trustee										
Remuneration to Trustee	1,168,037	493,755	930,045	-	2,591,837	1,435,526	536,708	737,257	-	2,709,491
Sindh Sales Tax on remuneration of Trustee	151,844	64,189	120,906	-	336,939	186,619	69,772	95,843	-	352,234
Taurus Securities Limited										
Brokerage expense	94,527	-	-	-	94,527	75,815	-	-	-	75,815
Humayun Bashir - Director										
Number of units issued	Units 48,494	-	168,902	-	217,396	1,551	-	267,792	-	269,343
Amount of units issued	14,252,000	-	23,765,000	-	38,017,000	467,075	-	36,524,838	-	36,991,913
Number of units redeemed	Units 82,837	-	102,237	-	185,074	75,447	92,294	3,489	-	171,230
Amount of units redeemed	23,765,000	-	14,252,000	-	38,017,000	23,117,156	13,407,682	467,075	-	36,991,913

		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) -----											
Kamal A. Chinoy - Director											
Number of units issued	Units	-	132,716	105,631	-	238,347	2,414	-	-	-	2,414
Amount of units issued		-	20,792,000	15,180,000	-	35,972,000	726,896	-	-	-	726,896
Number of units redeemed	Units	98,363	-	35	-	98,398	-	-	5,429	-	5,429
Amount of units redeemed		25,968,000	-	5,000	-	25,973,000	-	-	726,896	-	726,896
Khalid Mehmood - Chief Financial Officer											
Number of units issued	Units	3,337	-	-	-	3,337	2,694	-	-	-	2,694
Amount of units issued		966,000	-	-	-	966,000	824,320	-	-	-	824,320
Number of units redeemed	Units	3,281	-	-	-	3,281	-	-	-	-	-
Amount of units redeemed		1,000,000	-	-	-	1,000,000	-	-	-	-	-
Portfolio Managed by management company											
Number of units issued	Units	-	-	36,305	-	36,305	-	-	-	-	-
Amount of units issued		-	-	4,964,000	-	4,964,000	-	-	-	-	-
Number of units redeemed	Units	-	32,705	-	-	32,705	-	-	-	-	-
Amount of units redeemed		-	4,839,000	-	-	4,839,000	-	-	-	-	-
Bank Islami Pakistan Limited (Common Directorship with the Management Company)											
Markup on bank balances		-	-	5,891,028	-	5,891,028	-	-	-	-	-
Purchase of Term Deposit Receipts		-	-	160,000,000	-	160,000,000	-	-	-	-	-
**	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.										
21.5	Amounts outstanding as at year end are as follow:										
NBP Fund Management											
Limited - Pension Fund Manager											
Remuneration payable		1,025,140	765,459	1,040,826	-	2,831,425	1,346,147	441,272	817,647	-	2,605,066
Sindh Sales Tax payable		123,519	89,761	125,558	-	338,838	175,000	57,365	106,295	-	338,660
Preliminary expenses and floatation cost payable		-	-	-	-	-	75,000	75,000	75,000	-	225,000
Sales load		-	-	-	403,698	2,923,642	-	-	-	370,045	370,045
Sindh Sales Tax on sales load		-	-	-	56,767	131,942	-	-	-	50,815	50,815
Number of units held	Units	-	-	-	-	-	118,806	-	36,088	-	154,894
Amount of units held		-	-	-	-	-	36,453,794	-	4,834,782	-	41,288,576
Directors and Executives of Pension fund manager											
Number of units held	Units	14,395	12,025	35,736	-	62,156	21,936	-	94,910	-	116,846
Amount of units held		3,640,000	1,897,000	5,173,000	-	10,710,000	6,730,760	-	1,275,181	-	8,005,941

	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) -----										
Central Depository Company of Pakistan Limited - Trustee										
Remuneration payable	78,329	56,913	79,612	-	214,854	125,715	36,297	83,689	-	245,701
Sindh Sales Tax payable	10,182	7,398	10,349	-	27,929	16,345	4,718	10,880	-	31,943
Employees of NBP Fund Management Limited										
Number of units held	Units	14,395	12,025	35,736		21,936	-	94,910	-	116,846
Amount of units held		3,640,000	1,897,000	5,173,000		6,730,760	-	12,715,181	-	19,445,941
Amjad Waheed - Chief Executive Officer										
Number of units held	Units	411,871	146,158.0	-	558,029	303,779	-	-	-	303,779
Amount of units held		104,138,000	23,061,000.0	-	127,199,000	93,209,368	-	-	-	93,209,368
Bank Islami Pakistan Limited (Common Directorship with the Management Company)										
Bank balance		-	-	3,050,485	-	3,050,485	-	-	-	-
Term deposit receipt held		-	-	160,000,000	-	160,000,000	-	-	-	-
Markup accrued		-	-	621,824	-	621,824	-	-	-	-
Humayun Bashir - Director										
Number of units held	Units	46,679	-	339,969	-	386,648	81,021	-	273,304	-
Amount of units held		11,802,000	-	49,215,000	-	61,017,000	24,859,954	-	36,614,633	-
Kamal A. Chinoy - Director										
Number of units held	Units	-	132,716	144,632	-	277,348	98,363	-	39,063	-
Amount of units held		-	20,940,000	20,937,000	-	41,877,000	30,181,083	-	5,229,621	-
Khalid Mehmood - Chief Financial Officer										
Number of units held	Units	15,291	-	-	-	15,291	15,235	-	-	-
Amount of units held		3,866,000	-	-	-	3,866,000	4,674,591	-	-	-
Portfolio managed by management company										
Number of units held	Units	21,788	-	36,305	-	58,093	-	-	-	-
Amount of units held		5,509,000	-	5,256,000	-	10,765,000	-	-	-	-

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 as a result of changes in foreign exchange rates. The Fund, at present, is not exposed to currency risk as all transactions are carried out in Pakistani Rupees.

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 as a result of changes in market interest rates.

a) Sensitivity analysis for variable rate instruments

As at June 30, 2019, the debt sub fund holds KIBOR based interest bearing term finance certificates, sukuks and savings accounts exposing the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR on June 30, 2019, with all other variables held constant, the net income for the year and net assets of the Fund would have been higher / lower by Rs. 0.466 million (2018: Rs. 0.828 million).

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2019, the Fund holds Market Treasury Bills and Pakistan Investment Bonds that expose the Fund to fair value interest rate risk. In case of 100 basis points increase in rates announced by Financial Markets Association of Pakistan for Market Treasury Bills on June 30, 2019 with all other variables held constant, the net income for the year and net assets of the Fund would have been lower by Rs. 0.861 million (2018: Rs 0.167 million). In case of 100 basis points decrease in those rates, the net income for the year and net assets of the Fund would have been higher by Rs. 0.861 million (2018: Rs. 0.167 million).

The composition of the Fund's investment portfolio, KIBOR rates and rates announced by Financial Markets Association of Pakistan is expected to change over time. Accordingly, the sensitivity analysis prepared as of 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 the settlement date.

															As at June 30, 2019															2019																													
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																																				
	Up to three months	More than three months upto one year	More than one year				Up to three months	More than three months upto one year	More than one year				Up to three months	More than three months upto one year	More than one year				Up to three months	More than three months upto one year	More than one year			Up to three months	More than three months upto one year	More than one year																																	
(%)	(Rupees)			(%)	(Rupees)			(%)	(Rupees)			(%)	(Rupees)			(%)	(Rupees)			(%)	(Rupees)																																						
On-balance sheet financial instruments																																																											
Financial assets																																																											
Bank balances	3.75 - 14.00	45,636,250	-	-	45,636,250	3.75 - 14.00	360,449,017	-	-	360,449,017	3.75 - 14.00	506,421,145	-	-	506,421,145	3.75 - 14.00	2,402,140	-	-	-	2,402,140	914,908,552																																					
Investments	-	-	-	707,426,312	7.45 - 12.70	116,870,469	47,085,703	66,631,045.00	-	230,587,217	7.45 - 12.70	347,934,165	-	-	347,934,165	-	-	-	-	-	578,521,382																																						
Profits receivable	-	-	-	805,846	-	-	-	-	5,564,611	-	-	-	-	-	3,715,047	-	-	-	-	-	9,885,304																																						
Security deposits	-	-	-	2,600,000	-	-	-	-	100,000	-	-	-	-	-	100,000	-	-	-	-	-	2,800,000																																						
		45,636,250	-	710,633,558	48,847,896	477,319,486	47,085,703	66,631,045	5,664,611	596,700,845	854,355,310	-	-	3,815,047	858,170,357	2,402,140	-	-	-	2,402,140	1,506,115,238																																						
Financial liabilities																																																											
Payable to NBP Fund Management Limited - Pension Fund Manager	-	-	-	1,148,659	1,148,659	-	-	-	855,220	855,220	-	-	-	1,166,384	1,166,384	-	-	-	-	460,465	460,465	3,630,728																																					
Payable to Central Depository Company of Pakistan	-	-	-	88,511	88,511	-	-	-	64,311	64,311	-	-	-	89,861	89,861	-	-	-	-	-	-	242,783																																					
Accrued expenses and other liabilities	-	-	-	499,369	499,369	-	-	-	343,235	343,235	-	-	-	284,444	284,444	-	-	-	-	-	-	1,127,048																																					
Net assets attributable to redeemable units	-	-	-	744,708,631	744,708,631	-	-	-	592,574,121	592,574,121	-	-	-	852,927,618	852,927,618	-	-	-	-	460,465	460,465	2,195,207,888																																					
		45,636,250	-	(35,811,212)	(697,603,274)	477,319,486	47,085,703	66,631,045	(588,169,276)	2,866,958	854,355,310	-	-	(850,653,358)	3,701,852	2,402,140	-	-	(460,465)	1,941,675	(689,092,689)																																						
Off-balance sheet financial instruments																																																											
Off-balance sheet gap																																																											
	45,636,250	-	-	(35,811,212)	(697,603,274)	477,319,486	47,085,703	66,631,045	(588,169,276)	2,866,958	854,355,310	-	-	(850,653,358)	3,701,852	2,402,140	-	-	(460,465)	1,941,675	(689,092,689)																																						
Total interest rate sensitivity gap																																																											
	45,636,250	45,636,250	45,636,250	-	-	477,319,486	524,405,189	591,036,234	-	-	854,355,310	854,355,310	854,355,310	-	-	2,402,140	2,402,140	2,402,140	-	-	-																																						

															As at June 30, 2018															2018																													
Equity sub fund															Debt sub fund															Money Market sub fund															Money Market sub fund														
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																																				
	Up to three months	More than three months upto one year	More than one year				Up to three months	More than three months upto one year	More than one year				Up to three months	More than three months upto one year	More than one year				Up to three months	More than three months upto one year	More than one year			Up to three months	More than three months upto one year	More than one year																																	
(%)	(Rupees)			(%)	(Rupees)			(%)	(Rupees)			(%)	(Rupees)			(%)	(Rupees)			(%)	(Rupees)																																						
On-balance sheet financial instruments																																																											
Financial assets																																																											
Bank balances	3.75 - 7.25	96,242,228	-	-	96,242,228	3.75 - 7.25	207,518,978	-	-	207,518,978	3.75 - 7.43	545,833,957	-	-	545,833,957	3.75 - 7.43	2,475,488	-	-	-	2,475,488	852,070,651																																					
Investments	-	-	-	1,019,710,359	1,019,710,359	5.96 - 6.62	100,870,426	83,674,788	-	184,545,214	5.96 - 6.75	-	-	121,543,927	-	121,543,927	-	-	-	-	-	1,325,799,500																																					
Dividend receivables	-	-	-	2,138,975	2,138,975	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,138,975																																					
Profit receivables	-	-	-	185,257	185,257	-	-	-	-	1,467,024	-	-	-	-	1,166,622	-	-	-	-	-	-	2,818,903																																					
Security deposits	-	-	-	2,600,000	2,600,000	-	-	-	100,000	100,000	-	-	-	100,000	-	-	-	-	-	-	-	2,800,000																																					
		96,242,228	-	1,024,634,591	1,120,876,819	308,389,404	83,674,788	-	1,567,024	393,631,216	545,833,957	121,543,927	-	1,266,622	668,644,506	2,475,488	-	-	-	2,475,488	2,185,628,029																																						
Financial liabilities																																																											
Payable to NBP Fund Management Limited - Pension Fund Manager	-	-	-	1,596,147	1,596,147	-	-	-	573,637	573,637	-	-	-	998,942	998,942	-	-	-	-	420,860	420,860	3,989,586																																					
Payable to Central Depository Company of Pakistan	-	-	-	142,060	142,060	-	-	-	41,015	41,015	-	-	-	94,569	94,569	-	-	-	-	-	-	277,844																																					
Payable against Purchase of Investments	-	-	-	-	-	-	-	-	24,453,212	24,453,212	-	-	-	-	-	-	-	-	-	-	-	24,453,212																																					
Accrued expenses and other liabilities	-	-	-	441,421	441,421	-	-	-	254,500	254,500	-	-	-	236,819	236,819	-	-	-	-	-	-	932,740																																					
Net assets attributable to redeemable units	-	-	-	1,111,489,282	1,111,489,282	-	-	-	365,974,418	365,974,418	-	-	-	664,818,308	664,818,308	-	-	-	-	(420,860)	2,054,628	2,142,282,008																																					
		96,242,228	-	(89,034,319)	7,207,909	308,389,404	83,674,788	-	(389,729,758)	2,334,434	545,833,957	121,543,927	-	(664,882,016)	2,495,868	2,475,488	-	-	(420,860)	2,054,628	14,092,639																																						
Off-balance sheet financial instruments																																																											
Off-balance sheet gap																																																											
	96,242,228	-	-	(89,034,319)	7,207,909	308,389,404	83,674,788	-	(389,729,758)	2,334,434	545,833,957	121,543,927	-	(664,882,016)	2,495,868	2,475,488	-	-	(420,860)	2,054,628	14,092,639																																						
Total interest rate sensitivity gap																																																											
	96,242,228	96,242,228	96,242,228	-	-	308,389,404	392,064,192	392,064,192	-	-	545,833,957	667,377,884	667,377,884	-	-	2,475,488	2,475,488	2,475,488	-	-	-																																						

22.2 Price risk

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

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

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

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

The net assets of the Fund will increase / decrease by approximately Rs. 7.0743 million (2018: Rs. 10.1971 million) if the prices of equity vary due to increase / decrease in the PSX 100 index. This is based on the assumption that the fair value of the Fund's portfolio moves according to their historical correlation with the PSX 100 index and that the PSX 100 index increases / decreases by 1% on PSX 100 index with all other factors held constant.

The Pension Fund Manager uses the PSX 100 index as a reference point in making investment decisions. However, the pension fund manager does not manage the Fund's investment strategy to track the PSX 100 index or any other index or external benchmark. The sensitivity analysis presented is based upon the portfolio composition as at June 30, 2019 and the historical correlation of the securities comprising the portfolio of the PSX 100 index. The composition of the Fund's investment portfolio and the correlation thereof to the PSX 100 Index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of 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 PSX 100 Index.

22.3 Credit risk

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

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

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

The maximum exposure to credit risk is as follows:

As at June 30, 2019					
	Equity sub fund	Debt sub fund	Money Market sub fund	Others	Total
Bank balances	----- (Rupees) -----				
AAA	2,396,995	260,548,023	328,442,925	-	591,387,943
AA+	17,275,739	99,896,535	162,802,097	-	279,974,371
AA-	25,959,056	-	10,756,049	-	36,715,105
AA	-	-	1,184,851	-	1,184,851
A+	4,460	4,459	3,235,223	2,401,462	5,645,604
	45,636,250	360,449,017	506,421,145	2,401,462	914,907,874
Profits receivable	605,646	5,564,611	3,715,047	-	9,885,304
Security deposits	2,600,000	100,000	100,000	-	2,800,000
As at 30 June 2018					
	Equity sub fund	Debt sub fund	Money Market sub fund	Others	Total
Bank balances	----- (Rupees) -----				
AAA	22,669,871	135,908,156	258,508,117	607,111	417,693,255
AA+	73,567,406	71,605,872	284,946,425	1,868,377	431,988,080
AA-	-	-	1,856,957	-	1,856,957
AA	4,951	4,950	131,955	-	141,856
A+	-	-	390,503	-	390,503
	96,242,228	207,518,978	545,833,957	2,475,488	852,070,651
Dividend receivables	2,138,975	-	-	-	2,138,975
Profits receivable	185,257	1,467,024	1,166,622	-	2,818,903
Security deposits	2,600,000	100,000	100,000	-	2,800,000

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

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. Currently the Fund has placed its money in saving accounts of banks of highly rated financial institutions.

22.4 Liquidity risk

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

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

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

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

	As at June 30, 2019															2019	
	Equity sub fund				Debt sub fund				Money Market sub fund				Others			Total	
	Total	Upto three months	More than three months and upto one year	More than one year	Total	Upto three months	More than three months and upto one year	More than one year	Total	Upto three months	More than three months and upto one year	More than one year	Total	Upto three months	More than three months and upto one year	More than one year	Total
	(Rupees)																
Financial Liabilities (excluding participants' funds)																	
Payable to NBP Fund Management Limited - Pension Fund Manager	1,148,659	1,148,659	-	-	855,220	855,220	-	-	1,166,384	1,166,384	-	-	460,465	460,465	-	-	3,630,728
Payable to Central Depository Company of Pakistan Limited - Trustee	88,511	88,511	-	-	64,311	64,311	-	-	89,961	89,961	-	-	-	-	-	-	242,783
Accrued expenses and other liabilities	499,369	499,369	-	-	343,235	343,235	-	-	284,444	284,444	-	-	-	-	-	-	1,127,048
	<u>1,736,539</u>	<u>1,736,539</u>	<u>-</u>	<u>-</u>	<u>1,262,766</u>	<u>1,262,766</u>	<u>-</u>	<u>-</u>	<u>1,540,789</u>	<u>1,540,789</u>	<u>-</u>	<u>-</u>	<u>460,465</u>	<u>460,465</u>	<u>-</u>	<u>-</u>	<u>5,000,559</u>
Participants' funds	<u>744,708,631</u>	<u>744,708,631</u>	<u>-</u>	<u>-</u>	<u>592,571,121</u>	<u>592,571,121</u>	<u>-</u>	<u>-</u>	<u>852,927,616</u>	<u>852,927,616</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,190,207,368</u>

	As at 30 June 2018												2018				
	Equity sub fund				Debt sub fund				Money Market sub fund				Others				Total
	Total	Upto three months	More than three months and upto one year	More than one year	Total	Upto three months	More than three months and upto one year	More than one year	Total	Upto three months	More than three months and upto one year	More than one year	Total	Upto three months	More than three months and upto one year	More than one year	Total
	(Rupees)																
Financial Liabilities (excluding participants' funds)																	
Payable to NBP Fund Management Limited - Pension Fund Manager	1,596,147	1,596,147	-	-	573,637	573,637	-	-	998,942	998,942	-	-	420,860	420,860	-	-	3,589,586
Payable to Central Depository Company of Pakistan Limited - Trustee	142,060	142,060	-	-	41,015	41,015	-	-	94,569	94,569	-	-	-	-	-	-	277,644
Payable against purchase of Investments	-	-	-	-	24,453,212	24,453,212	-	-	-	-	-	-	-	-	-	-	24,453,212
Accrued expenses and other liabilities	439,223	439,223	-	-	254,500	254,500	-	-	236,819	236,819	-	-	-	-	-	-	930,542
	<u>2,177,430</u>	<u>2,177,430</u>	<u>-</u>	<u>-</u>	<u>25,322,364</u>	<u>25,322,364</u>	<u>-</u>	<u>-</u>	<u>1,330,330</u>	<u>1,330,330</u>	<u>-</u>	<u>-</u>	<u>420,860</u>	<u>420,860</u>	<u>-</u>	<u>-</u>	<u>29,250,984</u>
Participants' funds	<u>1,111,489,282</u>	<u>1,111,489,282</u>	<u>-</u>	<u>-</u>	<u>365,974,418</u>	<u>365,974,418</u>	<u>-</u>	<u>-</u>	<u>664,818,308</u>	<u>664,818,308</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,142,282,000</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 long term objective, the possibility of a significant redemption pressure is limited, such liquidity is augmented by borrowing arrangements (which can be entered if necessary) or disposal of investments, where necessary.

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

24. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

		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	Other	Total						
		At fair value	Amortised cost	Other financial	Level 1	Level 2	Level 3	Total	At fair value	Amortised cost	Other financial	Level 1	Level 2	Level 3	Total	At fair value	Amortised cost	Other financial	Level 1	Level 2	Level 3	Total	cost	financial	Total			
		through profit or loss		liabilities				through profit or loss		liabilities					through profit or loss		liabilities						liabilities	liabilities				
(Rupees)																												
On-balance sheet financial instruments																												
Financial assets measured at fair value																												
Investments																												
-	Listed equity securities	707,428,312	-	-	707,428,312	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	707,428,312		
-	Government securities - Market Treasury Bills	-	-	-	-	-	-	86,080,192	-	-	86,080,192	-	-	-	86,080,192	-	-	-	-	-	-	-	-	-	-	-	86,080,192	
-	Pakistan Investment Bonds	-	-	-	-	-	-	66,631,045	-	-	66,631,045	-	-	-	66,631,045	-	-	-	-	-	-	-	-	-	-	-	66,631,045	
-	Commercial paper	-	-	-	-	-	-	30,790,277	-	-	30,790,277	-	-	-	30,790,277	-	-	-	-	-	-	-	-	-	-	-	65,533,493	
-	Term finance certificates / Sukuk certificates	-	-	-	-	-	-	47,085,703	-	-	47,085,703	-	-	-	47,085,703	-	-	-	-	-	-	-	-	-	-	-	47,085,703	
-	Investments in term deposit receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	313,170,949	-	-	-	-	-	-	313,170,949	-	-	-	313,170,949		
		707,428,312	-	-	707,428,312	-	-	707,428,312	-	-	707,428,312	-	-	-	230,587,217	-	-	-	-	-	-	230,587,217	-	-	-	347,934,165	1,285,949,694	
Financial assets not measured at fair value																												
24.1	Bank balances	-	45,636,250	-	45,636,250	-	-	-	360,449,017	-	360,449,017	-	-	-	-	506,421,145	-	506,421,145	-	-	-	-	-	-	2,402,140	-	2,402,140	914,908,552
	Profits receivable	-	605,646	-	605,646	-	-	-	5,364,611	-	5,364,611	-	-	-	-	3,715,047	-	3,715,047	-	-	-	-	-	-	-	-	9,885,304	
	Security deposits	-	2,600,000	-	2,600,000	-	-	-	100,000	-	100,000	-	-	-	-	100,000	-	100,000	-	-	-	-	-	-	-	-	2,800,000	
		-	48,841,896	-	48,841,896	-	-	-	366,113,628	-	366,113,628	-	-	-	-	510,236,192	-	510,236,192	-	-	-	-	-	-	-	2,402,140	2,402,140	927,593,856
Financial liabilities not measured at fair value																												
24.1	Payable to NBP Fund Management	-	-	1,148,659	1,148,659	-	-	-	-	855,220	855,220	-	-	-	-	-	1,166,384	1,166,384	-	-	-	-	-	-	460,465	460,465	3,630,728	
	Limited - Pension Fund Manager	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Payable to Central Depository Company of Pakistan	-	-	88,511	88,511	-	-	-	64,311	64,311	-	-	-	-	-	-	89,961	89,961	-	-	-	-	-	-	-	-	242,783	
	Payable against purchase of investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Accrued expenses and other liabilities	-	-	499,369	499,369	-	-	-	343,235	343,235	-	-	-	-	-	-	284,444	284,444	-	-	-	-	-	-	-	-	1,127,048	
	Net assets attributable to redeemable units	-	-	744,708,631	744,708,631	-	-	-	592,571,121	592,571,121	-	-	-	-	-	-	852,927,616	852,927,616	-	-	-	-	-	-	-	-	2,190,207,388	
		-	-	746,445,170	746,445,170	-	-	-	593,833,887	593,833,887	-	-	-	-	-	-	854,468,405	854,468,405	-	-	-	-	-	-	-	460,465	460,465	2,195,207,927

30 June 2018																				2018
Equity sub fund						Debt sub fund						Money Market sub fund						Others		Total
Carrying value		Fair Value		Total		Carrying value		Fair Value		Total		Carrying value		Fair Value		Total		Amortised cost	Other financial liabilities	Total
At fair value through profit or loss	Amortised cost	Other financial liabilities	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3			
(Rupees)																				
On-balance sheet financial instruments																				
Financial assets measured at fair value																				
Investments																				
- Listed equity securities	1,019,710,359	-	-	1,019,710,359	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,019,710,359
- Government securities - Market Treasury Bills	-	-	-	-	-	-	-	-	100,870,426	-	-	100,870,426	-	-	-	-	-	-	-	100,870,426
- Term finance certificates / Sukuk certificates	-	-	-	-	-	-	-	-	83,674,788	-	-	83,674,788	-	-	-	-	-	-	-	83,674,788
	1,019,710,359	-	-	1,019,710,359	-	-	-	-	184,545,214	-	-	184,545,214	-	-	-	-	-	-	-	1,204,255,573
Financial assets not measured at fair value																				
Bank balances	-	96,242,228	-	96,242,228	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	96,242,228
Investments in term deposit receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend receivables	-	2,138,975	-	2,138,975	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,138,975
Profit receivables	-	185,257	-	185,257	-	-	-	-	1,467,024	-	-	1,467,024	-	-	-	-	-	-	-	2,818,903
Receivable against sale of investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security deposits	-	2,600,000	-	2,600,000	-	-	-	-	100,000	-	-	100,000	-	-	-	-	-	-	-	2,800,000
	-	101,166,460	-	101,166,460	-	-	-	-	209,086,002	-	-	209,086,002	-	-	-	-	-	-	-	881,372,456
Financial liabilities not measured at fair value																				
Payable to NBP Fund Management Limited - Pension Fund Manager	-	-	1,625,374	1,625,374	-	-	-	-	650,056	650,056	-	-	-	-	-	-	-	-	-	1,310,578
Payable to Central Depository Company of Pakistan	-	-	149,127	149,127	-	-	-	-	56,961	56,961	-	-	-	-	-	-	-	-	-	266,807
Accrued expenses and other liabilities	-	-	211,195	211,195	-	-	-	-	277,925	277,925	-	-	-	-	-	-	-	-	-	1,041,211
Net assets attributable to redeemable units	-	-	1,111,489,282	1,111,489,282	-	-	-	-	365,974,418	365,974,418	-	-	-	-	-	-	-	-	-	2,142,282,008
	-	-	1,113,474,978	1,113,474,978	-	-	-	-	366,959,360	366,959,360	-	-	-	-	-	-	-	-	-	2,147,862,082

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 reprice periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

25. PERFORMANCE TABLE

25.1 Highest and lowest issue price of units during the year

	Equity sub fund		Debt sub fund		Money Market sub fund	
	2019	2018	2019	2018	2019	2018
	(Rupees)					
Highest issue price	318.7202	334.4326	157.7781	147.5565	144.7624	133.9705
Lowest issue price	249.2551	269.4467	147.5082	141.4388	133.9897	128.3593

25.2 Financial performance of pension fund

25.3 Equity sub fund

	2019 ----- (Rupees) -----	2018	% change	2017	2016 ----- (Rupees) -----	2015
Net (loss) / income for the year	(173,709,959)	(83,640,786)	107.69%	295,159,428	72,663,454	95,780,573
Net realised loss on sale of investments	(72,040,353)	(77,436,126)	-6.97%	64,835,961	17,918,683	32,861,391
Net unrealised loss on re-measurement of investments at fair value through profit or loss	(134,789,724)	(38,221,038)	252.66%	146,830,601	39,454,311	45,056,847
Dividend income	47,528,550	49,145,210	-3.29%	35,979,915	23,022,617	8,499,889
Mark-up on saving accounts	5,562,105	4,176,932	33.16%	2,672,014	2,247,247	1,380,331
NAV per unit	252.8409	306.8328	-17.60%	331.3247	241.2424	210.1034
Transactions in securities						
Purchases	809,898,896	742,297,198	9.11%	555,052,255	511,112,302	340,495,186
Sales	931,831,583	621,157,634	50.02%	285,459,253	354,508,009	195,171,686
Total contribution received	352,086,452	253,299,551	39.00%	308,984,156	211,119,845	211,656,014

25.4 Debt sub fund

	2019 ----- (Rupees) -----	2018	% change	2017	2016 ----- (Rupees) -----	2015
Net income for the year	26,916,501	16,234,281	65.80%	18,536,097	19,866,140	35,282,374
Net realised (loss) / gain on sale of investments	(1,407,986)	(370,792)	279.72%	(86,018)	689,001	10,096,290
Net unrealised (loss) / gain on re-measurement of investments at fair value through profit or loss	(2,705,917)	(35,722)	7474.93%	(441,402)	(338,201)	3,226,485
Mark-up on saving accounts	10,840,133	6,042,383	79.40%	6,884,388	2,251,142	1,308,407
Income from term deposit receipts	423,452	1,596,869	-73.48%	-	-	-
Return on government securities	19,771,647	12,529,550	57.80%	14,718,395	21,688,786	-
Return from term finance certificates	7,863,189	4,359,249	80.38%	3,631,977	2,127,276	-
Income from commercial papers	689,091	-	100.00%	-	-	-
NAV per unit	157.7781	147.5565	6.93%	141.4226	135.4476	128.3251
Transactions in securities						
Purchases	1,966,655,854	2,127,345,239	-7.55%	1,198,592,225	496,246,576	473,100,000
Sales	1,556,439,853	714,252,706	117.91%	379,937,495	214,075,445	125,600,000
Total contribution received	170,369,307	113,932,521	49.54%	126,561,254	157,547,612	192,695,269

25.5 Money Market sub fund

	2019	2018	% change	2017	2016	2015
	----- (Rupees) -----			----- (Rupees) -----		
Net income for the year	58,130,963	23,023,581	152.48%	18,938,754	15,401,064	12,717,039
Net realised (loss) / gain on sale of investments	(792,818)	(99,293)	698.46%	(15,289)	104,417	29,208
Net unrealised (loss) / gain on re-measurement of investments at fair value through profit or loss	-	-	0.00%	(16,270)	-	114,566
Mark-up on saving accounts	37,542,828	10,795,206	247.77%	14,273,738	13,748,017	4,114,397
Income from term deposit receipts	16,368,451	9,028,471	81.30%	4,873,572	1,977,079	-
Return on government securities	20,007,828	14,224,964	40.65%	4,575,707	5,139,869	5,139,869
Income from commercial papers	778,006	-	100.00%	-	-	-
NAV per unit	144.7624	133.9705	8.06%	128.3446	122.9843	117.2798
Transactions in securities						
Purchases	3,108,379,140	3,379,039,292	-8.01%	1,220,023,909	-	343,682,360
Sales	2,617,050,005	1,842,873,187	42.01%	448,205,717	-	179,500,000
Total contribution received	310,762,584	197,134,125	57.64%	197,134,125	176,811,815	183,171,303

26. GENERAL

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

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

27. 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.

For NBP Fund Management Limited
(Pension Fund Manager)

Chief Financial Officer

Chief Executive Officer








Director



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