



# NAFA ISLAMIC PENSION FUND

**ANNUAL** REPORT  
2023



# MISSION STATEMENT

"To become country's most  
investor-focused company,  
by assisting investors  
in achieving their financial goals."



## Contents

<b>FUND'S INFORMATION</b>	<b>03</b>
<b>DIRECTORS' REPORT</b>	<b>07</b>
<b>TRUSTEE REPORT TO THE PARTICIPANT SUB' FUNDS</b>	<b>15</b>
<b>FUND MANAGER REPORT</b>	<b>16</b>
<b>STATEMENT OF COMPLIANCE WITH THE SHARI'AH PRINCIPLES</b>	<b>19</b>
<b>REPORT OF THE SHARIAH SUPERVISORY BOARD</b>	<b>20</b>
<b>INDEPENDENT REASONABLE ASSURANCE REPORT TO THE UNIT HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES</b>	<b>21</b>
<b>INDEPENDENT AUDITORS' REPORT TO THE PARTICIPANT SUB' FUNDS</b>	<b>23</b>
<b>STATEMENT OF ASSETS AND LIABILITIES</b>	<b>25</b>
<b>INCOME STATEMENT</b>	<b>26</b>
<b>STATEMENT OF COMPREHENSIVE INCOME</b>	<b>27</b>
<b>STATEMENT OF MOVEMENT IN PARTICIPANT SUB' FUNDS</b>	<b>28</b>
<b>CASH FLOW STATEMENT</b>	<b>29</b>
<b>NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS</b>	<b>30</b>
<b>PROXY ISSUED BY THE FUND</b>	<b>71</b>

## FUND'S INFORMATION

### Management Company

**NBP Fund Management Limited - Management Company**

### Board of Directors of Management Company

Shaikh Muhammad Abdul Wahid Sethi	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Tauqeer Mazhar	Director
Ms. Mehnaz Salar	Director
Mr. Ali Saigol	Director
Mr. Imran Zaffar	Director
Mr. Khalid Mansoor	Director
Mr. Saad Amanullah Khan	Director
Mr. Ruhail Muhammad	Director

### Company Secretary & COO

Mr. Muhammad Murtaza Ali

### Chief Financial Officer

Mr. Khalid Mehmood

### Audit & Risk Committee

Mr. Ruhail Muhammad	Chairman
Mr. Saad Amanullah Khan	Member
Ms. Mehnaz Salar	Member
Mr. Imran Zaffar	Member

### Human Resource & Remuneration Committee

Mr. Khalid Mansoor	Chairman
Shaikh Muhammad Abdul Wahid Sethi	Member
Mr. Ali Saigol	Member
Mr. Saad Amanullah Khan	Member

### Strategy & Business Planning Committee

Mr. Saad Amanullah Khan	Chairman
Mr. Tauqeer Mazhar	Member
Mr. Ali Saigol	Member
Mr. Imran Zaffar	Member
Mr. Khalid Mansoor	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  
Bank Islami Pakistan Limited  
Bank Al Habib Limited  
Faysal Bank Limited  
Soneri Bank Limited  
Dubai Islamic Bank Pakistan Limited  
Habib Bank Limited  
Al Baraka Bank Limited  
United Bank Limited  
Meezan Bank Limited



## **Auditor**

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

## **Legal Advisor**

Akhund Forbes  
D-21, Block, 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.nbpffunds.com](http://www.nbpffunds.com)

## **Lahore Office**

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

## **Islamabad Office**

1st Floor, Ranjha Arcade  
Main Double Road, Gulberg Greens,  
Islamabad.  
UAN: 051-111-111-632  
Phone: 051-2514987  
Fax: 051-4859031

## **Peshawar Office**

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

## **Multan Office**

Khan Center, 1st Floor, Abdali Road, Multan.  
Phone No. : 061-4540301-6, 061-4588661-2 & 4

## Board of Directors



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



**Shaikh Muhammad Abdul Wahid Sethi**  
Chairman



**Mr. Khalid Mansoor**  
Director



**Mr. Saad Amanullah Khan**  
Director



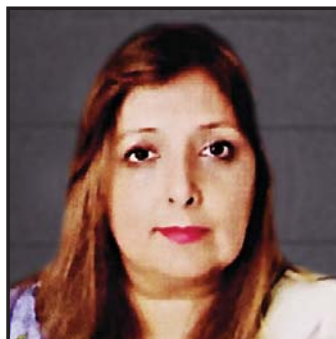
**Mr. Tauqeer Mazhar**  
Director



**Mr. Ali Saigol**  
Director



**Mr. Ruhail Muhammad**  
Director



**Ms. Mehnaz Salar**  
Director



**Mr. Imran Zaffar**  
Director



## Senior Management



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



**Mr. Muhammad Murtaza Ali**  
Chief Operating Officer &  
Company Secretary



**Mr. Asim Wahab Khan, CFA**  
Chief Investment Officer



**Mr. Ozair Khan**  
Chief Technology Officer



**Mr. Salim S Mehdi**  
Chief Business  
Development Officer



**Mr. Muhammad Imran, CFA, ACCA**  
Head of Portfolio Management



**Mr. Khalid Mehmood**  
Chief Financial Officer



**Mr. Salman Ahmed, CFA**  
Head of Fixed Income



**Mr. Shahzad Mithani**  
Head of Corporate &  
HNWIs Sales - South



**Mr. Muhammad Umer Khan**  
Head of Human Resources &  
Administration



**Syed Sharoz Mazhar, CFA**  
Head of Business &  
Sales Strategy



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



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



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



**Mr. Mustafa Farooq**  
Head of Compliance

## DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the eleventh Annual Report for the year ended June 30, 2023, since launch of **NAFA Islamic Pension Fund (NIPF)** on July 02, 2013.

	Fund Size (Rs. in mln)	NAV Per Unit (Rs.) June 30, 2022	NAV Per Unit (Rs.) June 30, 2023	Performance Since Launch July 02, 2013
<b>NIPF-Equity Sub-fund</b>	<b>939</b>	<b>321.0868</b>	<b>317.7274</b>	<b>12.2%</b>
<b>NIPF-Debt Sub-fund</b>	<b>949</b>	<b>170.6381</b>	<b>197.5689</b>	<b>6.9%</b>
<b>NIPF-Money Market Sub-fund</b>	<b>2,378</b>	<b>173.5729</b>	<b>201.7248</b>	<b>7.2%</b>
<b>Annualized Return [Net of management fee &amp; all other expenses]</b>				

### Fund's performance

FY23 was a lackluster year for equities as the benchmark KMI-30 Index inched up by only 2.9% during the year. However, during the period, the market remained very volatile and the Index exhibited large swings on both sides.

The stock market performance remained subdued during the outgoing year as investors' confidence remained fragile shaped by worsening political and macro-economic outlook. On the political front, uncertainty & agitation remained elevated during the year and weighed on investors' sentiments. The dissolution of two provincial assemblies and uncertainty over continuity of federal government and contention between government and apex court caused jitters in the market. On economic front, the precarious situation on balance of payment (BOP) troubled investors. Though the current account deficit (CAD), that stood at USD 2.6 bn as against USD 17.5 bn last year, was brought under control due to various administrative measures/restrictions, elevated external debt repayments of around USD 21 bn remained a cause of concern. Due to delay in meeting conditions of IMF, the program remained in abeyance and the external inflows dried up. Hence, SBP's FX reserves slipped from USD 9.8 billion to USD 4.5 billion for the same reason. Amid steep drawdown in FX reserves, PKR witnessed massive devaluation of around 40% during FY23 that also dented sentiments. Unprecedented rains led to massive floods in the country that not only caused massive devastation but further worsened economic outlook as GDP growth was merely recorded at 0.3% during the year. Large Scale Manufacturing was particularly hit as its output dropped by around 10.3% during FY23. Inflation, which was already on an ascent due to commodity upcycle and retail fuel & power prices adjustments, further ratcheted up as acute supply disruptions & shortages put more pressure on prices. Average inflation clocked in at around 29.2% in FY23. This prompted the central bank to aggressively increase Policy Rate to 22% from 13.75% at the start of the period. Although listed corporate sector continued to post robust double-digit growth in profitability, despite imposition of higher taxes and anemic GDP growth, multi-faceted economic challenges and political uncertainty sapped sentiments and weighed on market performance. A key aspect during last year related to capital market was the sponsor buy back programs which remained a major redeeming factor where cumulative buybacks of around PKR 28 billion were announced reflecting immense sponsor confidence in their own companies.

In terms of sector performance, Cements, Chemicals, Banks, Fertilizer, Oil & Gas Exploration Companies, Power Generation & Distribution, Sugar & Allied Industries, and Technology & Communication sectors outperformed the market. On the contrary, Auto Assemblers, Auto Parts & Accessories, Cable & Electrical Goods, Engineering, Food & Personal Care, Glass & Ceramics, Insurance, Leather & Tanneries, Miscellaneous, Oil & Gas Marketing, Paper & Board, Pharmaceutical, Refinery, Textile Composite, and Tobacco sectors lagged the market. On participants-wise market activity, Companies, Individual and Banks/DFIs emerged the largest net buyers with inflows of around USD 100 million, USD 84 and USD 74 million, respectively. On the contrary, Mutual Funds & Insurance lowered their net holdings by around USD 144 million & USD 124 million, respectively.



The cumulative trading in corporate sukuks for FY23 was recorded at Rs. 6.1 billion (around 53% up compared to Rs. 4 billion in FY22). However, fresh issuance of shariah compliant short-term corporate sukuks helped the undersupplied market for long-term shariah compliant debt securities. During FY23, the State Bank's Monetary Policy Committee (MPC) conducted nine meetings and raised the policy rate by 825 basis points to 22% to anchor inflationary pressures, achieve price stability, ensure economic sustainability, and ease currency pressure, all while taking into account domestic uncertainty and continued stress on the external account. The monthly inflation reached a multi-decade high level of 38% in May 2023, and the outlook is subject to prevailing domestic uncertainty and external vulnerabilities, undermining medium- and short-term growth. Additionally, debt repayments amid lower fresh disbursements and weak investment inflows continue to exert pressure on FX reserves. The net liquid foreign exchange reserves with the State Bank of Pakistan (SBP) were recorded at USD 4.5 billion in June 2023, depleting by USD 5.3 billion during FY23, posing challenges and risks to financial stability and fiscal consolidation.

The equity sub-fund decreased by 1.0% during FY23 compared with 2.9% increase in the KMI-30 Index during the same period.

The debt sub-fund yielded a return of 15.8% during FY23.

During FY23, the money market sub-fund posted a return of 16.2%. These returns are net of management fee and all other expenses.

The asset allocation of the Fund as on June 30, 2023 is as follows:

## Asset Allocation (% of Net Assets)

<b>Equity Sub-fund</b>	
Equity	96.1%
Cash Equivalents	5.1%
Others	(1.2%)
<b>Total</b>	<b>100.0%</b>
<b>Debt Sub-fund</b>	
Sukuks	24.2%
Placements with Banks and DFIs	13.2%
Cash Equivalents	60.8%
Others	1.8%
<b>Total</b>	<b>100.0%</b>
<b>Money Market Sub-fund</b>	
Sukuk	11.3%
Placements with Banks and DFIs	12.6%
Cash Equivalents	74.4%
Others	1.7%
<b>Total</b>	<b>100.0%</b>

## Auditors

The present auditors, Messrs Yousuf Adil Chartered Accountants, has completed their five years tenure in the capacity of Auditor of the Fund. As per the requirement of Regulation 38(2)(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the replacement would be required. The Board has approved the appointment of Messrs Grant Thornton Anjum Rahman, for the year ending June 30, 2024.

## 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. The Board of Directors of the Management Company held six meetings during the year.
11. The details of contribution table are disclosed in the note 18 to these financial statements.
12. 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.
13. 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. For the year ended June 30, 2023, the Board included:

Category	Names
<b>Independent Directors</b>	<ol style="list-style-type: none"> <li>1. Mr. Khalid Mansoor</li> <li>2. Mr. Saad Amanullah Khan</li> <li>3. Mr. Ruhail Muhammad</li> <li>4. Mr. Humayun Bashir</li> </ol>
<b>Executive Director</b>	Dr. Amjad Waheed - Chief Executive Officer
<b>Non-Executive Directors</b>	<ol style="list-style-type: none"> <li>1. Shaikh Muhammad Abdul Wahid Sethi (Chairman)</li> <li>2. Mr. Tauqeer Mazhar</li> <li>3. Ms. Mehnaz Salar</li> <li>4. Mr. Ali Saigol</li> <li>5. Mr. Imran Zaffar</li> </ol>

## Acknowledgement

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

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

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

**Chief Executive Officer**

**Director**

Date: September 15, 2023  
Place: Karachi.

## ڈائریکٹرز رپورٹ

NBP فنڈ منیجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز 02 جولائی 2013 کو قائم ہونے والے NAFA اسلامک پنشن فنڈ (NIPF) کی گیارہویں سالانہ رپورٹ برائے مختتمہ سال 30 جون 2023ء پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

2 جولائی 2013 کو آغاز سے اسپیکٹ کارکردگی	NAV فی یونٹ (روپے) 30 جون 2023	NAV فی یونٹ (روپے) 30 جون 2022	فنڈ کا حجم (ملین روپے)	
12.2%	317.7274	321.0868	939	NIPF ایکویٹی سب فنڈ
6.9%	197.5689	170.6381	949	NIPF ڈیٹ سب فنڈ
7.2%	201.7248	173.5729	2,378	NIPF مٹی مارکیٹ سب فنڈ
(منیجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص)				سالانہ منافع

### فنڈ کی کارکردگی

مالی سال 23 ایکویٹیز کے لیے مایوس کن تھا کیونکہ بینچ مارک KMI-30 انڈیکس میں سال کے دوران صرف 2.9 فیصد کا اضافہ ہوا۔ تاہم سال کے دوران مارکیٹ کافی اتار چڑھاؤ کا شکار رہی اور انڈیکس نے بھی دونوں اطراف جھکاؤ دکھایا۔

رواں سال کے دوران شک مارکیٹ کی کارکردگی کم رہی کیونکہ خراب سیاسی اور میکرو اکنامک نقطہ نظر کی وجہ سے سرمایہ کاروں کا اعتماد کمزور رہا۔ معاشی محاذ پر، ادائیگی کے توازن (BOP) کی نازک صورتحال نے سرمایہ کاروں کو پریشان کیا۔ اگرچہ کرنٹ اکاؤنٹ خسارہ (CAD) جو کہ گزشتہ سال 17.5 بلین امریکی ڈالر کے مقابلے میں 2.6 بلین امریکی ڈالر رہا، مختلف انتظامی اقدامات/پابندیوں کی وجہ سے کنٹرول میں لایا گیا، تاہم تقریباً 21 بلین ڈالر کے بیرونی قرضوں کی ادائیگی توشیح کا باعث بنی ہوئی ہے۔ آئی ایم ایف کی شرائط پوری کرنے میں تاخیر کی وجہ سے پروگرام قسط کا شکار رہا اور بیرونی رقم کا بہاؤ کم ہو گیا۔ لہذا، اس وجہ سے SBP کے زرمبادلہ ذخائر 9.8 بلین امریکی ڈالر سے کم ہو کر 4.5 بلین امریکی ڈالر پر آ گئے۔ زرمبادلہ ذخائر میں زبردست کمی کے درمیان، پاکستانی روپیہ نے مالی سال 23 کے دوران بڑے پیمانے پر قدر میں تقریباً 40% کی کمی دیکھی جس سے مارکیٹ کے حالات بھی مجروح ہوئے۔ غیر معمولی بارشوں نے ملک میں بڑے پیمانے پر سیلاب کی وجہ سے نہ صرف تباہی پجائی بلکہ معاشی نقطہ نظر کو مزید خراب کر دیا کیونکہ سال کے دوران جی ڈی پی کی شرح نمو 0.3 فیصد ریکارڈ کی گئی۔ خاص طور پر بڑے پیمانے کی مینوفیکچرنگ متاثر ہوئی کیونکہ مالی سال 23 کے دوران اس کی پیداوار میں تقریباً 10.3 فیصد کمی واقع ہوئی۔ مہنگائی، جو کہ کموڈٹی اپ سائیکل اور خوردہ ایندھن اور بجلی کی قیمتوں میں ایڈجسٹمنٹ کی وجہ سے پہلے ہی عروج پر تھی، مزید بڑھ گئی کیونکہ سپلائی میں شدید رکاوٹ اور قلت قیمتوں پر مزید باؤ ڈالا۔ مالی سال 23 میں اوسط مہنگائی تقریباً 29.2 فیصد تک پہنچ گئی۔ اس نے مرکزی بینک کو جارحانہ انداز میں پالیسی شرح کو 13.75 فیصد سے بڑھا کر 22 فیصد کرنے پر آمادہ کیا۔ اگرچہ سبز زیادہ ٹیکسوں کے نفاذ اور جی ڈی پی میں کمی کے باوجود کارپوریٹ سیکٹر نے منافع میں دوہرے ہندسے کی مضبوط نمو جاری رکھی، کثیر جیتی اقتصادی چیلنجوں اور سیاسی غیر یقینی صورتحال نے جذبات کو مجروح کر دیا اور مارکیٹ کی کارکردگی پر بہت زیادہ باؤ ڈالا۔ کیپٹل مارکیٹ سے متعلق پچھلے سال کے دوران ایک اہم پہلو اسپانسر بائی بیک پروگرام تھا جو کہ ایک اہم ریڈیمنٹ عنصر رہا جہاں تقریباً 28 بلین روپے کی مجموعی بائی بیکس کا اعلان کیا گیا جو ان کی اپنی کمپنیوں میں اسپانسر کے بے پناہ اعتماد کی عکاسی کرتا ہے۔

سیکٹر کارکردگی کے لحاظ سے سیمنٹ، کیمیکل، بینک، فریٹ لائزر، آئل اینڈ گیس ایکسپلوریشن کمپنیاں، پاور جنریشن اینڈ ڈسٹری بیوٹن، شوگر اینڈ الائیڈ انڈسٹریز، اور ٹیکنالوجی اور کیونیکیشن سیکٹر نے مارکیٹ سے بہتر کارکردگی کا مظاہرہ کیا۔ اس کے برعکس، آٹو اسمبلرز، آٹو پارٹس اور اسمبلیز، کیمبل اور الیکٹریکل سامان، انجینئرنگ، فوڈ اینڈ پوسٹل کیمز، گلاس اینڈ سراسر، انسورنس، لمیڈ اینڈ ٹیکسٹائل، متفرقات، آئل اینڈ گیس مارکیٹنگ، پیپر اینڈ بورڈ، فارماسیوٹیکل، ریفرنسری، ٹیکسٹائل کمپوزٹ، اور تمباکو کے شعبوں نے مارکیٹ سے اتر کارکردگی کا مظاہرہ کیا۔ شرکاء کے لحاظ سے مارکیٹ کی سرگرمیوں پر، کمپنیاں، انفرادی اور بینک/DFIs بالترتیب 100 بلین امریکی ڈالر، 84 بلین امریکی ڈالر اور 74 بلین امریکی ڈالر کی آمد کے ساتھ سب سے بڑے خالص خریدار رہے۔ اس کے برعکس، میوچل فنڈز اور انسورنس نے اپنی خالص ہولڈنگز کو بالترتیب 144 بلین امریکی ڈالر اور 124 بلین امریکی ڈالر تک کم کر دیا۔

مالی سال 23 کے لیے کارپوریٹ سکوک میں مجموعی تجارت 6.1 بلین روپے (مالی سال 22 میں 4 بلین روپے کے مقابلے میں تقریباً 53 فیصد زیادہ) ریکارڈ کی گئی۔ تاہم، شریعت کے مطابق قلیل مدتی کارپوریٹ سکوک کے سنے اجراء سے طویل مدتی شرعی مطابقت پذیر ڈیف سیکورٹیز کے لیے زیر سپلائی مارکیٹ کو کچھ حد تک مدہلی۔ مالی سال 23 کے دوران، اسٹیٹ بینک کی مانیٹری پالیسی کمیٹی (MPC)

نے 19 اجلاس منعقد ہوئے اور ملکی غیر یقینی صورتحال اور بیرونی اکاؤنٹ پر مسلسل دباؤ کی وجہ سے افراط زر کے دباؤ کو روکنے، قیمتوں میں استحکام حاصل کرنے، اقتصادی استحکام کو یقینی بنانے، اور کرنسی کے دباؤ کو کم کرنے کے لیے پالیسی شرح کو 825 بیس پوائنٹس بڑھا کر 22% کر دیا۔ ماہانہ افراط زر مئی 2023 میں کئی دہائیوں کی بلند ترین سطح 38 فیصد تک پہنچ گیا، اور نقطہ نظر مروجہ ملکی غیر یقینی صورتحال اور بیرونی خطرات سے مشروط ہے، جو درمیانی اور قلیل مدتی نمو کو کمزور کر رہا ہے۔ مزید برآں، کم نئے انفلوئز اور کمزور سرمایہ کاری کے درمیان قرض کی ادائیگی زرمبادلہ ذخائر پر دباؤ ڈال رہی ہے۔ اسٹیٹ بینک آف پاکستان (SBP) کے ہاں خالص لیکوڈ غیر ملکی زرمبادلہ کے ذخائر جون 2023 میں 4.5 بلین امریکی ڈالر ریکارڈ کیے گئے، جو مالی سال 23 کے دوران 5.3 بلین امریکی ڈالر کی کمی سے مالی استحکام اور مالیاتی کنسولیدیشن کے لیے چیلنجز اور خطرات کا باعث بنے ہیں۔

مالی سال 2023 کے دوران ایکویٹی سب فنڈ میں 1.0% کی کمی ہوئی، جبکہ اسی مدت کے دوران بیج مارک KMI-30 انڈیکس میں 2.9% کی کمی ہوئی۔

مالی سال 23 کے دوران ڈیٹ سب فنڈ کو 15.8% کا منافع حاصل ہوا۔

مالی سال 23 کے دوران، مینی مارکیٹ سب فنڈ نے 16.2% کا منافع درج کیا۔ یہ منافع منجمنٹ فیس اور تمام دیگر اخراجات منہا کرنے کے بعد خالص ہے۔

30 جون 2023 کو فنڈ کی ایسٹ ایلو کیشن درج ذیل ہے:

ایسٹ ایلو کیشن	(نیٹ ایسٹس کا %)
<b>ایکویٹی سب فنڈ</b>	
ایکویٹی	96.1%
کیش کے مساوی	5.1%
دیگر	(1.2%)
<b>کل</b>	<b>100.00%</b>
<b>ڈیٹ سب فنڈ</b>	
سکوک	24.2%
بینکوں اور DFIs کے ہاں پلیسمنٹ	13.2%
کیش کے مساوی	60.8%
دیگر	1.8%
<b>کل</b>	<b>100.00%</b>
<b>مینی مارکیٹ سب فنڈ</b>	
سکوک	11.3%
بینکوں اور DFIs کے ہاں پلیسمنٹ	12.6%
کیش کے مساوی	74.4%
دیگر	1.7%
<b>کل</b>	<b>100.00%</b>

آڈیٹر

موجودہ آڈیٹر میسرز یوسف عادل، چارٹرڈ اکاؤنٹنٹس، نے فنڈ کے آڈیٹر کی حیثیت سے اپنی پانچ سالہ مدت پوری کر لی ہے۔ غیر بینکنگ مالیاتی کمپنیز اور مطلع شدہ اداروں کے ریگولیشنز، 2008 کے ریگولیشن موجودہ (2)(h) کی ضرورت کے مطابق، متبادل کی ضرورت ہوگی۔ یورڈ نے 30 جون 2024 کو ختم ہونے والے سال کے لیے میسرز گرانٹ تھارن انجم رحمان، چارٹرڈ اکاؤنٹنٹس، کی تقرری کی منظوری دے دی ہے۔

## لسٹ کمپنیوں کے بورڈ آف کارپوریٹ گورننس ریگولیشنز 2017 ("CCG") کی پیروی میں ڈائریکٹرز اسٹیٹمنٹ

- 1 مینجمنٹ کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلو اور یونٹ 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۔ شماراتی 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 انٹرئل کنٹرول کا نظام مستحکم اور موثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔
- 6 فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔
- 7 کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔
- 8 پرفارمنس ٹیمبل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔
- 9 ٹیکسوں، ڈیوٹیوں، محصولات اور چارجز کی مد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
- 10 اس مدت کے دوران مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے چھ اجلاس منعقد ہوئے۔
- 11 کٹری بیوشن ٹیمبل کی تفصیلات ان مالی حسابات کے نوٹ 18 میں ظاہر کی گئی ہیں۔
- 12 ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے یونٹس کی تمام خرید و فروخت ان مالیاتی گوشواروں کے نوٹ 21 میں ظاہر کی گئی ہے۔
- 13 کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدار نان ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ کمپنی ایک غیر فہرست شدہ کمپنی ہونے کے ناطہ کوئی منارٹی انٹریسٹ نہیں رکھتی۔ زیر جائزہ مدت 30 جون 2023 کے دوران بورڈ آف ڈائریکٹرز درج ذیل ارکان پر مشتمل رہا۔

نام	کیٹگری
<ol style="list-style-type: none"> <li>•1 جناب خالد منصور</li> <li>•2 جناب سعد امان اللہ خان</li> <li>•3 جناب روہیل محمد</li> <li>•4 جناب ہمایوں بشیر</li> </ol>	غیر جانبدار ڈائریکٹرز
ڈاکٹر امجد وحید (چیف ایگزیکٹو آفیسر)	ایگزیکٹو ڈائریکٹر
<ol style="list-style-type: none"> <li>•1 شیخ محمد عبدالواحد سیٹھی (چیئر مین)</li> <li>•2 جناب توقیر مظہر</li> <li>•3 محترمہ مہناز سالار</li> <li>•4 جناب علی سیدگل</li> <li>•5 جناب عمران ظفر</li> </ol>	نان ایگزیکٹو ڈائریکٹرز



## اظہار تشکر

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

بورڈ اپنے اسٹاف اور ڈسٹری بیوٹرز 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 منجمنٹ لمیٹڈ**

ڈائریکٹر

چیف ایگزیکٹو آفیسر

تاریخ: 15 ستمبر 2023ء

مقام: کراچی



## TRUSTEE REPORT TO THE PARTICIPANTS

### Report of the Trustee pursuant to Regulation 67D in conjunction with Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of NAFA Islamic Pension Fund (the Fund) are of the opinion that NBP Fund Management Limited being the Pension Fund Manager has in all material respects managed the Fund during the year ended June 30, 2023 in accordance with the provisions of the constitutive documents of the Fund, the Voluntary Pension System Rules, 2005 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Further, in our opinion, the management fee, fee payable to Commission and other expenses paid from the Fund during the period are in accordance with the applicable regulatory framework.

**Badiuddin Akber**

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi, September 27, 2023

## FUND MANAGER REPORT

### NAFA Islamic Pension Fund

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

### Investment Objective of the Fund

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

### Fund performance review

	Fund Size (Rs. in mln)	NAV Per Unit (Rs.) June 30, 2022	NAV Per Unit (Rs.) June 30, 2023	Performance Since Launch July 02, 2013
<b>NIPF-Equity Sub-fund</b>	<b>939</b>	<b>321.0868</b>	<b>317.7274</b>	<b>12.2%</b>
<b>NIPF-Debt Sub-fund</b>	<b>949</b>	<b>170.6381</b>	<b>197.5689</b>	<b>6.9%</b>
<b>NIPF-Money Market Sub-fund</b>	<b>2,378</b>	<b>173.5729</b>	<b>201.7248</b>	<b>7.2%</b>
<b>Annualized Return [Net of management fee &amp; all other expenses]</b>				

This is the Tenth annual report of the Fund. FY23 was a lackluster year for equities as the benchmark KMI-30 Index inched up by only 2.9% during the year. However, during the period, the market remained very volatile and the Index exhibited large swings on both sides.

The stock market performance remained subdued during the outgoing year as investors' confidence remained fragile shaped by worsening political and macro-economic outlook. On the political front, uncertainty & agitation remained elevated during the year and weighed on investors' sentiments. The dissolution of two provincial assemblies and uncertainty over continuity of federal government and contention between government and apex court caused jitters in the market. On economic front, the precarious situation on balance of payment (BOP) troubled investors. Though the current account deficit (CAD), that stood at USD 2.6 bn as against USD 17.5 bn last year, was brought under control due to various administrative measures/restrictions, elevated external debt repayments of around USD 21 bn remained a cause of concern. Due to delay in meeting conditions of IMF, the program remained in abeyance and the external inflows dried up. Hence, SBP's FX reserves slipped from USD 9.8 billion to USD 4.5 billion for the same reason. Amid steep drawdown in FX reserves, PKR witnessed massive devaluation of around 40% during FY23 that also dented sentiments. Unprecedented rains led to massive floods in the country that not only caused massive devastation but further worsened economic outlook as GDP growth was merely recorded at 0.3% during the year. Large Scale Manufacturing was particularly hit as its output dropped by around 10.3% during FY23. Inflation, which was already on an ascent due to commodity upcycle and retail fuel & power prices adjustments, further ratcheted up as acute supply disruptions & shortages put more pressure on prices. Average inflation clocked in at around 29.2% in FY23. This prompted the central bank to aggressively increase Policy Rate to 22% from 13.75% at the start of the period. Although listed corporate sector continued to post robust double-digit growth in profitability, despite imposition of higher taxes and anemic GDP growth, multi-faceted economic challenges and political uncertainty sapped sentiments and weighed on market performance. A key aspect during last year related to capital market was the sponsor buy back programs which remained a major redeeming factor where cumulative buybacks of around PKR 28 billion were announced reflecting immense sponsor confidence in their own companies.

In terms of sector performance, Cements, Chemicals, Banks, Fertilizer, Oil & Gas Exploration Companies, Power Generation & Distribution, Sugar & Allied Industries, and Technology & Communication sectors outperformed the market. On the contrary, Auto Assemblers, Auto Parts & Accessories, Cable & Electrical Goods, Engineering, Food & Personal Care, Glass & Ceramics, Insurance, Leather & Tanneries, Miscellaneous, Oil & Gas Marketing, Paper & Board, Pharmaceutical, Refinery, Textile Composite, and Tobacco sectors lagged the market. On participants-wise market activity, Companies, Individual and Banks/DFIs emerged the largest net buyers with inflows of around USD 100 million, USD 84 and USD 74 million, respectively. On the contrary, Mutual Funds & Insurance lowered their net holdings by around USD 144 million & USD 124 million, respectively.

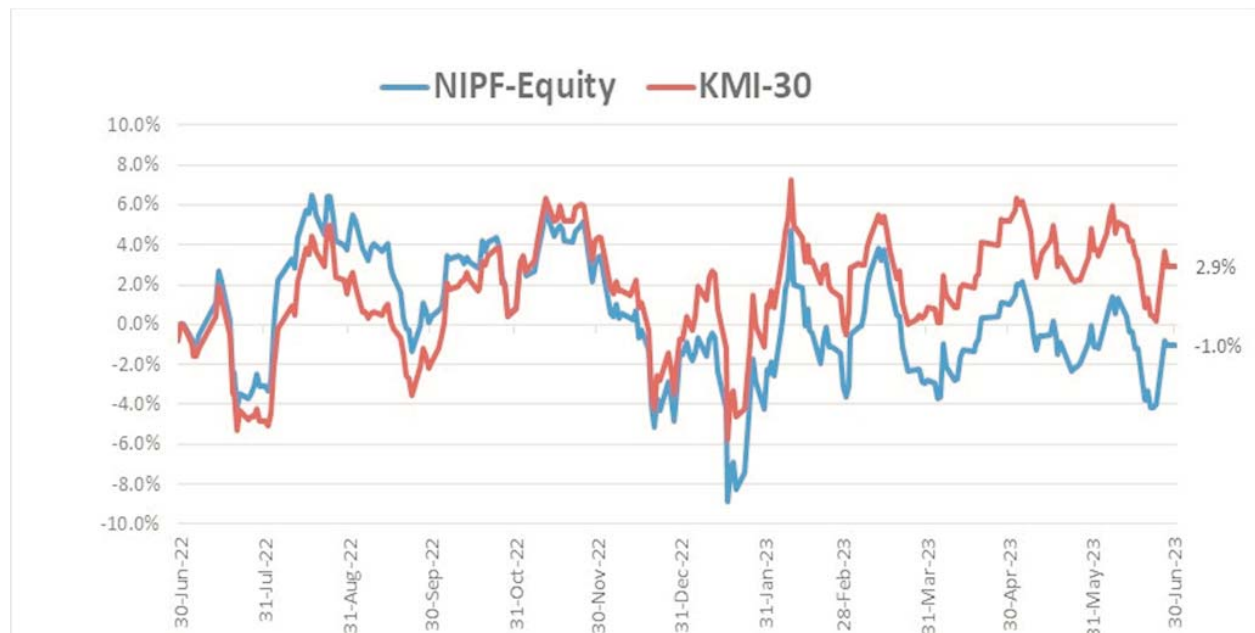
The cumulative trading in corporate sukuks for FY23 was recorded at Rs. 6.1 billion (around 53% up compared to Rs. 4 billion in FY22). However, fresh issuance of shariah compliant short-term corporate sukuks helped the undersupplied market for long-term shariah compliant debt securities. During FY23, the State Bank's Monetary Policy Committee (MPC) conducted nine meetings and raised the policy rate by 825 basis points to 22% to anchor inflationary pressures, achieve price stability, ensure economic sustainability, and ease currency pressure, all while taking into account domestic uncertainty and continued stress on the external account. The monthly inflation reached a multi-decade high level of 38% in May 2023, and the outlook is subject to prevailing domestic uncertainty and external vulnerabilities, undermining medium- and short-term growth. Additionally, debt repayments amid lower fresh disbursements and weak investment inflows continue to exert pressure on FX reserves. The net liquid foreign exchange reserves with the State Bank of Pakistan (SBP) were recorded at USD 4.5 billion in June 2023, depleting by USD 5.3 billion during FY23, posing challenges and risks to financial stability and fiscal consolidation.

The equity sub-fund decreased by 1.0% during FY23 compared with 2.9% increase in the KMI-30 Index during the same period.

The debt sub-fund yielded a return of 15.8% during FY23.

During FY23, the money market sub-fund posted a return of 16.2%. These returns are net of management fee and all other expenses.

## NIPF - Equity Performance vs. KMI - 30 during FY23



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

Asset Allocation (% of Net Assets)	
<b>Equity Sub-fund</b>	
Equity	96.1%
Cash Equivalents	5.1%
Others	(1.2%)
<b>Total</b>	<b>100.0%</b>
<b>Debt Sub-fund</b>	
Sukuks	24.2%
Placements with Banks and DFIs	13.2%
Cash Equivalents	60.8%
Others	1.8%
<b>Total</b>	<b>100.0%</b>
<b>Money Market Sub-fund</b>	
Sukuk	11.3%
Placements with Banks and DFIs	12.6%
Cash Equivalents	74.4%
Others	1.7%
<b>Total</b>	<b>100.0%</b>

## During the period under question:

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



## STATEMENT OF COMPLIANCE WITH THE SHARI'AH PRINCIPLES

**NAFA Islamic Pension Fund** (the Fund) has fully complied with the Shari'ah principles specified in the Trust Deed and in the guidelines issued by the Shari'ah Advisor for its operations, investments and placements made during the year ended June 30, 2023. This has been duly confirmed by the Shari'ah Supervisory Board of the Fund.

For and behalf of the board

Date: **September 15, 2023**  
Karachi

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



## REPORT OF THE SHARIAH SUPERVISORY BOARD

September 27, 2023/ Rabiul Awwal 10, 1445

**Alhamdulillah**, the period from July 1, 2022 to June 30, 2023 marks the Tenth year of operations of NAFA Islamic Pension Fund (the "NIPF" or the "Fund") under management of NBP Fund Management Limited (the "NBP Funds" or the "Management Company").

In the capacity of Shariah Supervisory Board (the "SSB"), we have prescribed six criteria for Shariah-compliance of equity investments which relate to (i) Nature of business, (ii) Interest-bearing debt to total assets, (iii) Investment in Shariah non-compliant activities to total assets (iv) Shariah non-compliant income to gross revenue, (v) Illiquid assets to total assets, and (vi) Net liquid assets per share vs. market price per share.

It is the responsibility of the Management Company of the Fund to establish and maintain a system of internal controls to ensure Shariah compliance with the Shariah principles, policies and guidelines issued by the SSB and Shariah Governance Regulations issued by Securities and Exchange Commission of Pakistan. The prime responsibility for ensuring Shariah-compliance of the Fund's operations lies with the Board of Directors and Executive Management.

Based on our day to day reviews during the year and subsequent approvals for investments and related activities of the Fund, we hereby confirm that:

- i. The modes of equity investment, transactions, relevant documentation and procedures adopted have been in accordance with Shariah principles and rules
- ii. The affairs of the Fund have been carried out in accordance with Shariah principles and rules and relevant Shariah opinions and/or guidelines were issued accordingly from time to time
- iii. Any earnings that have realized from sources or by means prohibited by Shariah have been credited to the charity account where applicable.
- a. During the year, Fund booked charity of amounting PKR 4,618,494/- wherein amount available for disbursement is PKR 3,145,099/-, which is inclusive of PKR 1,077,539 /- provisional amount of previous year adjusted after availability of the respective financial statements.

Based on the above facts, SSB is of the opinion that during the year, nothing has come to our attention which causes to believe that the overall operations of the Fund for the year ended June 30, 2023 are not in compliance with the Shariah principles and rules.

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

**For and on behalf of Shariah Technical Services & Support**

**For and on behalf of NBP Fund's Shariah Supervisory Board**

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

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

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

## INDEPENDENT REASONABLE ASSURANCE REPORT TO THE UNIT HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

### 1. Introduction

We were engaged by the Board of Directors of NBP Fund Management Limited, Management Company of NAFA Islamic Pension Fund (the Fund) to report on Fund's compliance with the as set out in the annexed statement prepared by the Management Company for the year ended June 30, 2023, in the form of an independent reasonable assurance conclusion about whether the annexed statement presents fairly the status of the Fund's Compliance with Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor, in all material respects.

### 2. Applicable criteria

The criteria against which the subject matter information (the statement) is assessed comprise of Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor.

The above criteria were evaluated for their implementation on the financial statements of the Fund for the year ended June 30, 2023.

### 3. Responsibilities of the Management Company

The Management Company is responsible for the preparation of the annexed statement that is free from material misstatement and for the information contained therein.

This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of the annexed statement that is free from material misstatement, whether due to fraud or error. The Management Company is also responsible to ensure that the financial arrangements and transactions having Shariah implications entered into by the Fund are in substance and their legal form are in compliance with the Shariah principles specified in the Trust Deed and guidelines issued by the Shariah Advisor.

### 4. Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1 "Quality Control for firms that perform Audits and Reviews of Historical Financial information, and other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements professional standards and applicable legal and regulatory requirements.

### 5. Our responsibilities

Our responsibility is to examine the annexed statement and to report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagement other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. That standards required that we plan and perform our procedures to obtain reasonable



assurance about whether the annexed statement presents fairly the status of the Fund's compliance with the Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor, in all material respects.

The procedures selected depend on our judgement, including the assessment of the risks of material non-compliances with Shariah principles and guidelines whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to financial arrangements and transactions having Shariah implications, in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Fund's internal controls. Reasonable assurance is less than absolute assurance.

The procedures performed included performing test of controls for making investments, maintaining bank accounts and transferring impure income to charity in accordance with the Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor.

## **6. Conclusion**

Our conclusion has been formed on the basis of, and subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide the basis for our conclusion.

In our opinion, the annexed statement, for the year ended June 30, 2023, presents fairly the status of the Fund's compliance with the Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor, in all material respects.

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

Dated: September 27, 2023  
Place: Karachi

## INDEPENDENT AUDITORS' REPORT TO THE PARTICIPANT SUB FUNDS

To the participants of NAFA Islamic Pension Fund

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of NAFA Islamic Pension Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2023, and the income statement and statement of comprehensive income, the statement of cash flows, the statement of movement in participants' sub funds, for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2023, and of its financial performance and its cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund and NBP Fund Management Limited (the Pension Fund Manager) in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted by the Institute of Chartered Accountants of Pakistan together with the ethical requirements that are relevant to our audit of the financial statements in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Information other than the financial statements and auditor's report thereon

Pension Fund Manager is responsible for the other information. The other information comprises the information (Directors' Report, Fund Manager Report & Trustee Report to the Unit Holders) included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Pension Fund Manager and Those Charged with Governance for the financial statements

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

In preparing the financial statements, Pension Fund Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Pension Fund Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of Directors of the Pension Fund Manager are responsible for overseeing the Fund's financial reporting process.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pension Fund Manager's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Pension Fund Manager.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Those Charged with Governance of Pension Fund Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Report on other legal and regulatory requirements

Based on our audit, we further report that in our opinion:

- a) the financial statements prepared for the year ended June 30, 2023 have been properly drawn in accordance with the relevant provisions of the Trust Deed and the Voluntary Pension System Rules, 2005;
- b) 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; and
- c) 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.

The engagement partner on the audit resulting in this independent auditor's report is Nadeem Yousuf Adil.

## Chartered Accountants

Place: Karachi  
Date: September 21, 2023  
UDIN: AR202310091lm89uRGZ2

## STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2023

		2023					2022				
		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)									
ASSETS											
Bank balances	5	47,916,837	576,692,752	1,768,610,440	5,046,621	2,398,266,650	39,698,388	547,127,146	1,416,844,313	7,543,370	2,011,213,217
Investments	6	902,484,950	354,352,768	569,529,150	-	1,826,366,868	1,296,930,679	272,273,625	99,890,000	-	1,669,094,304
Dividend receivable		-	-	-	-	-	508,886	-	-	-	508,886
Profit receivables	7	999,349	22,203,664	49,612,291	-	72,815,304	764,615	12,417,965	17,860,667	-	31,043,247
Receivable against sale of investment		400,448	-	-	-	400,448	4,254,657	-	-	-	4,254,657
Deposits and other receivable	8	3,037,499	113,361	151,039	-	3,301,899	3,797,539	100,000	100,000	-	3,997,539
Total assets		954,839,083	953,362,545	2,387,902,920	5,046,621	4,301,151,169	1,345,954,764	831,918,736	1,534,694,980	7,543,370	3,720,111,850
LIABILITIES											
Payable to NBP Fund Management Limited - Pension Fund Manager	9	6,121,820	2,249,423	3,717,224	2,921,414	15,009,881	8,624,256	1,762,605	1,649,751	5,554,494	17,591,106
Payable to Central Depository Company of Pakistan Limited - Trustee	10	92,017	94,158	225,529	-	411,704	133,080	85,452	144,736	-	363,268
Payable to Securities and Exchange Commission of Pakistan	11	455,034	342,459	744,108	-	1,541,601	539,788	277,675	460,925	-	1,278,388
Payable against redemption of units		140,906	292,574	4,397,171	-	4,830,651	46,354	440,149	2,750,140	-	3,236,643
Payable against Purchase of investment		-	-	-	-	-	-	-	-	-	-
Accrued expenses and other liabilities	12	8,531,874	1,326,810	1,083,845	2,125,207	13,067,736	6,145,173	1,232,519	920,403	1,988,876	10,286,971
Total liabilities		15,341,651	4,305,424	10,167,877	5,046,621	34,861,573	15,488,651	3,798,400	5,925,955	7,543,370	32,756,376
NET ASSETS		939,497,432	949,057,121	2,377,735,043	-	4,266,289,596	1,330,466,113	828,120,336	1,528,769,025	-	3,687,355,474
PARTICIPANTS' SUB-FUNDS (as per statement attached)		939,497,432	949,057,121	2,377,735,043	-	4,266,289,596	1,330,466,113	828,120,336	1,528,769,025	-	3,687,355,474
Contingencies and commitments	14	----- (Number of units) -----					----- (Number of units) -----				
Number of units in issue	16	2,956,929	4,803,677	11,787,023			4,143,634	4,853,079	8,807,646		
		----- (Rupees) -----					----- (Rupees) -----				
Net assets value per unit		317.7274	197.5689	201.7248			321.0868	170.6381	173.5729		

The annexed notes from 1 to 26 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 JUNE 30, 2023

		2023				2022			
		Equity sub-fund	Debt sub-fund	Money Market sub-fund	Total	Equity sub-fund	Debt sub-fund	Money Market sub-fund	Total
Note		(Rupees)							
<b>INCOME</b>									
Profit on bank deposits	5.1	8,260,438	90,259,183	239,668,598	338,188,219	4,878,855	35,714,589	88,525,112	129,118,556
Profit on term deposits		-	3,181,644	7,842,329	11,023,973	-	3,974,929	4,761,096	8,736,025
Profit / return on government securities		-	15,857,987	11,882,366	27,740,353	-	11,626,309	9,163,633	20,789,942
Profit / return on sukuks		-	33,847,893	42,202,977	76,050,870	-	18,656,260	7,387,032	26,043,292
Income from commercial papers		-	-	-	-	-	4,407,552	8,795,187	13,202,739
Dividend income		93,913,048	-	-	93,913,048	85,691,236	-	-	85,691,236
(Loss) / Gain on sale of investments - net		(21,777,238)	(300,000)	-	(22,077,238)	3,022,890	(470,000)	(470,000)	2,082,890
Net unrealised (loss) / gain on re-measurement of investments at fair value through profit or loss	6.5	(43,789,567)	(3,620,858)	(360,850)	(47,771,275)	(275,299,641)	1,466,550	(550,000)	(274,383,091)
<b>Total income / (loss)</b>		<b>36,606,681</b>	<b>139,225,849</b>	<b>301,235,420</b>	<b>477,067,950</b>	<b>(181,706,660)</b>	<b>75,376,189</b>	<b>117,612,060</b>	<b>11,281,589</b>
<b>EXPENSES</b>									
Remuneration to NBP Fund Management Limited - Pension Fund Manager	9.1	17,064,722	3,424,850	3,720,669	24,210,241	22,401,137	4,733,857	5,641,170	32,776,164
Sindh Sales Tax on remuneration to Pension Fund Manager	9.2	2,218,414	445,230	483,687	3,147,331	2,912,148	615,401	733,352	4,260,901
Reimbursement of allocated expenses related to registrar services, accounting, operation and valuation services	9.3	2,275,296	993,556	2,018,944	5,287,796	2,236,930	598,172	1,003,266	3,838,368
Reimbursement of Selling & Marketing Expenses	9.4	20,477,667	5,351,327	6,935,712	32,764,706	20,132,367	3,173,949	2,316,447	25,622,763
Remuneration to Central Depository Company of Pakistan Limited - Trustee	10.1	1,236,766	929,131	2,017,456	4,183,353	1,665,292	840,850	1,388,500	3,894,642
Sindh Sales Tax on remuneration of the Trustee	10.2	160,780	120,787	262,269	543,836	216,489	109,311	180,505	506,305
Annual fee to the Securities and Exchange Commission of Pakistan	11	455,059	342,485	744,134	1,541,678	539,813	277,701	460,950	1,278,464
Auditors' remuneration	19	161,402	162,266	163,266	486,934	154,690	147,536	153,036	455,262
Securities transaction costs		884,747	26,250	-	910,997	1,612,388	5,000	5,000	1,622,388
Printing expenses		28,105	28,105	28,105	84,315	75,442	36,942	51,653	164,037
Shariah advisory fee		173,873	129,809	277,609	581,291	236,400	115,072	189,477	540,949
Legal and professional charges		59,860	59,860	59,860	179,580	110,976	132,079	183,761	426,816
Settlement and bank charges		577,906	487,641	102,340	1,167,887	764,444	508,381	343,663	1,616,488
<b>Total expenses</b>		<b>45,774,597</b>	<b>12,501,297</b>	<b>16,814,051</b>	<b>75,089,945</b>	<b>53,058,516</b>	<b>11,294,251</b>	<b>12,650,780</b>	<b>77,003,547</b>
<b>Net income / (loss) from operating activities</b>		<b>(9,167,916)</b>	<b>126,724,552</b>	<b>284,421,369</b>	<b>401,978,005</b>	<b>(234,765,176)</b>	<b>64,081,938</b>	<b>104,961,280</b>	<b>(65,721,958)</b>
Reversal for Sindh Workers' Welfare Fund	12.1	-	-	-	-	18,461,250	2,818,788	3,395,789	24,675,827
<b>Net income / (loss) before taxation</b>		<b>(9,167,916)</b>	<b>126,724,552</b>	<b>284,421,369</b>	<b>401,978,005</b>	<b>(216,303,926)</b>	<b>66,900,726</b>	<b>108,357,069</b>	<b>(41,046,131)</b>
Taxation	13	-	-	-	-	-	-	-	-
<b>Net income / (loss) for the year</b>		<b>(9,167,916)</b>	<b>126,724,552</b>	<b>284,421,369</b>	<b>401,978,005</b>	<b>(216,303,926)</b>	<b>66,900,726</b>	<b>108,357,069</b>	<b>(41,046,131)</b>

The annexed notes from 1 to 26 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 JUNE 30, 2023

	2023				2022			
	Equity sub-fund	Debt sub-fund	Money Market sub-fund	Total	Equity sub-fund	Debt sub-fund	Money Market sub-fund	Total
	----- (Rupees) -----							
Net income / (loss) for the year	(9,167,916)	126,724,552	284,421,369	401,978,005	(216,303,926)	66,900,726	108,357,069	(41,046,131)
Other comprehensive income for the year	-	-	-	-	-	-	-	-
<b>Total comprehensive income / (loss) for the year</b>	<b>(9,167,916)</b>	<b>126,724,552</b>	<b>284,421,369</b>	<b>401,978,005</b>	<b>(216,303,926)</b>	<b>66,900,726</b>	<b>108,357,069</b>	<b>(41,046,131)</b>

The annexed notes from 1 to 26 form an integral part of these financial statements.

For NBP Fund Management Limited  
(Pension Fund Manager)

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

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

\_\_\_\_\_  
Director

## STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB FUNDS FOR THE YEAR ENDED JUNE 30, 2023

Note	2023				2022			
	Equity sub-fund	Debt sub-fund	Money Market sub-fund	Total	Equity sub-fund	Debt sub-fund	Money Market sub-fund	Total
	(Rupees)							
<b>Net assets at beginning of the year</b>	1,330,466,113	828,120,336	1,528,769,025	3,687,355,474	1,713,937,773	687,527,480	1,015,607,487	3,417,072,740
Amount received / receivable on issuance of units	18 137,327,607	329,627,134	1,031,849,657	1,498,804,398	222,163,076	244,261,965	603,517,050	1,069,942,091
Amount paid / payable on redemption of units	17 (157,372,073)	(244,617,950)	(919,858,258)	(1,321,848,281)	(169,746,220)	(126,277,594)	(462,589,412)	(758,613,226)
Reallocation among sub-funds	(361,756,299)	(90,796,951)	452,553,250	-	(219,584,590)	(44,292,241)	263,876,831	-
	(381,800,765)	(5,787,767)	564,544,649	176,956,117	(167,167,734)	73,692,130	404,804,469	311,328,865
(Loss) / Gain on sale of investments - net	(21,777,238)	(300,000)	-	(22,077,238)	3,022,890	(470,000)	(470,000)	2,082,890
Net unrealised (loss) / gain on re-measurement of investments at fair value through profit or loss	(43,789,567)	(3,620,858)	(360,850)	(47,771,275)	(275,299,641)	1,466,550	(550,000)	(274,383,091)
Other net income for the year	56,398,889	130,645,410	284,782,219	471,826,518	55,972,825	65,904,176	109,377,069	231,254,070
<b>Total comprehensive income / (loss) for the year</b>	(9,167,916)	126,724,552	284,421,369	401,978,005	(216,303,926)	66,900,726	108,357,069	(41,046,131)
<b>Net assets at end of the year</b>	939,497,432	949,057,121	2,377,735,043	4,266,289,596	1,330,466,113	828,120,336	1,528,769,025	3,687,355,474
<b>Net assets value per unit at beginning of the year</b>	321.0868	170.6381	173.5729		373.9946	156.3012	159.3954	
<b>Net assets value per unit at end of the year</b>	317.7274	197.5689	201.7248		321.0868	170.6381	173.5729	

The annexed notes from 1 to 26 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 JUNE 30, 2023

Note	2023					2022				
	Equity sub-fund	Debt sub-fund	Money Market sub-fund	Others	Total	Equity sub-fund	Debt sub-fund	Money Market sub-fund	Others	Total
	(Rupees)									
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>										
Net income / (loss) for the year	(9,167,916)	126,724,552	284,421,369	-	401,978,005	(216,303,926)	66,900,726	108,357,069	-	(41,046,131)
<b>Adjustments:</b>										
(Gain) / loss on sale of investments - net	21,777,238	300,000	-	-	22,077,238	(3,022,890)	470,000	470,000	-	(2,082,890)
Net unrealised loss / (gain) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	43,789,567	3,620,858	360,850	-	47,771,275	275,299,641	(1,466,550)	550,000	-	274,383,091
	56,398,889	130,645,410	284,782,219	-	471,826,518	55,972,825	65,904,176	109,377,069	-	231,254,070
<b>Decrease / (Increase) in assets</b>										
Investments	328,878,924	(86,000,001)	(470,000,000)	-	(227,121,077)	42,033,608	(19,420,136)	107,535,916	-	130,149,388
Dividend receivable	508,886	-	-	-	508,886	(400,499)	-	-	-	(400,499)
Profit receivables	(234,734)	(9,785,699)	(31,751,624)	-	(41,772,057)	501,730	(7,656,698)	(10,814,835)	-	(17,969,803)
Receivable against sale of investment	3,854,209	-	-	-	3,854,209	(4,254,657)	-	-	-	(4,254,657)
Deposits and other receivable	760,040	(13,361)	(51,039)	-	695,640	11,406,794	-	7,574	-	11,414,368
	333,767,325	(95,799,061)	(501,802,663)	-	(263,834,399)	49,286,976	(27,076,834)	96,728,655	-	118,938,797
<b>(Decrease) / Increase in liabilities</b>										
Payable to NBP Fund Management Limited - Pension Fund Manager	(2,502,436)	486,818	2,067,473	(2,633,080)	(2,581,225)	6,152,444	785,265	240,147	3,154,062	10,331,918
Payable to Central Depository Company of Pakistan Limited - Trustee	(41,063)	8,706	80,793	-	48,436	(50,733)	16,255	42,391	-	7,913
Annual fee payable to Securities and Exchange Commission of Pakistan	(84,754)	64,784	283,183	-	263,213	160,598	127,391	248,857	-	536,846
Accrued expenses and other liabilities	2,386,701	94,291	163,442	136,331	2,780,765	(17,105,532)	(2,510,351)	(3,086,060)	-	(22,701,943)
	(241,552)	654,599	2,594,891	(2,496,749)	511,189	(10,843,223)	(1,581,440)	(2,554,665)	3,154,062	(11,825,266)
<b>Net cash generated from / (used in) operating activities</b>	389,924,662	35,500,948	(214,425,553)	(2,496,749)	208,503,308	94,416,578	37,245,902	203,551,059	3,154,062	338,367,601
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
Amount received / receivable on issuance of units	137,327,607	329,627,134	1,031,849,657	-	1,498,804,398	222,163,076	244,261,965	603,517,050	-	1,069,942,091
Amount paid / payable on redemption of units	(157,277,521)	(244,765,525)	(918,211,227)	-	(1,320,254,273)	(169,742,525)	(126,417,644)	(462,189,958)	-	(758,350,127)
Reallocation among sub-funds	(361,756,299)	(90,796,951)	452,553,250	-	-	(219,584,590)	(44,292,241)	263,876,831	-	-
<b>Net cash (used in) / generated from financing activities</b>	(381,706,213)	(5,935,342)	566,191,680	-	178,550,125	(167,164,039)	73,552,080	405,203,923	-	311,591,964
<b>Net increase in / (decrease) cash and cash equivalents</b>	8,218,449	29,565,606	351,766,127	(2,496,749)	387,053,433	(72,747,461)	110,797,982	608,754,982	3,154,062	649,959,565
Cash and cash equivalents at beginning of the year	39,698,388	547,127,146	1,416,844,313	7,543,370	2,011,213,217	112,445,849	436,329,164	808,089,331	4,389,308	1,361,253,652
<b>Cash and cash equivalents at end of the year</b>	47,916,837	576,692,752	1,768,610,440	5,046,621	2,398,266,650	39,698,388	547,127,146	1,416,844,313	7,543,370	2,011,213,217

The annexed notes from 1 to 26 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, 2023

### 1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 NAFA Islamic Pension Fund (“the Fund”) was established under a Trust Deed, between NBP Fund Management Limited as the Pension Fund Manager and Central Depository Company of Pakistan Limited (CDC) as the trustee. The Fund was authorized by the Securities and Exchange Commission of Pakistan (SECP) as a pension fund on November 16, 2012.
- 1.2 The Pension Fund Manager has been licensed to act as a Pension Fund Manager under the Voluntary Pension System Rules, 2005 (VPS Rules) through a certificate of registration issued by SECP. The registered office of the Pension Fund Manager is situated at 7th floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi.
- 1.3 The Fund is an unlisted open end pension scheme and offers units for public subscription on a continuous basis. The units are non-transferable except in the circumstances mentioned in VPS Rules and can be redeemed by surrendering to the Fund. Further, as per the Offering document, distribution of income or dividend is not allowed from any of the Sub-Funds.
- 1.4 The objective of the Fund is to provide individuals with a portable, individualized, funded (based on defined contribution), flexible pension scheme, assisting and facilitating them to plan and provide for their retirement.
- 1.5 The Fund has been formed to enable the participants to contribute in a diversified portfolio of securities, which are Shariah compliant. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah. The Pension Fund Manager has appointed Mufti Bilal Ahmed Qazi as Shariah Advisor to the Pension Fund to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 1.6 The Fund consists of three Sub-Funds namely, NAFA Islamic Pension Fund Equity Sub-fund (Equity Sub-fund), NAFA Islamic Pension Fund Debt Sub-fund (Debt Sub-fund) and NAFA Islamic Pension Fund Money Market Sub-fund (Money Market Sub-fund) (collectively the Sub-funds). The investment policy for each of the sub-funds are as follows:
- The Equity Sub-fund consists of a minimum 90% of net assets invested in Shariah compliant listed equity securities. Investment in single company is restricted to lower of 15% of Net Assets Value (NAV) of Equity Sub-fund or paid-up capital of the investee company. Investment in a single stock exchange sector is restricted to the higher of 35% of NAV or index weight, subject to a maximum of 40% of NAV of Equity Sub-fund. (Remaining assets of the Equity Sub-fund may be invested in any government treasury bills or government securities having less than one year time maturity, or be deposited with scheduled Islamic commercial banks having at least 'A' rating or Islamic windows of commercial banks having rating not less than 'AA' by a rating).
  - The Debt Sub-Fund consists of Shariah compliant tradable debt securities with weighted average time to maturity of the investment portfolio of the Sub-Fund not exceeding five years. At least twenty five percent (25%) of the net assets of Debt Sub-Fund shall be invested in debt securities issued by the Federal Government. Upto twenty five percent (25%) may be deposited with scheduled Islamic banks having not less than 'A+' rating or Islamic windows of commercial banks having not less than 'AA' rating. Investment in securities issued by companies of a single sector shall not exceed 25% of net assets of Debt Sub-Fund. Composition of the remaining portion of the investments shall be as defined in the offering document.
  - The Money Market Sub-Fund consists of Shariah compliant short-term money market securities with weighted average time to maturity not exceeding one year. There is no restriction on the amount of investment in securities issued by the Federal Government and Islamic windows of commercial banks having 'A+' rating provided that deposit with any one bank shall not exceed 25% of net assets of Money Market Sub-Fund. Investment in securities issued by provincial government, city government, government corporation with 'A' or higher rating or a corporate entity with 'A+' or higher rating shall be in proportion as defined in offering document.

- 1.7** The Fund offers six types of allocation schemes, as prescribed by the SECP under VPS Rules, to the contributors of the Fund namely High Volatility, Medium Volatility, Low Volatility, Lower Volatility, Customized Allocation & Life Cycle Allocation. The participants of the Fund voluntarily determine the contribution amount, subject to the minimum limit fixed by the Pension Fund Manager. The Participant has the option to select any one from the Allocation Schemes or products being offered by the Pension Fund Manager at the date of opening his / her Individual Pension Account. The Participant may change the Allocation Scheme not more than twice a year thereafter. The contribution amount may be paid by the contributor on a periodic basis such as annual, semi annual, quarterly or monthly basis or with any other frequency.
- 1.8** Under the provisions of the Offering Document of the Fund, contributions received from or on behalf of any Participant by Trustee in cleared funds on any business day shall be credited to the Individual Pension Account of the Participant after deducting the front-end fees, bank charges, any premia payable in respect of any schemes selected by the Participant. The net contribution received in the Individual Pension Account shall be used to allocate such number of units of the relevant Sub-Funds in accordance with the Allocation Policy selected by the Participant as is determined in accordance with the Trust Deed and the units shall be allocated at Net Assets Value notified by the Pension Fund Manager at the close of that business day.
- 1.9** Pakistan Credit Rating Agency (PACRA) has assigned management quality rating of 'AM1' to the Pension Fund Manager while the Fund is currently not rated.
- 1.10** Title to the assets of the Fund are held in the name of CDC as the trustee of the Fund.
- 1.11** During the year ended June 30, 2021 the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on November 03, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

## **2 BASIS OF PREPARATION**

### **2.1 Statement of compliance**

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

- International Financial Reporting Standard (IFRS Standard) issued by the International Accounting Standard Board (IASB) as notified under Companies Act, 2017;
- Provisions of and directives issued under Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Voluntary Pension System Rules, 2005 (the VPS Rules), Voluntary Pension System Part V (NBFC Regulations, 2008) and requirements of the trust deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the VPS Rules and requirements of the trust deed differ from the IFRS standards, provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the VPS Rules and requirements of the trust deed have been followed.



**2.1.2** The SECP vide SRO 800 (I)/2021 dated June 22, 2021 modified the effective date for applicability of International Financial Reporting Standard 9 - Financial Instruments in place of International Accounting Standard 39 (Financial Instruments: Recognition and Measurement) for Non-Banking Finance Companies and Modarabas, as "Reporting period/year ending on or after June 30, 2022 (earlier application permitted)". However, as permitted the Fund had already applied the IFRS-9 during the year ended June 30, 2019 with the exception of below mentioned impairment requirements (refer note 4.2.3).

## **2.2 Accounting convention**

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

## **2.3 Functional and presentation currency**

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

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

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised in the application of accounting policies are given below:

- a) classification and valuation of financial assets (Note 4.2.2.1 and 6)
- b) impairment of financial assets (Note 4.2.3)
- c) provisions (Note 4.6)

## **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, 2023**

The following standards, amendments and interpretations are effective for the year ended June 30, 2023. These standards, amendments and interpretations 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' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021	January 01, 2022

## 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 periods  
beginning on or after:

Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023
Amendments to IAS 12 'Income taxes' - International Tax Reform — Pillar Two Model Rules	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IFRS 16 'Leases' -Clarification on how seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' and 'IFRS 9 'Financial instruments' - Supplier Finance Arrangements	January 01, 2024
Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

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 17 - Insurance Contracts

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

**4.1** Accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### **4.2. Financial assets and liabilities**

#### **4.2.1 Initial recognition**

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value or amortised cost as the case may be.

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

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

#### **4.2.2 Classification and measurement**

##### **4.2.2.1 Financial assets**

There are three principal classification categories for financial assets:

- Measured at amortized cost ("AC");
- Fair value through other comprehensive income ("FVTOCI") 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 FVTOCI**

A financial asset is measured at FVTOCI 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.

FVTOCI 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.

Financial assets designated at fair value through profit or loss are subsequently carried at fair value, with gains and losses arising from changes in fair value recorded in the profit or loss.

## **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.

### **4.2.2.2 Financial liabilities**

The fund classifies its financial liabilities in the following categories

- Measured at amortized cost (AC) ;or
- Measured at Fair value through profit or loss (FVTPL) ;or

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Fund has opted to measure them at FVTPL.

## **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.

### **4.2.3 Impairment of financial assets**

The Fund at each reporting date determines whether there is objective evidence that a financial asset or a group of financial assets is impaired. 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 the recoverable amount.

The SECP / Commission has through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of Financial Instruments (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.

### **4.2.4 Fair value measurement principles and provision**

The fair value of financial instruments is determined as follows:

#### **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.

#### **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.

## **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.

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

## **Basis of valuation of instruments (other than debt and government securities) at amortised cost**

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

Gains or losses are also recognised in the income statement when financial assets carried at amortised cost are derecognised or impaired, and through the amortisation process.

### **4.2.5 Regular way contracts**

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

### **4.2.6 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.

### **4.2.7 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.

### **4.3 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 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.

## 4.5 Issuance, allocation, reallocation and redemption of units

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

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

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

## 4.6 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.

## 4.7 Net assets value per unit of each Sub-Fund

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

## 4.8 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 Revenue recognition

- Realised gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transactions take place.
- Unrealised appreciation / (diminution) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss ' are included in the income statement in the period in which they arise.
- Unrealised appreciation / (diminution) arising on re-measurement of investments classified as 'available for sale' investments are included in the statement of comprehensive income in the period in which they arise.
- Dividend income is recognised when the right to receive the dividend is established.
- Profit / return on government securities, ijarah sukuks, bank balances and term deposit receipts are recognised on a time proportion basis using the effective interest method.
- Profit on debt securities classified as non performing assets are recognised on receipt basis.

## 4.10 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.

## 4.11 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.

## 4.12 Cash and cash equivalents

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



## 5 BANK BALANCES

		2023					2022				
		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	Total
Note		(Rupees)									
Saving accounts	5.1	47,916,837	576,692,752	1,768,610,440	5,046,621	2,398,266,650	39,698,388	547,127,146	1,416,844,313	7,543,370	2,011,213,217

5.1 These accounts carry profit rates ranging from 10.0% to 22.45% per annum (June 30, 2022: 6.5% to 15.59% per annum).

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

## 6 INVESTMENTS

		2023				2022			
		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 by category									
At fair value through profit and loss									
Listed equity securities	6.1	902,484,950	-	-	902,484,950	1,296,930,679	-	-	1,296,930,679
Government of Pakistan - Ijarah Sukuks	6.2	-	99,268,305	74,529,150	173,797,455	-	99,828,000	74,890,000	174,718,000
Sukuk certificates	6.3	-	130,084,463	195,000,000	325,084,463	-	172,445,625	25,000,000	197,445,625
Term deposits receipts	6.4	-	125,000,000	300,000,000	425,000,000	-	-	-	-
		902,484,950	354,352,768	569,529,150	1,826,366,868	1,296,930,679	272,273,625	99,890,000	1,669,094,304

### 6.1 Listed equity securities

#### 6.1.1 Held by Equity sub fund

All Shares have a nominal face value of Rs. 10 each except for shares of Al-Ghazi Tractors Limited, National Foods Limited, Thal Limited and Dynea Limited which have a face value of Rs. 5.

# NAFA ISLAMIC PENSION FUND



Name of the investee company	As at July 01, 2022	Purchases during the year	Bonus / right shares issued during the year	Sales during the year	As at June 30, 2023	Market value as at June 30, 2023	Market value / carrying value as a percentage of net assets of sub fund	Market value / carrying value as a percentage of investments of sub fund	Percentage of paid-up capital of the investee company held
	(Number of shares)				(Rupees)		(%)		
<b>Pharmaceuticals</b>									
Abbot Laboratories (Pakistan) Limited	9,800	-	-	4,800	5,000	1,850,000	0.20	0.20	0.01
AGP Limited	85,806	-	-	16,000	69,806	3,942,643	0.42	0.44	0.02
Citi Pharma Limited	207,541	-	-	110,000	97,541	2,081,531	0.22	0.23	0.04
Haleon Pakistan Limited	53,444	-	-	21,800	31,644	4,434,590	0.47	0.49	0.03
Highnoon Laboratories Limited	14,782	-	3,360	2,100	16,042	5,393,000	0.57	0.60	0.03
IBL Health Care Limited	62,680	-	5,218	13,000	54,898	1,786,930	0.19	0.20	0.08
The Searle Company Limited	130,339	-	32,585	53,900	109,024	4,177,800	0.44	0.46	0.03
	<b>564,392</b>	<b>-</b>	<b>41,163</b>	<b>221,600</b>	<b>383,955</b>	<b>23,666,494</b>	<b>2.51</b>	<b>2.62</b>	
<b>Commercial Bank</b>									
Meezan Bank Limited	644,434	17,000	62,233	63,700	659,967	57,001,357	6.07	6.32	0.04
	<b>644,434</b>	<b>17,000</b>	<b>62,233</b>	<b>63,700</b>	<b>659,967</b>	<b>57,001,357</b>	<b>6.07</b>	<b>6.32</b>	
<b>Cement</b>									
Attock Cement Pakistan Limited	85,400	48,500	-	-	133,900	11,096,293	1.18	1.23	0.10
Fauji Cement Company Limited	1,213,500	70,000	153,688	1,437,187	1	6	-	-	-
Fecto Cement Limited	19,600	-	-	-	19,600	391,804	0.04	0.04	0.04
Kohat Cement Company Limited	540,260	18,523	-	56,717	502,066	87,093,389	9.27	9.65	0.25
Lucky Cement Limited	174,838	2,100	-	77,460	99,478	51,936,469	5.53	5.75	0.03
Maple Leaf Cement Factory Limited	374,400	52,500	-	426,899	1	28	-	-	-
	<b>2,407,998</b>	<b>191,623</b>	<b>153,688</b>	<b>1,998,263</b>	<b>755,046</b>	<b>150,517,989</b>	<b>16.02</b>	<b>16.67</b>	
<b>Chemicals</b>									
Descon Oxychem Limited	538,000	77,000	-	483,500	131,500	3,184,930	0.34	0.35	0.08
Dynea Pakistan Limited	35,100	-	-	35,100	-	-	-	-	-
Engro Polymer and Chemicals Limited	447,950	22,000	-	367,707	102,243	4,319,767	0.46	0.48	0.01
Lucky Core Industries Limited	13,950	-	-	7,156	6,794	4,104,527	0.44	0.45	0.01
Ittehad Chemicals Limited	106,606	-	-	22,000	84,606	3,298,775	0.35	0.37	0.08
Lotte Chemical Pakistan Limited	235,000	-	-	235,000	-	-	-	-	-
	<b>1,376,606</b>	<b>99,000</b>	<b>-</b>	<b>1,150,463</b>	<b>325,143</b>	<b>14,907,999</b>	<b>1.59</b>	<b>1.65</b>	

# NAFA ISLAMIC PENSION FUND



Name of the investee company	As at July 01, 2022	Purchases during the year	Bonus / right shares issued during the year	Sales during the year	As at June 30, 2023	Market value as at June 30, 2023	Market value / carrying value as a percentage of net assets of sub fund	Market value / carrying value as a percentage of investments of sub fund	Percentage of paid-up capital of the investee company held
	(Number of shares)				(Rupees)		(%)		
<b>Fertilizer</b>									
Engro Corporation Limited	323,500	34,100	-	80,800	276,800	71,937,552	7.66	7.97	0.05
Engro Fertilizers Limited	-	34,300	-	-	34,300	2,830,779	0.30	0.31	-
Fauji Fertilizer Bin Qasim Limited	476,500	-	-	403,500	73,000	859,940	0.09	0.10	0.01
	<b>800,000</b>	<b>68,400</b>	<b>-</b>	<b>484,300</b>	<b>384,100</b>	<b>75,628,271</b>	<b>8.05</b>	<b>8.38</b>	
<b>Food &amp; Personal Care Products</b>									
Al-Shaheer Corporation Limited	3,162	-	-	-	3,162	22,864	-	-	-
National Foods Limited	-	58,000	-	24,500	33,500	3,296,400	0.35	0.37	0.03
At - Tahir limited	639,061	33,000	64,656	178,500	558,217	9,188,251	0.98	1.02	0.26
Bunnys Limited	355,000	122,000	-	-	477,000	7,918,200	0.84	0.88	0.71
Shezan International Limited	69,180	-	-	-	69,180	7,299,874	0.78	0.81	0.72
	<b>1,066,403</b>	<b>213,000</b>	<b>64,656</b>	<b>203,000</b>	<b>1,141,059</b>	<b>27,725,589</b>	<b>2.95</b>	<b>3.08</b>	
<b>Automobile Parts and Accessories</b>									
Panther Tyres Limited	387,155	-	-	235,500	151,655	3,057,361	0.33	0.34	0.09
Thal Limited	20,400	-	-	4,000	16,400	2,656,800	0.28	0.29	0.04
Baluchistan Wheels Limited	82,800	-	-	62,000	20,800	1,372,800	0.15	0.15	0.16
	<b>490,355</b>	<b>-</b>	<b>-</b>	<b>301,500</b>	<b>188,855</b>	<b>7,086,961</b>	<b>0.76</b>	<b>0.78</b>	
<b>Automobile Assemblers</b>									
Honda Atlas Cars (Pakistan) Limited	57,398	-	-	57,398	-	-	-	-	-
Millat Tractors Limited	22,059	-	1,711	23,763	7	2,986	-	-	-
Al-Ghazi Tractors Limited	34,500	7,200	-	32,300	9,400	2,386,096	0.25	0.26	0.03
	<b>113,957</b>	<b>7,200</b>	<b>1,711</b>	<b>113,461</b>	<b>9,407</b>	<b>2,389,082</b>	<b>0.25</b>	<b>0.26</b>	
<b>Paper &amp; Board</b>									
Roshan Packages Limited	662,000	-	-	198,500	463,500	4,120,515	0.44	0.46	0.33
	<b>662,000</b>	<b>-</b>	<b>-</b>	<b>198,500</b>	<b>463,500</b>	<b>4,120,515</b>	<b>0.44</b>	<b>0.46</b>	
<b>Power Generation and Distribution</b>									
Lalpir Power Limited	33,500	-	-	33,500	-	-	-	-	-
The Hub Power Company Limited	1,117,709	29,000	-	225,100	921,609	64,125,554	6.83	7.11	0.07
	<b>1,151,209</b>	<b>29,000</b>	<b>-</b>	<b>258,600</b>	<b>921,609</b>	<b>64,125,554</b>	<b>6.83</b>	<b>7.11</b>	

# NAFA ISLAMIC PENSION FUND



Name of the investee company	As at July 01, 2022	Purchases during the year	Bonus / right shares issued during the year	Sales during the year	As at June 30, 2023	Market value as at June 30, 2023	Market value / carrying value as a percentage of net assets of sub fund	Market value / carrying value as a percentage of investments of sub fund	Percentage of paid-up capital of the investee company held
	(Number of shares)				(Rupees)		(%)		
<b>Textile Composite</b>									
Interloop Limited	303,159	32,000	6,799	341,956	2	48	-	-	-
Kohinoor Textile Mills Limited	497,419	56,000	-	21,500	531,919	27,079,996	2.88	3.00	0.18
Nishat Mills Limited	168,900	-	-	24,000	144,900	8,225,973	0.88	0.91	0.04
	<b>969,478</b>	<b>88,000</b>	<b>6,799</b>	<b>387,456</b>	<b>676,821</b>	<b>35,306,017</b>	<b>3.76</b>	<b>3.91</b>	
<b>Oil &amp; Gas Marketing Companies</b>									
Attock Petroleum Limited	16,100	-	3,565	19,665	-	-	-	-	-
Hascol Petroleum Limited	396	-	-	-	396	2,198	-	-	-
Pakistan State Oil Company Limited	318,719	-	-	105,420	213,299	23,678,340	2.52	2.62	0.05
Sui Northern Gas Pipelines Limited	27,422	-	-	27,422	-	-	-	-	-
	<b>362,637</b>	<b>-</b>	<b>3,565</b>	<b>152,507</b>	<b>213,695</b>	<b>23,680,538</b>	<b>2.52</b>	<b>2.62</b>	
<b>Oil &amp; Gas Exploration Companies</b>									
Mari Petroleum Company Limited	64,898	-	-	15,642	49,256	74,605,714	7.94	8.27	0.04
Oil and Gas Development Company Limited	1,206,900	84,100	-	202,600	1,088,400	84,895,200	9.04	9.41	0.03
Pakistan Oilfields Limited	128,820	17,600	-	56,870	89,550	35,978,504	3.83	3.99	0.03
Pakistan Petroleum Limited	1,290,228	134,900	-	155,700	1,269,428	75,073,981	7.99	8.32	0.05
	<b>2,690,846</b>	<b>236,600</b>	<b>-</b>	<b>430,812</b>	<b>2,496,634</b>	<b>270,553,399</b>	<b>28.80</b>	<b>29.99</b>	
<b>Transport</b>									
Pakistan National Shipping Corporation Limited	-	205,000	-	27,500	177,500	23,524,075	2.50	2.61	0.13
	<b>-</b>	<b>205,000</b>	<b>-</b>	<b>27,500</b>	<b>177,500</b>	<b>23,524,075</b>	<b>2.50</b>	<b>2.61</b>	
<b>Technology and Communication</b>									
Avanceon Limited	4,406	40,000	6,661	-	51,067	2,248,961	0.24	0.25	0.01
Macpac Films Limited	120,000	-	-	50,000	70,000	1,096,900	0.12	0.12	0.12
Supernet Limited	146,978	-	14,698	-	161,676	2,423,520	0.26	0.27	0.13
Systems Limited	222,390	-	-	45,760	176,630	71,240,178	7.58	7.89	0.06
	<b>493,774</b>	<b>40,000</b>	<b>21,359</b>	<b>95,760</b>	<b>459,373</b>	<b>77,009,559</b>	<b>8.20</b>	<b>8.53</b>	
<b>Cable and Electrical Goods</b>									
Pak Elektron Limited	299,600	-	-	164,500	135,100	1,222,655	0.13	0.14	0.02
	<b>299,600</b>	<b>-</b>	<b>-</b>	<b>164,500</b>	<b>135,100</b>	<b>1,222,655</b>	<b>0.13</b>	<b>0.14</b>	

Name of the investee company	As at July 01, 2022	Purchases during the year	Bonus / right shares issued during the year	Sales during the year	As at June 30, 2023	Market value as at June 30, 2023	Market value / carrying value as a percentage of net assets of sub fund	Market value / carrying value as a percentage of investments of sub fund	Percentage of paid-up capital of the investee company held
	(Number of shares)				(Rupees)		(%)		
<b>Glass and Ceramics</b>									
Ghani Value Glass Limited	49,100	-	-	49,100	-	-	-	-	-
Shabbir Tiles and Ceramics Limited	1,416,500	-	-	152,000	1,264,500	10,520,640	1.12	1.17	1.06
Tariq Glass Industries Limited	188,575	3,200	41,494	126,720	106,549	7,255,970	0.77	0.80	0.06
	<b>1,654,175</b>	<b>3,200</b>	<b>41,494</b>	<b>327,820</b>	<b>1,371,049</b>	<b>17,776,610</b>	<b>1.89</b>	<b>1.97</b>	
<b>Engineering</b>									
Aisha Steel Mills Limited	51,500	-	-	-	51,500	278,100	0.03	0.03	0.01
International Industries Limited	68,250	-	-	68,250	-	-	-	-	-
Mughal Iron and Steel Industries Limited	591,929	73,600	-	129,783	535,746	25,951,512	2.76	2.88	0.16
	<b>711,679</b>	<b>73,600</b>	<b>-</b>	<b>198,033</b>	<b>587,246</b>	<b>26,229,612</b>	<b>2.79</b>	<b>2.91</b>	
<b>Synthetic Products</b>									
Service Global Footwear Limited	18,423	-	-	18,423	-	-	-	-	-
Synthetic Products Enterprises Limited	1,218	-	-	-	1,218	12,674	-	-	-
	<b>19,641</b>	<b>-</b>	<b>-</b>	<b>18,423</b>	<b>1,218</b>	<b>12,674</b>	<b>-</b>	<b>-</b>	
	<b>16,479,184</b>	<b>1,271,623</b>	<b>396,668</b>	<b>6,796,198</b>	<b>11,351,277</b>	<b>902,484,950</b>	<b>96.1</b>	<b>100</b>	
<b>Carrying Value as at June 30, 2023</b>						<b>946,274,517</b>			

**6.1.2** Investments include shares with market value of Rs.40.324 million (June 30, 2022: Rs.44.034 million ) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular number 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan.

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

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

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

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

## 6.2 Government of Pakistan - Ijarah sukuk

### 6.2.1 Held by Debt-Sub fund

Particulars	Issue date	Tenor	As at July 1, 2022	Purchases during the period	Matured/ Sold during the period	As at June 30, 2023	Market Value as at June 30, 2023	Market value as % of net assets of the Sub-Fund	Market value as % of investments of sub fund
(Rupees)							(%)		
GoP Ijarah Sukuk	May 29, 2020	5 Years	50,000,000	-	-	50,000,000	49,679,150	5.23	14.02
GoP Ijarah Sukuk	June 24, 2020	5 Years	35,000,000	-	-	35,000,000	34,679,155	3.65	9.79
GoP Ijarah Sukuk	July 29, 2020	5 Years	15,000,000	-	-	15,000,000	14,910,000	1.57	4.21
			<b>100,000,000</b>	<b>-</b>	<b>-</b>	<b>100,000,000</b>	<b>99,268,305</b>	<b>10.45</b>	<b>28.02</b>
Carrying value before fair value adjustment as at June 30, 2023							<b>99,828,000</b>		

### 6.2.2 Held by Money Market sub fund

Particulars	Issue date	Tenor	As at July 1, 2022	Purchases during the period	Matured/ Sold during the period	As at June 30, 2023	Market Value as at June 30, 2023	Market value as % of net assets of the Sub-Fund	Market value as % of investments of sub fund
(Rupees)							(%)		
GoP Ijarah Sukuk	May 29, 2020	5 Years	50,000,000	-	-	50,000,000	49,679,150	2.09	8.72
GoP Ijarah Sukuk	July 29, 2020	5 Years	25,000,000	-	-	25,000,000	24,850,000	1.05	4.36
			<b>75,000,000</b>	<b>-</b>	<b>-</b>	<b>75,000,000</b>	<b>74,529,150</b>	<b>3.14</b>	<b>13.08</b>
Carrying value before fair value adjustment as at June 30, 2023							<b>74,890,000</b>		

# NAFA ISLAMIC PENSION FUND



## 6.3 Sukuk certificates

### 6.3.1 Held by Debt sub fund

Name of the investee company	Issue date	Maturity date	Face value				Market value as at June 30, 2023	Market value as a percentage of net assets of sub fund	Market value as a percentage of total investments of sub fund
			As at July 01, 2022	Purchases during the year	Matured / sold during the year	As at June 30, 2023			
			(Rupees)				----- (%) -----		
Pak Energy Limited	May 21, 2020	July 15, 2026	13,000,000	-	-	13,000,000	13,002,600	1.37	3.67
K-Electric Limited	August 3, 2020	December 27, 2027	10,000,000	-	1,500,000	8,500,000	8,655,814	0.91	2.44
Hub Power Company Limited	August 22, 2019	August 22, 2023	26,250,000	-	17,500,000	8,750,000	8,776,049	0.92	2.48
OBS AGP Limited	July 15, 2021	July 15, 2026	60,000,000	-	60,000,000	-	-	-	-
Meezan Bank Limited	December 16, 2021	December 16, 2031	35,000,000	-	-	35,000,000	34,650,000	3.65	9.78
K-Electric Limited	February 4, 2022	August 4, 2022	25,000,000	-	25,000,000	-	-	-	-
K-Electric Limited	August 10, 2022	February 10, 2023	-	40,000,000	40,000,000	-	-	-	-
K-Electric Limited	August 29, 2022	February 28, 2023	-	20,000,000	20,000,000	-	-	-	-
K-Electric Limited	September 21, 2022	March 21, 2023	-	40,000,000	40,000,000	-	-	-	-
Nishat Mills Limited	November 1, 2022	May 1, 2023	-	35,000,000	35,000,000	-	-	-	-
K-Electric Limited	February 27, 2023	August 28, 2023	-	15,000,000	-	15,000,000	15,000,000	1.58	4.23
K-Electric Limited	March 21, 2023	September 21, 2023	-	20,000,000	-	20,000,000	20,000,000	2.11	5.64
China Power Hub Generation Company (Pvt.) Limited	March 29, 2023	September 29, 2023	-	30,000,000	-	30,000,000	30,000,000	3.16	8.47
			169,250,000	200,000,000	239,000,000	130,250,000	130,084,463	13.70	36.71
Carrying Value as at June 30, 2023							133,145,626		

### 6.3.2 Held by Money Market sub fund

Name of the investee company	Issue date	Maturity date	Face value					Market value as a percentage of net assets of sub fund	Market value as a percentage of total investments of sub fund
			As at July 01, 2022	Purchases during the year	Matured / sold during the year	As at June 30, 2023	Market value as at June 30, 2023		
			(Rupees)						
K-Electric Limited	February 4, 2022	August 4, 2022	25,000,000	-	25,000,000	-	-	-	-
K-Electric Limited	August 10, 2022	February 10, 2023	-	75,000,000	75,000,000	-	-	-	-
K-Electric Limited	August 29, 2022	February 28, 2023	-	50,000,000	50,000,000	-	-	-	-
K-Electric Limited	September 21, 2022	March 21, 2023	-	80,000,000	80,000,000	-	-	-	-
K-Electric Limited	October 5, 2022	April 5, 2023	-	25,000,000	25,000,000	-	-	-	-
China Power Hub Generation Company (Pvt.) Limited	December 7, 2022	June 7, 2023	-	90,000,000	90,000,000	-	-	-	-
K-Electric Limited	February 27, 2023	August 28, 2023	-	25,000,000	-	25,000,000	25,000,000	1.05	4.39
K-Electric Limited	March 21, 2023	September 21, 2023	-	100,000,000	-	100,000,000	100,000,000	4.21	17.56
China Power Hub Generation Company (Pvt.) Limited	March 29, 2023	September 29, 2023	-	70,000,000	-	70,000,000	70,000,000	2.94	12.29
			25,000,000	515,000,000	345,000,000	195,000,000	195,000,000	8.20	34.24
Carrying Value as at June 30, 2023							195,000,000		

## 6.4 Term deposit Receipts

### 6.4.1 Held by Debt sub fund

This represents a one-month term deposit receipt having a profit of 20.4% being matured on July 17, 2023.

### 6.4.2 Held by Money Market sub fund

This represents a one-month term deposit receipt having a profit of 20.4% being matured on July 17, 2023.

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

		2023				2022			
		Equity sub fund	Debt sub fund	Money Market sub fund	Total	Equity sub fund	Debt sub fund	Money Market sub fund	Total
Note		(Rupees)							
Market value / carrying value of investments	6.1, 6.2, 6.3	902,484,950	354,352,768	269,529,150	1,526,366,868	1,296,930,679	272,273,625	99,890,000	1,669,094,304
Less: carrying cost of investments		(946,274,517)	(357,973,626)	(269,890,000)	(1,574,138,143)	(1,572,230,320)	(270,807,075)	(100,440,000)	(1,943,477,395)
		(43,789,567)	(3,620,858)	(360,850)	(47,771,275)	(275,299,641)	1,466,550	(550,000)	(274,383,091)
		2023				2022			
		Equity sub fund	Debt sub fund	Money Market sub fund	Total	Equity sub fund	Debt sub fund	Money Market sub fund	Total
		(Rupees)							
7	PROFIT RECEIVABLES								
	Profit receivable on sukuks / GoP Ijara sukuks	-	10,844,420	15,115,847	25,960,267	-	5,781,292	2,924,669	8,705,961
	Profit receivable on sukuks and term deposits	-	1,117,808	2,682,740	3,800,548	-	-	-	-
	Profit receivable on bank deposits	999,349	10,241,436	31,813,704	43,054,489	764,615	6,636,673	14,935,998	22,337,286
		999,349	22,203,664	49,612,291	72,815,304	764,615	12,417,965	17,860,667	31,043,247
		2023				2022			
		Equity sub fund	Debt sub fund	Money Market sub fund	Total	Equity sub fund	Debt sub fund	Money Market sub fund	Total
		(Rupees)							
8	ADVANCE, DEPOSITS AND OTHER RECEIVABLE								
	Advance tax	436,108	-	-	436,108	436,108	-	-	436,108
	Security deposit with the Central Depository Company of Pakistan Limited	100,000	100,000	100,000	300,000	100,000	100,000	100,000	300,000
	Security deposit with the National Clearing Company of Pakistan Limited	2,500,000	-	-	2,500,000	2,500,000	-	-	2,500,000
	Receivable against sale / reallocation of units	1,391	13,361	51,039	65,791	761,431	-	-	761,431
		3,037,499	113,361	151,039	3,301,899	3,797,539	100,000	100,000	3,997,539



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

	Note	2023					2022				
		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	1,147,779	313,061	374,956	-	1,835,796	1,587,236	271,749	230,165	-	2,089,150
Sindh Sales Tax on management remuneration	9.2	149,210	40,696	48,741	-	238,647	206,340	35,324	29,917	-	271,581
Preliminary expenses and floatation cost		75,000	75,000	75,000	-	225,000	75,000	75,000	75,000	-	225,000
Reimbursement of allocated expenses related to registrar services, accounting, operation and valuation services	9.3	474,983	352,387	675,599	-	1,502,969	675,568	201,832	342,546	-	1,219,946
Reimbursement of Selling and Marketing	9.4	4,274,848	1,468,279	2,542,928	-	8,286,055	6,080,112	1,178,700	972,123	-	8,230,935
Sindh Sales Tax on sales load	9.2	-	-	-	415,192	415,192	-	-	-	718,112	718,112
Sales load		-	-	-	2,506,222	2,506,222	-	-	-	4,836,382	4,836,382
		6,121,820	2,249,423	3,717,224	2,921,414	15,009,881	8,624,256	1,762,605	1,649,751	5,554,494	17,591,106

- 9.1** As per regulation 67F of NBFC Regulation, 2008, the Pension Fund Manager has charged its remuneration at the rate of 1.5% (June 30, 2022: 1.5%) per annum of the average annual net assets of each of the Sub-Funds for the current period. The remuneration is paid on a monthly basis in arrears. With effective from 20 September 2021, the Management Company has revised its rate of the average annual net assets of the Fund is as follows:

Catergory	Rate per annum
Equity	1.50%
Debt	0.40%
Money Market	0.20%

- 9.2** The Sindh Provincial Government has levied Sindh Sales Tax on the remuneration of the Pension Fund Manager and sales load through Sindh Sales Tax on Services Act, 2011, effective from 1 July 2011. During the year, Sindh Sales Tax at the rate of 13% (30 June 2022: 13%) was charged on management remuneration and sales load.

- 9.3** As per S.R.O.1068(I)/2021 dated August 23, 2021 the SECP made an amendment in Non-Banking Finance Companies and Notified Entities Regulations, 2008, adjoined "Voluntary Pension System" as Part V of NBFC Regulations, 2008. In accordance with Regulation 67G(3), Pension Fund Manager may charge the eligible expense as given in sub-regulation (2) and (3) of the regulation 60 to pension fund.

In accordance with Regulation 60 of the NBFC Regulations, the Pension Fund Manager is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to its Voluntary Pension Scheme.

During the year ended June 30, 2023, the Management Company has charged allocated expenses of average annual net assets of the Fund as follows:

## Category

From July 01, 2022 till March 15, 2023  
 From March 16, 2023 till June 30, 2023

Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund
0.20%	0.10%	0.10%
	0.15%	0.15%

- 9.4 As per Circular 5 of 2018 dated 4 June 2018 issued by SECP, the Asset Management Company was entitled to charge selling and marketing expense to Collective Investment Scheme upto 0.4% per annum of net assets of Fund or actual expenses whichever is lower for initial three years. Circular 11 of 2019 dated 5 July 2019, issued by SECP superseded the above stated Circular and has revised the conditions and waived capping for charging selling and marketing expense. During the year ended June 30, 2023, the Management Company has charged selling and marketing expenses as follows:

From July 01, 2022 till March 09, 2023  
 From March 10, 2023 till April 06, 2023  
 From April 07, 2023 till June 30, 2023

Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund
1.8%	0.625%	0.325%
		0.405%
		0.475%

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

		2023				2022			
		Equity sub fund	Debt sub fund	Money Market sub fund	Total	Equity sub fund	Debt sub fund	Money Market sub fund	Total
Note		----- (Rupees) -----							
Trustee remuneration	10.1	81,430	83,326	199,583	364,339	117,770	75,622	128,085	321,477
Sindh Sales Tax on Trustee remuneration	10.2	10,587	10,832	25,946	47,365	15,310	9,830	16,651	41,791
		92,017	94,158	225,529	411,704	133,080	85,452	144,736	363,268

- 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 sub-funds.

Based on the Trust Deed, the tariff structure applicable to the Fund as at 30 June 2023 is as follows:

## Net assets

Up to Rs. 1,000 million  
 Exceeding Rs. 1,000 million up to Rs. 3,000 million  
 Exceeding Rs. 3,000 million up to Rs. 6,000 million  
 Exceeding Rs. 6,000 million

## Tariff

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

The remuneration is paid to the Trustee monthly in arrears.

- 10.2** The Sindh Provincial Government levied Sindh Sales Tax on the remuneration of 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% (June 30, 2022:13%) 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 the Commission, an amount equal to one twenty-fifth of 1% of the average annual net asset value of the pension fund.

## 12 ACCRUED EXPENSES AND OTHER LIABILITIES

		2023					2022				
		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)									
Federal Excise Duty on management remuneration	12.1	1,103,629	725,198	420,894	-	2,249,721	1,103,629	725,198	420,894	-	2,249,721
Federal Excise Duty on Sales load		-	-	-	1,988,876	1,988,876	-	-	-	1,988,876	1,988,876
Auditors' remuneration payable		114,109	114,109	114,109	-	342,327	119,873	119,009	118,009	-	356,891
Bank charges		144,020	191,523	96,562	-	432,105	177,136	155,850	33,501	-	366,487
Printing charges		64,145	23,524	36,216	-	123,885	67,041	26,419	39,115	-	132,575
Legal and professional charges payable		62,229	56,263	59,502	-	177,994	50,958	44,992	48,235	-	144,185
Brokerage fees		47,697	-	-	-	47,697	222,098	-	-	-	222,098
Withholding tax		16,919	11,763	23,123	136,331	188,136	54,125	11,035	21,419	-	86,579
Charity payable	12.2	6,601,939	-	-	-	6,601,939	3,999,873	-	-	-	3,999,873
Shariah Advisor Fee Payable		189,878	133,552	283,166	-	606,596	236,400	115,072	189,477	-	540,949
Settlement charges		187,309	70,878	50,273	-	308,460	114,040	34,944	49,753	-	198,737
		<b>8,531,874</b>	<b>1,326,810</b>	<b>1,083,845</b>	<b>2,125,207</b>	<b>13,067,736</b>	<b>6,145,173</b>	<b>1,232,519</b>	<b>920,403</b>	<b>1,988,876</b>	<b>10,286,971</b>

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

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

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

Since the appeal is pending in the Supreme Court of Pakistan, the Pension Fund Manager as a matter of abundant caution has retained a provision on FED on management aggregating to Rs.1.104 million, Rs.0.725 million and Rs. 0.421 million for Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively. Had the provision not been made, the NAV per unit of the Equity sub fund, Debt sub fund, and Money Market sub fund as at June 30, 2023 would have been higher by Rs. 0.3732, Rs 0.1510 and Rs.0.0357 (June 30, 2022: Rs. 0.2663, Rs 0.1494 and Rs.0.0478) per unit respectively .

- 12.2** In accordance with the instructions of the Shariah Advisor, any income earned by the Fund from investments whereby the portion of the investment of the investee company has been made in Shariah non-compliant avenues, such proportion of income of the Fund from those investments should be given away for charitable purposes directly by the Fund. During the year, Rs. 1.0 million (June 30, 2022 Rs. 1.3932 million) has been given out to charitable institutions.

## 13 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. Accordingly, Supertax and any other taxes introduced in Finance Act, 2015 is also not applicable on the Fund. Therefore, no provision in respect of taxation has been made 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.

## 14 CONTINGENCY AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2023 (June 30, 2022: Nil), except for disclosure elsewhere.

## 15 EXPENSE RATIO

	2023		
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund
Total Expense ratio (including government levies)	4.03%	1.46%	0.90%
Government levies	0.25%	0.10%	0.08%
Total Expense ratio (excluding government levies)	<b>3.78%</b>	<b>1.36%</b>	<b>0.82%</b>

## 16 NUMBER OF UNITS IN ISSUE

	2023				2022			
	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	4,143,634	4,853,079	8,807,646	17,804,359	4,582,788	4,398,735	6,371,623	15,353,146
Add: Units issued during the year	886,639	2,325,552	8,646,700	11,858,891	1,614,937	2,009,771	7,106,437	10,731,145
Less: Units redeemed during the year	(2,073,344)	(2,374,954)	(5,667,323)	(10,115,621)	(2,054,091)	(1,555,427)	(4,670,414)	(8,279,932)
<b>Total units in issue at end of the year</b>	<b>2,956,929</b>	<b>4,803,677</b>	<b>11,787,023</b>	<b>19,547,629</b>	<b>4,143,634</b>	<b>4,853,079</b>	<b>8,807,646</b>	<b>17,804,359</b>

The total expense ratio of pension fund prescribed in NBFC Regulations Part V Regulation 67G of Voluntary Pension System is capped as follows: (a) Equity Sub Fund upto 4.5% (b) Money Market upto 2% (c) Income upto 2.5%.

## 17 RECONCILIATION OF LIABILITIES ARISING OUT OF FINANCING ACTIVITIES

### 17.1 Equity Sub-Fund

	Received / receivable against sale of units	Paid / payable against redemption and reallocation of units	Total
	----- (Rupees) -----		
Opening balance as at July 1, 2022	-	46,354	46,354
Received / receivable against issuance of units	137,327,607	-	(137,327,607)
Paid / payable against redemption and reallocation of units	-	(519,128,372)	(519,128,372)
	137,327,607	(519,128,372)	(656,455,979)
Amount received on issuance of units	(137,327,607)		137,327,607
Paid / payable against redemption and reallocation of units		519,222,924	519,222,924
	(137,327,607)	519,222,924	656,550,531
<b>Closing balance as at June 30, 2023</b>	<b>-</b>	<b>140,906</b>	<b>140,906</b>

## 17.2 Debt - Sub-Fund

	Received / receivable against sale of units	Paid / payable against redemption and reallocation of units	Total
	----- (Rupees) -----		
Opening balance as at July 1, 2022	-	440,149	440,149
Received / receivable against issuance of units	329,627,134	-	(329,627,134)
Paid / payable against redemption and reallocation of units	-	(335,414,901)	(335,414,901)
	329,627,134	(335,414,901)	(665,042,035)
Amount received on issuance of units	(329,627,134)	-	329,627,134
Paid / payable against redemption and reallocation of units	-	335,267,326	335,267,326
	(329,627,134)	335,267,326	664,894,460
<b>Closing balance as at June 30, 2023</b>	<b>-</b>	<b>292,574</b>	<b>292,574</b>

## 17.3 Money Market - Sub-Fund

	Received / receivable against sale of units	Paid / payable against redemption and reallocation of units	Total
	----- (Rupees) -----		
Opening balance as at July 1, 2022	-	2,750,140	2,750,140
Received / receivable against issuance of units	1,484,402,907	-	(1,484,402,907)
Paid / payable against redemption and reallocation of units	-	(919,858,258)	(919,858,258)
	1,484,402,907	(919,858,258)	(2,404,261,165)
Amount received on issuance of units	(1,484,402,907)	-	1,484,402,907
Paid / payable against redemption and reallocation of units	-	921,505,289	921,505,289
	(1,484,402,907)	921,505,289	2,405,908,196
<b>Closing balance as at June 30, 2023</b>	<b>-</b>	<b>4,397,171</b>	<b>4,397,171</b>

## 18 CONTRIBUTION TABLE

Contributions received during the year are as follows:

		2023							
From:	Equity sub-fund		Debt sub-fund		Money Market sub-fund		Total		
	Units	(Rupees)	Units	(Rupees)	Units	(Rupees)	Units	(Rupees)	
Individuals	886,639	137,327,607	2,325,552	329,627,134	8,646,700	1,031,849,657	11,858,891	1,498,804,398	
		2022							
	Equity sub-fund		Debt sub-fund		Money Market sub-fund		Total		
	Units	(Rupees)	Units	(Rupees)	Units	(Rupees)	Units	(Rupees)	
Individuals	1,614,937	222,163,076	2,009,771	244,261,965	7,106,437	603,517,050	10,731,145	1,069,942,091	

## 19 AUDITORS' REMUNERATION

		2023				2022			
		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		89,100	89,100	89,100	267,300	81,000	81,000	81,000	243,000
Interim review fee		38,517	38,517	38,517	115,551	35,000	35,000	35,000	105,000
Fee for income certification		11,262	11,262	11,262	33,786	23,333	23,333	23,333	69,999
Out of pocket expenses and sales tax		22,523	23,387	24,387	70,297	15,357	8,203	13,703	37,263
		161,402	162,266	163,266	486,934	154,690	147,536	153,036	455,262

## 20 FINANCIAL INSTRUMENTS BY CATEGORY

	As at June 30, 2023										
	Equity sub-fund			Debt sub-fund			Money Market sub-fund			Others	
	At amortised Cost	At fair value through profit and loss	Total	At amortised Cost	At fair value through profit and loss	Total	At amortised Cost	At fair value through profit and loss	Total	At amortised Cost	Total
	(Rupees)										
Financial assets											
Bank balances	47,916,837	-	47,916,837	576,692,752	-	576,692,752	1,768,610,440	-	1,768,610,440	5,046,621	2,398,266,650
Investments	-	902,484,950	902,484,950	-	354,352,768	354,352,768	-	569,529,150	569,529,150	-	1,826,366,868
Dividend receivable	-	-	-	-	-	-	-	-	-	-	-
Profit receivables	999,349	-	999,349	22,203,664	-	22,203,664	49,612,291	-	49,612,291	-	72,815,304
Deposits and other receivable	2,601,391	-	2,601,391	113,361	-	113,361	151,039	-	151,039	-	2,865,791
	51,517,577	902,484,950	954,002,527	599,009,777	354,352,768	953,362,545	1,818,373,770	569,529,150	2,387,902,920	5,046,621	4,300,314,613

## Financial liabilities

Payable to NBP Fund Management Limited - Pension Fund Manager
Payable to Central Depository Company of Pakistan Limited - Trustee
Payable against redemption of units
Net Assets attributable to redeemable Participants
Payable against Purchase of investment
Accrued expenses and other liabilities

As at June 30, 2023				
Equity sub-fund	Debt sub-fund	Money Market sub-fund	Others	Total
(Rupees)				
6,121,820	2,249,423	3,717,224	2,921,414	15,009,881
92,017	94,158	225,529	-	411,704
140,906	292,574	4,397,171	-	4,830,651
939,497,432	949,057,121	2,377,735,043	-	4,266,289,596
-	-	-	-	-
7,411,326	589,849	639,828	-	8,641,003
953,263,501	952,283,125	2,386,714,795	2,921,414	4,295,182,835

As at June 30, 2022

## Financial assets

	Equity sub-fund			Debt sub-fund			Money Market sub-fund			Others	
	At amortised Cost	At fair value through profit and loss	Total	At amortised Cost	At fair value through profit and loss	Total	At amortised Cost	At fair value through profit and loss	Total	At amortised Cost	Total
(Rupees)											
Bank balances	39,698,388	-	39,698,388	547,127,146	-	547,127,146	1,416,844,313	-	1,416,844,313	7,543,370	2,011,213,217
Investments	-	1,296,930,679	1,296,930,679	-	272,273,625	272,273,625	-	99,890,000	99,890,000	-	1,669,094,304
Dividend receivable	508,886	-	508,886	-	-	-	-	-	-	-	508,886
Profit receivables	764,615	-	764,615	12,417,965	-	12,417,965	17,860,667	-	17,860,667	-	31,043,247
Deposits and other receivable	3,361,431	-	3,361,431	100,000	-	100,000	100,000	-	100,000	-	3,561,431
	44,333,320	1,296,930,679	1,341,263,999	559,645,111	272,273,625	831,918,736	1,434,804,980	99,890,000	1,534,694,980	7,543,370	3,715,421,085

## Financial liabilities

Payable to NBP Fund Management Limited - Pension Fund Manager
Payable to Central Depository Company of Pakistan Limited - Trustee
Payable against redemption of units
Net Assets attributable to redeemable Participants
Payable against Purchase of investment
Accrued expenses and other liabilities

As at June 30, 2022				
Equity sub-fund	Debt sub-fund	Money Market sub-fund	Others	Total
(Rupees)				
8,624,256	1,762,605	1,649,751	5,554,494	17,591,106
133,080	85,452	144,736	-	363,268
46,354	440,149	2,750,140	-	3,236,643
1,330,466,113	828,120,336	1,528,769,025	-	3,687,355,474
-	-	-	-	-
4,987,419	496,286	478,090	-	5,961,795
1,344,257,222	830,904,828	1,533,791,742	5,554,494	3,714,508,286

## 21 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

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



- 21.2** The transactions with connected persons are in the normal course of business, at contracted 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, 2005 and the Trust Deed respectively.
- 21.4** Transactions during the year

	2023				2022			
	Equity sub-fund	Debt sub-fund	Money Market sub-fund	Total	Equity sub-fund	Debt sub-fund	Money Market sub-fund	Total
	(Rupees)							
<b>NBP Fund Management Limited - Pension Fund Manager</b>								
Remuneration to Pension Fund Manager	17,064,722	3,424,850	3,720,669	24,210,241	22,401,137	4,733,857	5,641,170	32,776,164
Sindh Sales Tax on remuneration to Pension Fund Manager	2,218,414	445,230	483,687	3,147,331	2,912,148	615,401	733,352	4,260,901
Reimbursement of Allocated expenses related to registrar services, accounting, operation and valuation services	2,275,296	993,556	2,018,944	5,287,796	2,236,930	598,172	1,003,266	3,838,368
Reimbursement of Selling and Marketing expenses	20,477,667	5,351,327	6,935,712	32,764,706	20,132,367	3,173,949	2,316,447	25,622,763
Sales Load charged during the period	-	-	-	8,098,744	-	-	-	9,437,092
<b>Central Depository Company of Pakistan Limited - Trustee</b>								
Remuneration to the Trustee	1,236,766	929,131	2,017,456	4,183,353	1,665,292	840,850	1,388,500	3,894,642
Sindh Sales Tax on remuneration to Trustee	160,780	120,787	262,269	543,836	216,489	109,311	180,505	506,305
Settlement charges	-	-	-	-	55,582	6,780	6,780	69,142
<b>K-Electric Limited (Common directorship with the management company)</b>								
Sukuk purchased	-	135,000,000	355,000,000	490,000,000	-	-	-	-
<b>Taurus Securities Limited (Common directorship with the management company)</b>								
Brokerage charges	93,967	-	-	93,967	94,857	-	-	94,857
<b>Khalid Mansoor - Directors of management company*</b>								
Amount of units redeemed	12,780	-	30,787	43,567	-	-	-	-
Number of units redeemed	4,059,000	-	5,354,000	9,413,000	-	-	-	-
<b>Khalid Mahmood - CFO of management company</b>								
Amount of units redeemed	-	-	-	-	958,000	-	-	958,000
Number of units redeemed	-	-	-	-	2,688	-	-	2,688
<b>National clearing company of Pakistan limited (Common directorship with the management company)*</b>								
NCCPL Charges	-	-	-	-	421,413	365,000	-	786,413
<b>Employees of NBP Fund Management Limited</b>								
Number of units issued	310,964	48,243	701,532	1,060,739	345,845	110,726	1,245,054	1,701,625
Amount of units issued	100,033,000	8,782,000	131,242,000	240,057,000	120,179,000	17,884,000	208,642,000	346,705,000
Number of units redeemed	320,833	55,182	661,768	1,037,783	560,917	96,305	917,166	1,574,388
Amount of units redeemed	103,446,000	10,167,000	122,668,000	236,281,000	196,834,000	15,784,000	154,887,000	367,505,000

	2023				2022			
	Equity sub-fund	Debt sub-fund	Money Market sub-fund	Total	Equity sub-fund	Debt sub-fund	Money Market sub-fund	Total
	(Rupees)							
<b>BankIslami Pakistan Limited (Common directorship with the Management Company)</b>								
Profit Income on Bank Balances	-	-	-	-	2,038,079	441,170	64,045	2,543,294
Profit Income on TDR Placement	-	-	-	-	-	2,459,518	-	2,459,518
Placement of TDR	-	-	-	-	-	300,612,329	-	300,612,329
Purchase of GOP Ijarah	-	-	-	-	-	-	-	-
Sale of GOP Ijarah	-	-	-	-	-	49,358,753	49,358,753	98,717,506
<b>Portfolio managed by Management company</b>								
Number of units issued	-	-	50,772	50,772	-	-	15,262	15,262
Amount of units issued	-	-	9,394,000	9,394,000	-	-	2,587,000	2,587,000
Number of units redeemed	8,892	-	88,520	97,412	7,027	-	-	7,027
Amount of units redeemed	2,821,000	-	17,346,000	20,167,000	2,587,000	-	-	2,587,000
<b>International Steels Limited</b>								
Shares Purchased	-	-	-	-	4,800	-	-	4,800
Shares sold	-	-	-	-	21,400	-	-	21,400

\*Prior period balances with these parties have not been disclosed as they were not connected persons and related parties during prior periods.

## 21.5 Amount outstanding as at year end

	2023					2022				
	Equity sub-fund	Debt sub-fund	Money Market sub-fund	Other	Total	Equity sub-fund	Debt sub-fund	Money Market sub-fund	Other	Total
	(Rupees)									
<b>NBP Fund Management Limited - Pension Fund Manager</b>										
Remuneration payable	1,147,779	313,061	374,956	-	1,835,796	1,587,236	271,749	230,165	-	2,089,150
Sindh Sales Tax payable	149,210	40,696	48,741	-	238,647	206,340	35,324	29,917	-	271,581
Preliminary expenses and floatation cost payable	75,000	75,000	75,000	-	225,000	75,000	75,000	75,000	-	225,000
Reimbursement of allocated expenses related to registrar services, accounting, operation and valuation services	474,983	352,387	675,599	-	1,502,969	675,568	201,832	342,546	-	1,219,946
Reimbursement of Selling & Marketing Expenses	4,274,848	1,468,279	2,542,928	-	8,286,055	6,080,112	1,178,700	972,123	-	8,230,935
Sales load inclusive of Sinds Sales Tax	-	-	-	2,921,414	2,921,414	-	-	-	5,554,494	5,554,494
<b>Employees of NBP Fund Management Limited</b>										
Number of units held	107,196	42,392	531,307	-	680,895	117,065	44,626	486,918	-	648,609
Amount of units held	34,059,000	8,375,000	107,178,000	-	149,612,000	37,588,000	7,615,000	84,516,000	-	129,719,000

	2023					2022				
	Equity sub-fund	Debt sub-fund	Money Market sub-fund	Other	Total	Equity sub-fund	Debt sub-fund	Money Market sub-fund	Other	Total
	(Rupees)									
<b>Central Depository Company of Pakistan Limited - Trustee</b>										
Remuneration payable	81,430	83,326	199,583	-	364,339	117,770	75,622	128,085	-	321,477
Sindh Sales Tax payable	10,587	10,832	25,946	-	47,365	15,310	9,830	16,651	-	41,791
Security Deposit	100,000	100,000	100,000	-	300,000	100,000	100,000	100,000	-	300,000
Settlement charges payable	-	-	-	-	-	-	-	-	-	-
<b>Director of the Company*</b>										
Number of units held	-	-	-	-	-	12,780	-	30,787	-	43,567
Amount of units held	-	-	-	-	-	4,104,000	-	5,344,000	-	9,448,000
<b>Bank Islami Pakistan Limited (Common directorship with the Management Company)*</b>										
Bank Balances	-	-	-	-	-	17,828,643	2,091,020	54,219	-	19,973,882
Profit Receivable on Bank Balances	-	-	-	-	-	319,452	2,160	31,267	-	352,879
Term deposit receipt placement	-	-	-	-	-	-	-	-	-	-
Profit Receivable on term deposit receipt	-	-	-	-	-	-	-	-	-	-
<b>National clearing company of Pakistan limited (Common directorship with the management company)</b>										
Security Deposit	-	-	-	-	-	2,500,000	-	-	-	2,500,000
NCCPL Charges Payable	-	-	-	-	-	37,826	30,000	-	-	67,826
<b>Taurus Securities Limited (Common directorship with the management company)</b>										
Brokerage payable	-	-	-	-	-	-	-	-	-	-
<b>Portfolio managed by Management company</b>										
Number of units held	-	-	195,137	-	195,137	-	-	32,259	-	32,259
Amount of units held	-	-	39,363,000	-	39,363,000	-	-	5,599,000	-	5,599,000

\* Current period balances with these parties have not been disclosed as they were not connected persons and related parties during current period.

## 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.

## 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.

The Pension Fund Manager manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan. The maximum risk resulting from financial instruments equals their fair values.

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

### 22.1.1 Currency risk

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

### 22.1.2 Interest rate risk

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

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

The debt and money market sub fund holds balance in savings accounts and KIBOR based sukuk certificates that expose the Fund to cash flow interest rate risk as at June 30, 2023. In case of 100 basis points increase in KIBOR on June 30, 2023, with all other variables held constant, the net assets of the Fund for the year would have been higher by Rs. 26.439 million (2022: Rs. 21.4 million) and net income for the year would have been higher by Rs. 4.020 million (2022: Rs. 1.288 million). In case of 100 basis points decrease in KIBOR on June 30, 2023, with all other variables held constant, the net assets of the Fund for the year would have been lower by Rs. 26.439 million (2022: Rs. 21.4 million) and net income for the year would have been lower by Rs. 4.020 million (2022: Rs. 1.288 million).

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

Presently, the debt and money market sub fund holds interest bearing government securities-Ijarah sukuks and Commercial Papers that expose the Fund to fair value interest rate risk as at June 30, 2023. In case of 100 basis points increase in KIBOR on June 30, 2023, with all other variables held constant, the net assets of the Fund for the year would have been higher by Rs.1.721 million (June 30, 2022: Rs.1.729 million) and net income for the year would have been higher by Rs.0.2750 million (30 June 2022: Rs.0.5369 million). In case of 100 basis points decrease in KIBOR on 30 June 2023, with all other variables held constant, the net assets of the Fund for the year would have been lower by Rs.1.721 million (June 30, 2022: Rs.1.729 million) and net income for the year would have been lower by Rs.0.5369 million (30 June 2022: Rs.0.5369 million).

# NAFA ISLAMIC PENSION FUND



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

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

As at June 30, 2023																									
Effective yield / interest rate	Equity sub-fund					Effective yield / interest rate	Debt sub-fund					Effective yield / interest rate	Money Market sub-fund					Effective yield / interest rate	Others					Total	
	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total		Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total		Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total		Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total		
	Up to three months	More than three months upto one year	More than one year				Up to three months	More than three months upto one year	More than one year				Up to three months	More than three months upto one year	More than one year				Up to three months	More than three months upto one year	More than one year				
%	(Rupees)					%	(Rupees)					%	(Rupees)					%	(Rupees)					(Rupees)	
On-balance sheet financial instruments																									
Financial assets																									
Bank balances	10.0 - 20.0	47,916,837	-	-	-	47,916,837	10.0 - 20.0	576,692,752	-	-	-	576,692,752	10.0 - 20.0	1,768,610,440	-	-	-	1,768,610,440	10.0 - 20.0	5,046,621	-	-	-	5,046,621	2,398,266,650
Investments	-	-	-	-	902,484,950	902,484,950	14.26 - 23.94	130,084,463	-	99,268,305	125,000,000	354,352,768	11.61 - 22.82	495,000,000	-	74,529,150	300,000,000	869,529,150	-	-	-	-	-	2,126,366,868	
Dividend receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Profit receivables	-	-	-	-	999,349	999,349	-	-	-	-	22,203,664	22,203,664	-	-	-	-	48,612,291	48,612,291	-	-	-	-	-	72,815,304	
Deposits and other receivable	-	-	-	-	2,601,391	2,601,391	-	-	-	-	113,361	113,361	-	-	-	-	151,039	151,039	-	-	-	-	-	2,865,791	
	47,916,837	-	-	-	906,085,690	954,002,527	706,777,215	-	99,268,305	147,317,025	953,362,545	2,263,610,440	-	74,529,150	348,763,330	2,687,902,920	5,046,621	-	-	-	5,046,621	4,600,314,613			
Financial liabilities																									
Payable to NBP Fund Management Limited - Pension Fund Manager	-	-	-	-	6,121,820	6,121,820	-	-	-	-	2,249,423	2,249,423	-	-	-	-	3,717,224	3,717,224	2,921,414	-	-	-	6,393,869	9,315,283	21,403,750
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	-	92,017	92,017	-	-	-	-	94,158	94,158	-	-	-	-	225,529	225,529	-	-	-	-	-	411,704	
Net Assets attributable to redeemable Participants	-	-	-	-	939,497,432	939,497,432	-	-	-	-	949,057,121	949,057,121	-	-	-	-	2,377,735,043	2,377,735,043	-	-	-	-	-	4,266,289,596	
Payable against redemption of units	-	-	-	-	140,906	140,906	-	-	-	-	292,574	292,574	-	-	-	-	4,397,171	4,397,171	-	-	-	-	-	4,830,651	
Payable against Purchase of investment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Accrued expenses and other liabilities	-	-	-	-	7,411,328	7,411,328	-	-	-	-	589,849	589,849	-	-	-	-	639,828	639,828	-	-	-	-	-	10,766,210	
	-	-	-	-	953,263,501	953,263,501	-	-	-	-	952,283,125	952,283,125	-	-	-	-	2,386,714,795	2,386,714,795	2,921,414	-	-	-	8,519,076	11,440,490	4,393,701,911
On-balance sheet gap	47,916,837	-	-	-	(47,177,811)	739,026	706,777,215	-	99,268,305	(804,966,100)	1,079,420	2,263,610,440	-	74,529,150	(2,036,951,465)	301,188,125	2,125,207	-	-	-	(8,519,076)	(6,393,869)	296,612,702		
Off-balance sheet financial instruments																									
Off-balance sheet gap	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total interest rate sensitivity gap	47,916,837	-	-	-	(47,177,811)	739,026	706,777,215	-	99,268,305	(804,966,100)	1,079,420	2,263,610,440	-	74,529,150	(2,036,951,465)	301,188,125	2,125,207	-	-	-	(8,519,076)	(6,393,869)	296,612,702		
Cumulative interest rate sensitivity gap	47,916,837	47,916,837	47,916,837	-	-	-	706,777,215	706,777,215	806,045,520	-	-	-	2,263,610,440	2,263,610,440	2,338,139,590	-	-	-	2,125,207	2,125,207	2,125,207	-	-	-	

# NAFA ISLAMIC PENSION FUND



As at June 30, 2022																									
Effective yield / Interest rate	Equity sub-fund					Effective yield / Interest rate	Debt sub-fund					Effective yield / Interest rate	Money Market sub-fund					Effective yield / Interest rate	Others					Total	
	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total		Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total		Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total		Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total		
	Up to three months	More than three months upto one year	More than one year				Up to three months	More than three months upto one year	More than one year				Up to three months	More than three months upto one year	More than one year				Up to three months	More than three months upto one year	More than one year				Up to three months
%	(Rupees)					%	(Rupees)					%	(Rupees)					%	(Rupees)						
On-balance sheet financial instruments																									
Financial assets																									
Bank balances	6.5 to 15.59	39,698,388	-	-	-	39,698,388	6.5 to 15.59	547,127,146	-	-	-	547,127,146	6.5 to 15.59	1,416,844,313	-	-	-	1,416,844,313	6.5 to 15.59	7,543,370	-	-	-	7,543,370	2,011,213,217
Investments	7.0 - 16.0	-	-	-	1,296,930,679	1,296,930,679	7.0 - 16.0	172,445,625	-	99,828,000	-	272,273,625	7.0 - 16.0	25,000,000	-	74,890,000	-	99,890,000	-	-	-	-	-	-	1,669,094,304
Dividend receivable	-	-	-	-	508,886	508,886	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	508,886
Profit receivables	-	-	-	-	764,615	764,615	-	-	-	-	12,417,965	12,417,965	-	-	-	-	17,860,667	17,860,667	-	-	-	-	-	-	31,043,247
Deposits and other receivable	-	-	-	-	3,361,431	3,361,431	-	-	-	-	100,000	100,000	-	-	-	-	100,000	100,000	-	-	-	-	-	-	3,561,431
		39,698,388	-	-	1,301,565,611	1,341,263,999		719,572,771	-	99,828,000	12,517,965	831,918,736		1,441,844,313	-	74,890,000	17,960,667	1,534,694,980		7,543,370	-	-	-	7,543,370	3,715,421,085
Financial liabilities																									
Payable to NBP Fund Management Limited - Pension Fund Manager	-	-	-	-	8,624,256	8,624,256	-	-	-	-	1,762,605	1,762,605	-	-	-	-	1,649,751	1,649,751	5,554,494	-	-	-	6,393,669	11,948,363	23,984,975
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	-	133,080	133,080	-	-	-	-	85,452	85,452	-	-	-	-	144,736	144,736	-	-	-	-	-	-	363,268
Net Assets attributable to redeemable Participants	-	-	-	-	1,330,466,113	1,330,466,113	-	-	-	-	828,120,336	828,120,336	-	-	-	-	1,528,769,025	1,528,769,025	-	-	-	-	-	-	3,687,355,474
Payable against redemption of units	-	-	-	-	46,354	46,354	-	-	-	-	440,149	440,149	-	-	-	-	2,750,140	2,750,140	-	-	-	-	-	-	3,236,643
Payable against Purchase of investment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued expenses and other liabilities	-	-	-	-	4,987,419	4,987,419	-	-	-	-	496,286	496,286	-	-	-	-	478,090	478,090	-	-	-	1,988,876	1,988,876	-	7,950,671
	-	-	-	-	1,344,257,222	1,344,257,222	-	-	-	-	830,904,828	830,904,828	-	-	-	-	1,533,791,742	1,533,791,742	5,554,494	-	-	-	8,382,745	13,937,239	3,722,891,031
On-balance sheet gap	39,698,388	-	-	-	(42,691,611)	(2,993,223)	719,572,771	-	99,828,000	(818,386,863)	1,013,908	1,441,844,313	-	74,890,000	(1,515,831,075)	903,238	1,988,876	-	-	(8,382,745)	(6,383,869)	(7,469,946)			
Off-balance sheet financial instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total interest rate sensitivity gap	39,698,388	-	-	-	(42,691,611)	(2,993,223)	719,572,771	-	99,828,000	(818,386,863)	1,013,908	1,441,844,313	-	74,890,000	(1,515,831,075)	903,238	1,988,876	-	-	(8,382,745)	(6,383,869)	(7,469,946)			
Cumulative interest rate sensitivity gap	39,698,388	39,698,388	39,698,388				719,572,771	719,572,771	819,400,771				1,441,844,313	1,441,844,313	1,516,734,313		1,988,876	1,988,876	1,988,876						

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

## 22.1.3 Price risk

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

The pension fund manager's strategy on the management of investment risk is driven by the Fund's investment objective. The primary objective of the Fund is to provide the maximum return to the participants from investment in Shariah compliant investments for the given level of risks. The Fund's market risk is managed on a daily basis by the pension fund manager in accordance with the policies and procedures laid down by the SECP. The funds are allocated among various asset classes based on the attractiveness of the particular asset class. The allocation among these is dependent on the time horizon for investments and liquidity requirements of the portfolio. The market risk is managed by monitoring exposure to marketable securities, and by complying with the internal risk management policies and regulations laid down in VPS Rules and directives issued by the SECP.

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

Details of the Fund's investment portfolio exposed to price risk, at the balance sheet date are disclosed in note 6 to these financial statements. At 30 June 2023 the Fund's overall exposure to price risk is limited to the fair value of those positions. The Fund also manages its exposure to price risk by analysing the investment portfolio by industrial sector and benchmarking the sector weighting to that of the Karachi Meezan Index - 30 (KMI). The Fund's policy is to concentrate the investment portfolio in sectors where management believes that the Fund can maximise the returns derived for the level of risk to which the Fund is exposed.

The net assets of the Fund will increase / decrease by approximately Rs. 9.025 million (2022: Rs. 12.969 million) if the prices of equity vary due to increase / decrease in the KMI. This is based on the assumption that the fair value of the Fund's portfolio moves according to their historical correlation with the KMI and that the KMI increases / decreases by 1% on KMI index with all other factors held constant.

The Pension Fund Manager uses the KMI as a reference point in making investment decisions. However, the Pension Fund Manager does not manage the Fund's investment strategy to track the KMI or any other index or external benchmark. The sensitivity analysis presented is based upon the portfolio composition as at June 30, 2023 and the historical correlation of the securities comprising the portfolio of the KMI. The composition of the Fund's investment portfolio and the correlation thereof to the KMI, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2023 is not necessarily indicative of the effect on the Fund's net assets attributed to units of future movements in the level of the KMI.

## 22.2 Credit risk

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

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

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

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

Rating Agency		2023				2022			
		Debt sub-fund		Money market sub-fund		Debt sub-fund		Money market sub-fund	
		(%)		(%)		(%)		(%)	
- Government		99,268,305	43%	74,529,150	28%	99,828,000	37%	74,890,000	75%
- AAA	VIS/PACRA	91,308,414	40%	125,000,000	46%	36,225,000	13%	-	0%
- AA+	VIS/PACRA	38,776,049	17%	70,000,000	26%	74,250,000	27%	25,000,000.00	25%
- A+	VIS/PACRA	-	0%	-	0%	60,300,000	22%	-	0%
- A1	VIS/PACRA	-	0%	-	0%	-	0%	-	0%
		229,352,768	100%	269,529,150	100%	270,603,000	100%	99,890,000	100%

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

Ratings	Rating agency	2023		2022	
		(Rs. in '000)	(%)	(Rs. in '000)	(%)
AAA	VIS, PACRA	1,836,477,913	76.58	1,482,504,278	73.71
AA+	VIS, PACRA	77,821	0.00	72,626	0
AA	VIS, PACRA	980,266	0.04	5,701,647	0.28
AA-	VIS, PACRA	12,743,811	0.53	1,439,603	0.07
A+	VIS, PACRA	547,986,844	22.85	20,406,304	1.01
A	VIS, PACRA	-	0.00	-	0
A-	VIS, PACRA	-	0.00	498,377,710	24.78
A1+	VIS, PACRA	-	0.00	2,711,049	0.13
		<b>2,398,266,655</b>		<b>2,011,213,217</b>	



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

The maximum exposure to credit risk as at June 30, 2023 along with comparative is tabulated below:

	2023					2022
	Equity sub-fund	Debt sub-fund	Money sub-fund	Others	Total	Total
<b>Financial assets exposed to credit risk</b>						
Bank balances	47,916,837	576,692,752	1,768,610,440	5,046,621	2,398,266,650	2,011,213,217
Investments	-	229,352,768	269,529,150	-	498,881,918	370,493,000
Dividend receivable	-	-	-	-	-	508,886
Profit receivable	999,349	22,203,664	49,612,291	-	72,815,304	31,043,247
Deposits and other receivables	2,601,391	113,361	151,039	-	2,865,791	3,561,431
	<b>51,517,577</b>	<b>828,362,545</b>	<b>2,087,902,920</b>	<b>5,046,621</b>	<b>2,972,829,663</b>	<b>2,416,819,781</b>

## 22.3 Liquidity risk

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

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

The Fund has the ability to borrow, with prior approval of trustee, for meeting redemption requests. The maximum amount available to the Fund from borrowings is limited to the extent of 10% of the total net assets value at the time of borrowing with repayment within 90 days of such borrowings.

# NAFA ISLAMIC PENSION FUND

No such borrowings were made during the period.

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, 2023														
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	Upto three months		
(Rupees)														
Financial Liabilities (excluding participants' funds)														
Payable to NBP Fund Management Limited - Pension Fund Manager	6,121,820	6,121,820	-	-	2,249,423	2,249,423	-	-	3,717,224	3,717,224	-	-	2,921,414	15,009,881
Payable to Central Depository Company of Pakistan Limited - Trustee	92,017	92,017	-	-	94,158	94,158	-	-	225,529	225,529	-	-	-	411,704
Payable against redemption of units	140,906	140,906	-	-	292,574	292,574	-	-	4,397,171	4,397,171	-	-	-	4,830,651
Net Assets attributable to redeemable Participants	939,497,432	939,497,432	-	-	949,057,121	949,057,121	-	-	2,377,735,043	2,377,735,043	-	-	-	4,266,289,596
Payable against Purchase of investment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued expenses and other liabilities	7,411,326	7,411,326	-	-	589,849	589,849	-	-	639,828	639,828	-	-	2,125,207	10,766,210
	953,263,501	953,263,501	-	-	952,283,125	952,283,125	-	-	2,386,714,795	2,386,714,795	-	-	5,046,621	4,297,308,042
As at June 30, 2022														
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	Upto three months		
(Rupees)														
Financial Liabilities (excluding participants' funds)														
Payable to NBP Fund Management Limited - Pension Fund Manager	8,624,256	8,624,256	-	-	1,762,605	1,762,605	-	-	1,649,751	1,649,751	-	-	5,554,494	17,591,106
Payable to Central Depository Company of Pakistan Limited - Trustee	133,080	133,080	-	-	85,452	85,452	-	-	144,736	144,736	-	-	-	363,268
Payable against redemption of units	46,354	46,354	-	-	440,149	440,149	-	-	2,750,140	2,750,140	-	-	-	3,236,643
Net Assets attributable to redeemable Participants	1,330,466,113	1,330,466,113	-	-	828,120,336	828,120,336	-	-	1,528,769,025	1,528,769,025	-	-	-	3,687,355,474
Payable against Purchase of investment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued expenses and other liabilities	4,987,419	4,987,419	-	-	496,286	496,286	-	-	478,090	478,090	-	-	1,988,876	7,950,671
	1,344,257,222	1,344,257,222	-	-	830,904,828	830,904,828	-	-	1,533,791,742	1,533,791,742	-	-	7,543,370	3,716,497,162

The above mentioned financial liabilities do not carry any Profit.

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 (CAPITAL RISK)**

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

The Fund has no restrictions on the subscription and redemption of units. There is no specific capital requirement which is applicable to the Fund.

The Fund's objectives when managing participants' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to participants and to maintain a strong base of assets under management.

In accordance with the risk management policies stated in note 21, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption. Since the participants of the Fund have invested with a long term objective, the possibility of a significant redemption pressure is limited, such liquidity being augmented by borrowing arrangements (which can be entered if necessary) or disposal of investments where necessary.

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

## **24 FAIR VALUE OF FINANCIAL INSTRUMENTS**

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

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

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

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

# NAFA ISLAMIC PENSION FUND



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

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

Note	Equity Fund				Debt Fund				Money Market Fund				Others				Total			
	Fair Value				Fair value				Fair value				Fair value					Others		
	At fair value through profit or loss	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	At fair value through profit or loss	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total		Amortised cost	Other financial liabilities	Total
On-balance sheet financial instruments																				
Financial assets measured at fair value																				
Investments																				
- Listed equity securities	902,484,950	-	-	902,484,950	902,484,950	-	-	902,484,950	-	-	-	-	-	-	-	-	-	-	902,484,950	
- Government of Pakistan - Ijarah Sukuk	-	-	-	-	-	-	-	99,268,305	-	99,268,305	-	99,268,305	-	99,268,305	74,529,150	-	74,529,150	-	173,797,455	
- Sukuk certificates	-	-	-	-	-	-	-	130,084,463	-	130,084,463	-	130,084,463	-	130,084,463	195,000,000	-	195,000,000	-	325,084,463	
- Commercial papers	-	-	-	-	-	-	-	-	-	-	76,309,722	76,309,722	-	-	-	122,095,242	122,095,242	-	-	
- Term deposit receipts**	-	-	-	-	-	-	-	125,000,000	-	125,000,000	-	125,000,000	-	125,000,000	300,000,000	-	300,000,000	-	425,000,000	
	902,484,950	-	-	902,484,950	902,484,950	-	-	902,484,950	354,352,768	-	354,352,768	-	354,352,768	76,309,722	430,662,490	569,529,150	-	569,529,150	122,095,242	691,624,392
Financial assets not measured at fair value	24.1																			
Bank balances	-	47,916,837	-	47,916,837	-	-	-	576,692,752	-	576,692,752	-	-	-	-	1,768,610,440	-	1,768,610,440	5,046,621	2,398,266,650	
Dividend receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Profit receivables	-	999,349	-	999,349	-	-	-	22,203,664	-	22,203,664	-	-	-	-	49,612,291	-	49,612,291	-	72,815,304	
Deposits and other receivable	-	2,601,391	-	2,601,391	-	-	-	113,361	-	113,361	-	-	-	-	151,039	-	151,039	-	2,865,791	
	-	51,517,577	-	51,517,577	-	-	-	599,009,777	-	599,009,777	-	-	-	-	1,818,373,770	-	1,818,373,770	5,046,621	2,473,947,745	
Financial liabilities not measured at fair value	24.1																			
Payable to NBP Fund Management Limited - Pension Fund Manager	-	-	6,121,820	6,121,820	-	-	-	2,249,423	2,249,423	-	-	-	-	-	3,717,224	3,717,224	-	-	2,921,414	15,009,881
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	92,017	92,017	-	-	-	94,158	94,158	-	-	-	-	-	225,529	225,529	-	-	-	411,704
Net Assets attributable to redeemable Participants	-	-	939,497,432	939,497,432	-	-	-	949,057,121	949,057,121	-	-	-	-	-	2,377,735,043	2,377,735,043	-	-	-	4,266,289,596
Payable against redemption of units	-	-	140,906	140,906	-	-	-	292,574	292,574	-	-	-	-	-	4,397,171	4,397,171	-	-	-	4,830,651
Payable against Purchase of investment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued expenses and other liabilities	-	-	7,411,326	7,411,326	-	-	-	589,849	589,849	-	-	-	-	-	639,828	639,828	-	-	2,125,207	10,766,210
	-	-	953,263,501	953,263,501	-	-	-	952,283,125	952,283,125	-	-	-	-	-	2,386,714,795	2,386,714,795	-	-	5,046,621	4,297,308,042

# NAFA ISLAMIC PENSION FUND



		June 30, 2022																								Total	
		Equity Fund				Debt Fund				Money Market Fund				Others													
		Fair Value				Fair Value				Fair Value				Fair Value				Others									
		At fair value through profit or loss	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	At fair value through profit or loss	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	Amortised cost	Other financial liabilities	Total							
On-balance sheet financial instruments																											
Financial assets measured at fair value																											
Investments																											
- Listed equity securities	1,296,930,679	-	-	1,296,930,679	1,296,930,679	-	-	-	1,296,930,679	-	-	-	-	-	-	-	-	-	-	-	1,296,930,679						
- Government of Pakistan - Ijarah Sukuk	-	-	-	-	-	-	-	-	99,828,000	-	-	99,828,000	-	99,828,000	-	-	74,890,000	-	-	-	174,718,000						
- Sukuk certificates	-	-	-	-	-	-	-	-	172,445,625	-	-	172,445,625	-	172,445,625	-	-	25,000,000	-	-	-	197,445,625						
- Commercial papers	-	-	-	-	-	-	-	-	-	-	-	-	76,309,722	76,309,722	-	-	-	-	-	-	-						
- Term deposit receipts**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	122,095,242	122,095,242	-	-	-						
	1,296,930,679	-	-	1,296,930,679	1,296,930,679	-	-	-	272,273,625	-	-	272,273,625	-	272,273,625	76,309,722	348,583,347	99,890,000	-	-	99,890,000	1,689,094,304						
Financial assets not measured at fair value																											
24.1																											
Bank balances																											
	-	39,698,388	-	39,698,388	-	-	-	-	547,127,146	-	547,127,146	-	-	-	-	-	1,416,844,313	-	1,416,844,313	7,543,370	2,011,213,217						
Dividend receivable																											
	508,886	-	-	508,886	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	508,886						
Profit receivables																											
	-	764,615	-	764,615	-	-	-	-	12,417,965	-	12,417,965	-	-	-	-	-	17,860,667	-	17,860,667	-	31,043,247						
Deposits and other receivable																											
	-	3,361,431	-	3,361,431	-	-	-	-	100,000	-	100,000	-	-	-	-	-	100,000	-	100,000	-	3,561,431						
	508,886	43,824,434	-	44,333,320	-	-	-	-	559,645,111	-	559,645,111	-	-	-	-	-	1,434,804,980	-	1,434,804,980	7,543,370	2,046,326,781						
Financial liabilities not measured at fair value																											
24.1																											
Payable to NBP Fund Management Limited - Pension Fund Manager																											
	-	-	8,624,256	8,624,256	-	-	-	-	1,762,605	1,762,605	-	-	-	-	-	-	1,649,751	1,649,751	-	-	5,554,494						
Payable to Central Depository Company of Pakistan Limited - Trustee																											
	-	-	133,080	133,080	-	-	-	-	85,452	85,452	-	-	-	-	-	-	144,736	144,736	-	-	363,268						
Net Assets attributable to redeemable Participants																											
	-	-	1,330,466,113	1,330,466,113	-	-	-	-	828,120,336	828,120,336	-	-	-	-	-	-	1,528,769,025	1,528,769,025	-	-	3,687,355,474						
Payable against redemption of units																											
	-	-	46,354	46,354	-	-	-	-	440,149	440,149	-	-	-	-	-	-	2,750,140	2,750,140	-	-	3,236,643						
Payable against Purchase of investment																											
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Accrued expenses and other liabilities																											
	-	-	4,987,419	4,987,419	-	-	-	-	496,286	496,286	-	-	-	-	-	-	478,090	478,090	-	1,988,876	7,950,671						
	-	-	1,344,257,222	1,344,257,222	-	-	-	-	830,904,828	830,904,828	-	-	-	-	-	-	1,533,791,742	1,533,791,742	-	7,543,370	3,716,497,162						

**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 o 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 FINANCIAL PERFORMANCE

### 25.1 Equity sub fund

	Equity sub fund					
	2023	2022	% Change	2021	2020	2019
	(Rupees)			(Rupees)		
Net (loss) / income for the year	(9,167,916)	(216,303,926)	(0.96)	511,439,441	58,615,157	(204,397,874)
(Loss) / Gain on sale of investments - net	(21,777,238)	3,022,890	(8.20)	135,914,536	19,276,685	(59,821,856)
Net unrealised (loss) / gain on re-measurement of investments at fair value through profit or loss	(43,789,567)	(275,299,641)	(0.84)	350,933,082	15,221,896	(180,738,426)
Dividend income	93,913,048	85,691,236	0.10	61,779,905	40,643,392	52,032,047
Profit on bank deposits	8,260,438	4,878,855	0.69	4,405,923	6,595,812	7,148,754
NAV per unit	317.7274	321.0868	(0.01)	373.9946	260.2000	241.5302
Transactions in securities						
Purchases	88,561,098	460,191,910	(0.81)	740,129,991	850,831,554	715,394,666
Sales	417,440,024	525,394,105	(0.21)	694,208,259	640,951,498	686,068,645
Total contribution received	137,327,607	222,163,076	(0.38)	329,054,905	279,161,664	225,080,221

### 25.2 Debt sub fund

	Debt sub fund					
	2023	2022	% Change	2021	2020	2019
	(Rupees)			(Rupees)		
Net income for the year	126,724,552	66,900,726	0.89	31,030,485	47,185,892	24,634,579
Gain / (loss) on sale of investments - net	(300,000)	(470,000)	(0.36)	444,000	2,407,655	(154,500)
Net unrealised gain / (loss) on re-measurement of investments at fair value through profit or loss	(3,620,858)	1,466,550	(3.47)	209,395	(533,820)	(2,144,655)
Profit on bank deposits	90,259,183	35,714,589	1.53	10,594,519	29,601,480	23,684,500
Profit on term deposit receipt	3,181,644	3,974,929	(0.20)	13,416,844	11,850,641	2,935,551
Return on government securities	15,857,987	11,626,309	0.36	10,850,844	7,347,484	4,873,200
Return on sukuk	33,847,893	18,656,260	0.81	5,140,656	5,635,477	2,415,766
Income from commercial paper	-	4,407,552	(1.00)	2,710,847	2,069,339	1,649,009
NAV per unit	197.5689	170.6381	0.16	156.3012	148.4727	135.6539
Transactions in securities						
Purchases	445,000,000	695,612,329	(0.36)	2,198,382,521	1,418,500,000	9,000,000
Sales	53,519,363	50,000,000	0.07	250,380,278	47,925,000	50,000,000
Total contribution received	329,627,134	244,261,965	0.35	190,204,988	184,156,673	150,699,964

## 25.3 Money market sub fund

	Money Market sub fund					
	2023	2022	% Change	2021	2020	2019
	(Rupees)			(Rupees)		
Net income for the year	284,421,369	108,357,069	1.62	40,239,054	64,622,101	35,040,833
Gain / (loss) on sale of investments - net	-	(470,000)	1.00	372,500	-	-
Net unrealised gain / (loss) on re-measurement of investments at fair value through profit or loss	(360,850)	(550,000)	(0.34)	10,000	(1,365,000)	-
Profit on bank deposits	239,668,598	88,525,112	1.71	23,356,679	58,481,890	41,768,130
Profit on term deposit receipt	7,842,329	4,761,096	0.65	20,170,272	19,110,636	3,271,957
Return on government securities	11,882,366	9,163,633	0.30	9,078,727	909,006	-
Income from commercial paper	-	8,795,187	(1.00)	3,669,158	2,200,321	-
NAV per unit	201.7248	173.5729	0.16	159.3954	152.0531	138.3973
Transactions in securities						
Purchases	1,115,000,000	850,000,000	0.31	3,005,085,788	100,000,000	471,500,000
Sales	-	50,000,000	1.00	224,316,076	-	353,500,000
Total contribution received	1,031,849,657	603,517,050	0.71	328,859,570	332,639,256	283,414,771

## 25.4 Highest and lowest issue price of units

	Equity sub fund		Debt sub fund		Money Market sub fund	
	Highest issue price	Lowest issue price	Highest issue price	Lowest issue price	Highest issue price	Lowest issue price
	(Rupees)					
2023	341.81	292.55	197.57	170.70	201.72	173.63
2022	396.54	314.17	170.64	156.33	173.57	159.42
2021	385.74	265.93	156.30	148.49	159.40	152.07
2020	312.31	194.80	135.79	127.77	138.40	128.71
2019	308.44	234.86	135.78	127.76	138.39	128.71
2018	334.77	268.42	127.81	124.21	124.28	128.68
2017	366.62	243.05	124.36	119.66	124.27	119.72
2016	247.66	198.25	119.67	115.30	119.00	115.19
2015	210.85	128.52	115.29	109.19	115.00	108.52
2014	137.00	101.00	109.00	101.00	109.00	101.00

## 26 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Pension Fund Manager in their meeting held on **September 15, 2023**.

For NBP Fund Management Limited  
(Pension Fund Manager)

Chief Financial Officer

Chief Executive Officer

Director



## PROXY ISSUED BY THE FUND

The proxy voting policy of **NAFA Islamic Pension Fund**, duly approved by Board of Directors of the Management Company, is available on the website of NBP Fund Management Limited i.e. [www.nbpfund.com](http://www.nbpfund.com). A detailed information regarding actual proxies voted by the Management Company in respect of the fund is also available without charge, upon request, to all unit holders.

The details of summarized proxies voted are as follows:

NAFA Islamic Pension Fund				
	Resolutions	For	Against	Abstain*
<b>Number</b>	<b>10</b>	<b>10</b>	Nil	N/A
<b>(%)</b>	<b>100%</b>	<b>100%</b>	-	-



## Head Office

7th Floor, Clifton Diamond Building, Block No.4,  
Scheme No.5, Clifton, Karachi.

**UAN:** 021-111-111-632

**Toll Free:** 0800-20002

**Sms:** INVEST to 9995

**Fax:** 021-35825335

**Email:** [info@nbpfunds.com](mailto:info@nbpfunds.com)

**Website:** [www.nbpfunds.com](http://www.nbpfunds.com)

 /nbpfunds