



MCB-ARIF HABIB  
Savings and Investments Limited

# ANNUAL REPORT 2019

Pakistan Pension Fund Managed by  
MCB-Arif Habib Savings and Investments Limited



**JSAVE**  
Savings Asaan, Life Asaan.

## TABLE OF CONTENTS

---

1	Vision, Mission and Core Values	02
2	Fund's Information	03
3	Report of the Directors of the Pension Fund Manager	04
4	Report of the Pension Fund Manager	14
5	Report of the Trustee to the Participants	16
6	Auditor' Report to the Participants	17
7	Statement of Assets and Liabilities	19
8	Income Statement	20
9	Statement of Other Comprehensive Income	21
10	Cash Flow Statement	22
11	Statement of Movement in Participant's Fund	23
12	Notes to and Forming Part of the Financial Statements	24

---

---

# **Vision**

To become synonymous with Savings

# **Mission**

To become a preferred Saving and Investment Manager in the domestic and regional markets while maximizing stakeholders' value

# **Core Values**

The Company takes pride in its orientation towards client service. it believes that its key success factors include continuous investment in staff, systems and capacity building and its insistence on universal best practices at all times.

## FUND'S INFORMATION

<b>Management Company</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
<b>Board of Directors</b>	Mian Muhammad Mansha Mr. Nasim Beg Mr. Muhammad Saqib Saleem Syed Savail Meekal Hussain Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Qamar Beg	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director Director
<b>Audit Committee</b>	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Mirza Qamar Beg Mr. Nasim Beg	Chairman Member Member Member
<b>Risk Management Committee</b>	Mr. Mirza Qamar Beg Mr. Ahmed Jahangir Mr. Nasim Beg	Chairman Member Member
<b>Human Resource &amp; Remuneration Committee</b>	Mr. Mirza Qamar Beg Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member
<b>Chief Executive Officer</b>	Mr. Muhammad Saqib Saleem	
<b>Chief Operating Officer &amp; Chief Financial Officer</b>	Mr. Muhammad Asif Mehdi Rizvi	
<b>Company Secretary</b>	Mr. Amir Qadir	
<b>Trustee</b>	<b>Central Depository Company of Pakistan Ltd.</b> CDC House, 99-B, Block 'B'S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcPakistan.com	
<b>Bankers</b>	Allied Bank Limited Bank Al Falah Limited MCB Bank Limited Habib Metropolitan Bank Limited Askari Bank Limited JS Bank Limited Habib Bank Limited National Bank Pakistan MCB Islami Bank Limited Faysal Bank Limited Silk Bank Limited Zari Taraqiati Bank Limited Bank Al Habib Limited	
<b>Auditors</b>	<b>Ernst &amp; Young Ford Rhodes</b> Chartered Accountants Progressive Plaza, Beaumont Road, P.O.Box 15541 Karachi, Sindh-75530, Pakistan.	
<b>Legal Advisor</b>	<b>Bawaney &amp; Partners</b> 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
<b>Transfer Agent</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> 24th Floor, Center point, off Shaheed-e-Millat Express Way Near K.P.T. Interchange, Karachi.	
<b>Rating</b>	<b>AM2++</b> Asset Manager Rating assigned by PACRA	

# REPORT OF THE DIRECTOR OF THE PENSION FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2019

---

**Dear Investor,**

On behalf of the Board of Directors, we are pleased to present **Pakistan Pension Fund** accounts review for the year ended June 30, 2019.

## **ECONOMY AND MONEY MARKET OVERVIEW**

Pakistan's economy inherited myriad of challenges entering into fiscal year 2019, particularly a weak balance of payment and fiscal situation. The macroeconomic imbalances were coped with vigilant policy actions from central bank which resultantly took its toll on the economic growth. Gross Domestic Product (GDP) growth as per the preliminary estimates slowed down to 3.3% compared to 5.2% witnessed during the preceding year. All the three major sectors namely Agriculture, Industrial, and Services witnessed a slowdown posting growth of 0.9%, 1.4% and 4.7% respectively. Agricultural growth faltered as growth in major crops receded, evident from the decline in production of Sugarcane, Cotton & Rice which fell by 19.4%, 17.5% and 3.3% respectively. Industrial growth also weakened as large scale manufacturing (LSM) could not bear the brunt of contractionary policies pursued by central bank to achieve macroeconomic stabilization. LSM posted a decline of 3.7% as industries dependent on government spending and imports faced reduced demand. Among the major LSM sectors, Automobiles and Iron & Steel witnessed a demand contraction of 11.7% and 11.2% respectively. Nevertheless, Services sector provided some rescue to the economic growth, thanks to Finance and Insurance (up 5.4% YoY) and Government Services (up 8.0% YoY). Dollar denominated size of GDP stood at USD ~280 billion compared to USD ~315 billion in the last year, witnessing a contraction of 11%.

At the onset of year, Pakistan was plagued by one of the biggest balance of Payment crisis in its history. While it was facing a Current Account Deficit (CAD) north of USD 19 billion and external repayments worth USD 9 billion, the crisis was compounded by the fact that foreign exchange reserves of mere USD ~10 billion were at hand. Timely policy action by the central bank particularly adjusting the currency by 32% during the year helped in arresting the CAD. Real Effective Exchange Rate (REER) dropped from the overvalued territory in June 18 to become undervalued by 10%. Resultantly, the CAD contracted by 32.1% to USD 13.5 billion during the year. While exports growth did not materialize, improvement in CAD was driven from declining imports of Non-oil goods and services (down 11.8% YoY) and improved remittances (up 9.7% YoY). Default on loan obligations was also averted after Pakistan was successful in getting material inflows (USD ~10 billion) from its friendly allies. Although, narrowing current account deficit along with bilateral flows did provide some breathing space to the balance of payment, State Bank of Pakistan's (SBP) foreign reserves still declined by USD 2.5 billion to USD 7.5 billion due to the gravity of external crisis. At last, Pakistan also signed up for an IMF program during the month of May'19, putting all uncertainty to an end on the external front. The staff level agreement of USD 6.2 billion was reached for a period of three years.

The headline inflation as represented by Consumer Price Index (CPI) accelerated to an average of 7.3% in FY19 compared to 3.9% in the last year. Higher utility tariffs particularly a hike in gas prices (up ~64% YoY) and increased petroleum prices (up ~23% YoY) contributed to the rise in inflation. The regulator allowed for adjustments in utility tariffs as government eliminated the subsidies, while petroleum prices were adjusted after PKR depreciated by more than 30% against USD during the year. Similarly, the lagged impact of PKR depreciation resulted in more pronounced inflation in the second half which increased to an average of 8.6%, compared to 6.0% witnessed in the first half of the fiscal year. In order to control inflation and bring stability to the macroeconomic imbalances, the central bank continued its monetary tightening and increased the interest rates by 575 bps during the course of the year.

Fiscal books of the government continued to deteriorate, with the fiscal deficit reaching an unprecedented 8.9% of the GDP. Total revenue declined by 6% during the year, marred by a sharp drop in non-tax revenue of 44% during the period. Surplus profitability from SBP collapsed to nearly zero, after central bank recorded massive exchange losses due to currency devaluation. Tax collection also remained dismal as YoY collection remained flat, owing to tax exemptions announced in the last budget and a weak economy. On the other hand, total expenditures increased by 11%, despite a 25% cut in development spending. The increase in expenditures was propelled by a surge in current expenditures, particularly as

## REPORT OF THE DIRECTOR OF THE PENSION FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2019

---

the debt servicing costs escalated by 40% YoY due to increase in interest rates. Government relied on domestic sources to fund its deficit, as financing from external sources (Multilateral agencies) dried up since IMF program was not available during the most part of the year. Within the domestic channel, the government relied heavily on central bank borrowing as nearly 70% of the borrowing out of PKR 3 trillion was funded through SBP.

On the money market side, the yield curve shifted on upward trajectory after record monetary tightening by the central bank during the fiscal year. SBP cited rising inflation, twin deficits and declining forex reserves as the prime reasons behind the policy decisions. In the first half of fiscal year, concerns over external front along with unadjusted policy decisions kept market participants at bay from longer tenor instruments. However, by the end of the fiscal year as the policy adjustments were fully in place, market participants drew much comfort which resulted in a massive demand for longer tenor bonds. In fact, the yield curve turned inverted as 10 Year PIB's traded at much lower level compared to short term security papers.

During the year, SBP persistently tried to develop the market for floating rate bonds by conducting regular auctions. The central bank accepted a cumulative amount of PKR 714 billion at a credit spread of 70-75 bps over base rate (6M T-bill yield). On the other hand, the government matured PKR 314 billion of Ijara Sukuks causing a dearth of Shariah Compliant avenues. However, to fund the circular debt, SBP introduced Pakistan Energy SUKUK amounting to PKR 200 billion exclusively for Islamic Banks at 80 bps premium over base rate. Nevertheless, liquidity position throughout the period remained comfortable owing to regular OMOs conducted by SBP.

### EQUITIES MARKET OVERVIEW

The KSE-100 index continued its descent and lost ~19.1% during the year. Economic slowdown and a delay in policy actions vitiated the investment atmosphere and resulted in crisis of confidence. Foreign participants reduced their equity exposure for most part of the year amidst uncertainty on external front. Alongside, a weak economic environment and a rise in interest rates resulted in outflow from local equity based mutual funds. Foreigners dumped USD 362 million of equities followed by USD 146 million from mutual funds. The selling was primarily absorbed by Individuals (~USD 166 Mn), Insurance Companies (~USD 150 Mn) and Companies (~USD 111 Mn). Trading volumes remained low during the year averaging around 154 Mn shares representing a decline of ~11.5% YoY.

Amongst the major sectors; Refineries, Oil Marketing Companies, Automobiles and Cements were among the laggards losing ~57%, ~42%, ~33%, and ~32% respectively. While these sectors bore the brunt of economic slowdown, exchange losses and margin compression added fuel to the fire causing a huge slump in their earnings. On the flip side, Commercial banks outperformed the index as they lost only ~12% against market fall of ~19%. Midsized quality banks lead the pack as NIMS expansion brought in a massive growth in earnings.

KSE-100 stood at a forward Price/Earnings (P/E) ratio of 6.4 x at the end of FY19. It started with a P/E of 9.5 x at the start of year. While the earnings growth of index remained robust at 10% during the last year as the index heavy weights benefitted from the macroeconomic theme (higher interest rates and PKR depreciation); the fall in the index is explained by the massive de-rating owing to the weak appetite for risk assets during the year.

### FUND PERFORMANCE

#### *Debt Fund*

The debt sub-fund generated an annualized return of 7.41% during the period under review. The fund's exposure towards T-Bills increased from 19.9% to 29.6% and exposure in PIBs was 0.7% at period end. The Net Assets of the Fund as at June 30, 2019 stood at Rs. 520.53 million as compared to Rs. 590.36 million as at June 30, 2018 registering a decrease of 11.82%.

The Net Asset Value (NAV) per unit as at June 30, 2019 was Rs. 257.43 as compared to opening NAV of Rs. 239.67 per unit as at June 30, 2018 registering an increase of Rs. 17.76 per unit.

## REPORT OF THE DIRECTOR OF THE PENSION FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2019

---

### *Money Market Fund*

The money market sub-fund generated a return of 7.89% during the period. The fund's exposure in T-bills decreased to 8.7% from 29.0% while exposure in cash increased from 42.9% to 55.7%.

The Net Assets of the Fund as at June 30, 2019 stood at Rs. 317.02 million as compared to Rs. 239.70 million as at June 30, 2018 registering an increase of 32.25%.

The Net Asset Value (NAV) per unit as at June 30, 2019 was Rs. 236.74 as compared to opening NAV of Rs. 219.42 per unit as at June 30, 2018 registering an increase of Rs. 17.32 per unit.

### *Equity Fund*

The Equity sub-fund generated a return of -15.54% against the KSE-100 return of -19.11% registering an outperformance of 3.57%. The sub-fund decreased its overall equity exposure from 98.0% to 92.0%. Sector-wise, the sub-fund mainly held exposure in Commercial Banks and Oil & Gas Exploration sector whilst reduced its exposure in Cement Sector.

The Net Assets of the Fund as at June 30, 2019 stood at Rs. 721.45 million as compared to Rs. 742.09 million as at June 30, 2018 registering a decrease of 2.78%.

The Net Asset Value (NAV) per unit as at June 30, 2019 was Rs. 432.30 as compared to opening NAV of Rs. 511.85 per unit as at June 30, 2018 registering a decrease of Rs. 79.55 per unit.

## **FUTURE OUTLOOK**

Policy adjustments by the central bank will result in macroeconomic consolidation thus restricting the economic growth in low single digits. IMF forecasts Pakistan GDP growth to slow down to 2.5% in FY20, in the wake of tightening policies pursued by the government. Industrial growth will remain muted particularly for the import-driven consumption based sectors. However, export driven industrial companies can provide some respite as the government has incentivized the above, while increased power supply also eliminates bottleneck for them.

Balance of Payment worries are over for now as current account deficit has adjusted to reasonable level since the policy actions taken by the central government. The beginning for the year has been very promising as CAD for July'19 shrank to USD ~600 million, compared to USD ~2,000 million seen during the same period of last year. Our forecast at very conservative assumptions is that CAD will settle at 2.7% of GDP. We have assumed crude oil prices at USD 70/BBL, which are currently hovering near USD 60/BBL. After signing up for an IMF program, Pakistan will be able to finance its gross finance requirements by tapping into international avenues. Saudi deferred oil facility will also provide a short term buffer to foreign exchange reserves. We expect foreign exchange reserves to increase to USD ~13 billion (up 1.8x) by the end of the current fiscal year. With PKR aligned to its equilibrium levels (Jun'19 REER at 91) and current account deficit in a sustainable range, PKR should now depreciate nominally based on its historical average.

Inflation is expected to pick up to an average of 11.7% in FY20 compared to 7.3% witnessed during the last year. Multiple reasons are attributed for the surge in inflation. Firstly, the government is aiming to recover the full cost of utilities resulting in the price adjustment of utilities. Secondly, tax exemptions provided to multiple industries have been withdrawn causing a hike in prices. Finally, we have assumed PKR to be north of 170 against USD by the end of fiscal year, while crude oil is assumed at USD 70/BBL which will keep the overall CPI high. Nevertheless, we expect core inflation as represented by Non Food Non Energy (NFNE) to average below 10.0% for the year. We deem that current real interest rate is sufficient to cater for the expected inflation, therefore, in general we do not expect any further increase in interest rates. However, more than expected inflation and any deterioration in fiscal accounts can result in modest tightening in the monetary policy.

On the fiscal side, the government is aiming to limit fiscal deficit at 7.4% of GDP for the year. While the final target for fiscal deficit can evolve, nevertheless, it has to meet the primary condition of IMF for limiting the primary deficit at 0.6% of GDP. For this purpose, FBR is targeting an ambitious tax collection of PKR 5.5 trillion (up 35% YoY). The budget presented in the parliament proposed PKR 600 -700 billion of tax measures, while the remaining amount was kept contingent on FBR efforts and economic growth.



## REPORT OF THE DIRECTOR OF THE PENSION FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2019

---

On the expenditure side, the government is aiming for austerity measures on the current expenditure side, however, it is aiming for an expansionary Public Sector Development Program (PSDP) of PKR 1.7 trillion (up 40% YoY). We believe the tax collection target to be highly optimistic and expect a shortfall of PKR ~300-400 billion. As a result, the axe can fall on the development spending.

In broader terms, we believe, the last two years market performance (down approx. 45% from peak levels) has reflected the concerns on political and economic direction & also reflected in performance of cyclical stocks where correction in stock prices is even sharper. We continue to reiterate our stance that current levels offer very attractive levels for long term investors with very little downside potential. We believe upside in stocks shall unveil only gradually as confidence reigns back and economic policies shape the outlook in the expected manner. Therefore, going forward, stocks offer long term investment opportunity with rewards for patient investors. We continue to track trends in the economic indicators of the country and adjust our portfolio accordingly.

Our overall strategy is still tilted towards defensive sectors (E&P's, Power, Fertilizers) while sector which will benefit from changing dynamics on macro front such as rising interest rates (Commercial Banks) are also overweight. In addition to that, government's strong focus on reviving exports should provide a boost to the outlook of export oriented sectors such as Textiles & IT. Despite being negative on cyclicals, we believe there are distressed assets and quality companies which should be looked into as they have a tendency to provide abnormal returns.

### External Auditors

The fund's external auditors, **Ernst & Young Ford Rhodes Chartered Accountants**, have expressed their willingness to continue as the fund auditors for the ensuing year ending June 30, 2020. The audit committee of the Board has recommended reappointment of **Ernst & Young Ford Rhodes Chartered Accountants** as auditors of the fund for the year ending June 30, 2020.

### ACKNOWLEDGMENT

The Board is thankful to the Fund's valued investors, the Securities and Exchange Commission of Pakistan and the Trustees of the Fund for their continued cooperation and support. The Directors also appreciate the efforts put in by the management team.

On behalf of Directors,



---

**Muhammad Saqib Saleem**  
Chief Executive Officer  
September 13, 2019



بورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2019ء کو ختم ہونے والے سال کے لیے پاکستان پینشن فنڈ کے اکاؤنٹس کا جائزہ پیش خدمت ہے۔

## معیشت اور بازار زر کا مجموعی جائزہ

پاکستان کی معیشت کو مالی سال 2019ء میں داخل ہوتے ہوئے بے شمار چیلنجز و رٹے میں ملے، خاص طور پر ادائیگی کے توازن اور مالیات کی کمزور صورتحال۔ گلاں معاشیات کے غیر متوازن عناصر سے نمٹنے کے لیے مرکزی بینک نے چوتھے پالیسی اقدامات کیے جن کے نتیجے میں معاشی ترقی متاثر ہوئی۔ مجموعی ملکی پیداوار (GDP) کی ترقی ابتدائی تخمینوں کے مطابق سال گزشتہ (5.2 فیصد) کے مقابلے میں کم ہو کر 3.3 فیصد رہ گئی۔ تینوں بڑے شعبہ جات یعنی زراعت، صنعت اور سروسز سٹ روی کا شکار ہوئے اور ان کی ترقی کی شرح بالترتیب 0.9 فیصد، 1.4 فیصد اور 4.7 فیصد رہی۔ اہم فصلوں کی نمو میں گراوٹ کے سبب زرعی ترقی بھی پسماندگی کا شکار ہوئی جس کا اظہار گئے، کپاس اور چاول کی پیداوار میں بالترتیب 19.4 فیصد، 17.5 فیصد اور 3.3 فیصد کمی سے ہوتا ہے۔ صنعتی ترقی بھی کمزوری کا شکار ہوئی کیونکہ بڑے پیمانے کی پیداوار (LSM) مرکزی بینک کی گلاں معاشیاتی استحکام کے حصول کے لیے اختیار کردہ کانٹریکشنری (حکومتی خرچ یا مالیاتی توسیع کی شرح میں کمی پر مبنی) پالیسیوں کا نمایاں برداشت نہیں کر سکی۔ LSM میں 3.7 فیصد کمی ہوئی کیونکہ حکومتی خرچ اور درآمدات پر انحصار کرنے والی صنعتوں کو مانگ میں کمی کا سامنا ہوا۔ LSM کے اہم شعبہ جات میں گاڑیوں کے شعبے میں 11.7 فیصد اور لوہے اور اسٹیل کے شعبے میں 11.2 فیصد مانگ کا تضاد ہوا۔ تاہم سروسز کے شعبے نے معاشی ترقی کو کچھ حد تک ڈھال فراہم کی جس کا سہرہ فائننس اینڈ انشورنس (5.4 فیصد YoY ترقی) اور حکومتی سروسز (8.0 فیصد YoY ترقی) کے سر جاتا ہے۔ GDP کا ڈالر کے اعتبار سے حجم 280 بلین ڈالر تھا جو سال گزشتہ (315 بلین ڈالر) کے مقابلے میں 11 فیصد تضاد ہے۔

سال کے آغاز پر ہی پاکستان اپنی تاریخ کے سب سے بڑے ادائیگی کے توازن کے بحران کا شکار ہوا۔ اگرچہ اسے 19 بلین ڈالر کرنٹ اکاؤنٹ خسارے (CAD) اور 9 بلین ڈالر خارجی ادائیگی نو کا سامنا تھا لیکن یہ بحران شدت اختیار کر گیا کیونکہ غیر ملکی زرمبادلہ کے ذخائر صرف 10 بلین ڈالر رہ گئے تھے۔ مرکزی بینک کے بروقت پالیسی اقدام، خاص طور پر دوران سال روپے میں 32 فیصد ترمیم سے CAD پر قابو پانے میں مدد ملی۔ حقیقی مؤثر شرح مبادلہ (REER) جون 2018ء کے اصل سے زائد قدر کی سطح سے نیچے آئی اور اصل سے 10 فیصد کم قدر کی حامل ہو گئی۔ نتیجتاً CAD دوران سال 32.1 فیصد سکڑ کر 13.5 بلین ڈالر ہو گیا۔ اگرچہ برآمدات میں ترقی نہیں ہو سکی لیکن CAD میں بہتری کے اسباب تیل کے علاوہ والی اشیاء اور سروسز کی درآمدات میں 11.8 فیصد YoY (یہاں اور بیرونی) کمی اور ترسیلات زر میں 9.7 فیصد YoY اضافہ ہے۔ پاکستان کے دوستانہ حلیفوں سے مادی درآمدات زر (10 بلین ڈالر) حاصل کرنے میں کامیابی کے بعد ادائیگی قرض میں کوتاہی بھی ٹل گئی۔ اگرچہ CAD میں کمی کے ساتھ ساتھ رقوم کی دوطرفہ آمد و رفت سے ادائیگی کے توازن کا کچھ سانس بحال ہوا لیکن خارجی بحران کی شدت کے باعث اسٹیٹ بینک آف پاکستان (SBP) کے غیر ملکی زرمبادلہ کے ذخائر 2.5 بلین ڈالر کم ہو کر 7.5 بلین ڈالر رہ گئے۔ علاوہ ازیں، ماہ مئی 2019ء کے دوران پاکستان نے بالآخر آئی ایم ایف پروگرام پر دستخط کر دیئے جس سے خارجی میدان میں تمام غیر یقینیوں کا خاتمہ ہو گیا۔ 6.2 بلین ڈالر کا اسٹاف لیول معاہدہ تین برسوں کی مدت کے لیے عمل میں آیا۔

مالی سال 2019ء میں صارفی قیمت کے انڈیکس (CPI) کے مطابق افراط زر مزید تیز رفتار ہو کر 7.3 فیصد کے اوسط تک پہنچ گئی جبکہ گزشتہ سال یہ اوسط 3.9 فیصد تھا۔ افراط زر میں اضافے میں یوٹیلٹی کے بلند تر نرخ، خاص طور پر گیس کی قیمتوں میں (64 فیصد YoY) اضافہ اور پٹرول کی قیمتوں میں (23 فیصد YoY) اضافہ سرگرم عمل ہیں۔ سبسڈیز کے خاتمے کے حکومتی اقدام سے یوٹیلٹی کے نرخ میں ترمیم کا موقع ملا، جبکہ پٹرول کی قیمتوں میں ترمیم

## ڈائریکٹر رپورٹ

دوران سال روپے کی قدر ڈالر کے مقابلے میں 30 سے زائد فیصد گر جانے کے بعد کی گئی۔ اسی طرح، روپے کی قدر میں کمی کے سبب رفتار اثر کے نتیجے میں افراط زر مالی سال کے نصف ثانی میں شدید تر ہو کر 8.6 فیصد اوسط تک پہنچ گئی جبکہ نصف اول میں 0.6 فیصد تھی۔ افراط زر پر قابو پانے اور کٹاں معاشیاتی غیر متوازن عناصر میں استحکام پیدا کرنے کے لیے مرکزی بینک نے مالیاتی سختی کا عمل جاری رکھتے ہوئے انٹریسٹ کی شرحوں میں دوران سال 575 بیسیس پوائنٹس (bps) کا اضافہ کیا۔

حکومت کے مالیاتی اعداد میں پسماندگی کا سلسلہ جاری رہا اور مالیاتی خسارہ GDP کے 8.9 فیصد تک پہنچ گیا جس کی نظیر نہیں ملتی۔ کل آمدنی میں دوران سال 6 فیصد کمی ہوئی جس کا سبب غیر ٹیکس آمدنی میں دوران مدت 44 فیصد سنگین گراؤ ہے۔ روپے کی قدر میں کمی کے باعث مرکزی بینک کو زرمبادلہ کے خطرے خسارہ جات کا سامنا ہوا اور SBP سے اضافی منافع کے گنجائش تقریباً صفر ہو گئی۔ ٹیکس وصولی بھی مایوس کن رہی کیونکہ گزشتہ بجٹ میں اعلان کردہ ٹیکس استثنائات اور مجموعی طور پر کمزور معیشت کے باعث YoY وصولی میں کوئی اضافہ نہیں ہوا۔ دوسری جانب ترقیاتی خرچ میں 25 فیصد کمی کرنے کے باوجود کل اخراجات میں 11 فیصد اضافہ ہوا۔ اخراجات کے اضافے کو کرنٹ اخراجات میں اضافے نے مزید ہوا دی جس کا اہم سبب انٹریسٹ کی شرحوں میں اضافے کے سبب ادائیگی قرض میں 40 فیصد YoY اضافہ ہے۔ حکومت نے اپنے خسارے کی تلافی کے لیے مقامی ذرائع پر انحصار کیا کیونکہ سال کے اکثر حصے کے دوران آئی ایم ایف پروگرام کی عدم دستیابی کے باعث خارجی ذرائع (کثیر الجہتی ایجنسیاں) غیر مفید ہو گئے تھے۔ مقامی ذرائع میں حکومت نے سب سے زیادہ انحصار سینٹرل بینک پر کیا کیونکہ 3 ٹریلین روپے قرض میں سے تقریباً 70 فیصد کا انتظام SBP کے ذریعے کیا گیا۔

دوران مالی سال مرکزی بینک کی طرف سے تاحال سب سے زیادہ مالیاتی سختی کے باعث بازار زر کا پیداواری خم بلندی کی طرف مائل ہوا۔ SBP نے بڑھتی ہوئی افراط زر، جڑواں خساروں اور زرمبادلہ کے گھٹتے ہوئے ذخائر کو پالیسی سے متعلق فیصلوں کے عوامل قرار دیا۔ مالی سال کے نصف اول میں خارجی میدان کے ساتھ ساتھ پالیسی کے غیر ترمیم شدہ فیصلوں سے متعلق خدشات نے مارکیٹ کے شرکاء کو طویل تر میعاد کے انسٹرومنٹس سے دور رکھا۔ تاہم مالی سال کے اختتام کے قریب جب پالیسی کی ترمیمات پوری طرح نافذ ہو گئیں تب مارکیٹ کے شرکاء نے سکون کا سانس لیا جس کے نتیجے میں طویل تر میعاد کے بانڈز کی خطرے مانگ پیدا ہو گئی۔ حتیٰ کہ دس سالہ پاکستان انویسٹمنٹ بانڈز کی تجارت مختصر مدت کے سیکیورٹی پیپرز کے مقابلے میں کافی پست سطح پر ہونے کے سبب پیداواری خم اوندھا ہو گیا۔

دوران سال SBP نے باقاعدہ نیلامیوں کا انعقاد کر کے فلوئنگ ریٹ بانڈز کے لیے مارکیٹ کی ترقی کی مسلسل کوشش کی۔ مرکزی بینک نے base ریٹ (6M ٹریژری بلز پیداوار) کے اوپر 70 سے 75 bps کریڈٹ اسپریڈ پر 714 بلین روپے کی مجموعی رقم قبول کی۔ دوسری جانب حکومت نے 314 بلین روپے کے اجارہ سکک میچور کیے جس کے سبب شریعت کی تعمیل پر مبنی مواقع کی کمی ہو گئی۔ تاہم گردش قرضے کے لیے رقم کی فراہمی کے لیے SBP نے خاص طور پر اسلاک بینکوں کے لیے base ریٹ کے اوپر 80 bps پر 200 بلین روپے کے پاکستان انرجی سکک متعارف کرائے۔ علاوہ ازیں، SBP کی طرف سے باقاعدہ OMOs کے انعقاد کی بدولت پوری مدت کے دوران نقدیت کی صورتحال تسلی بخش رہی۔

## ایکویٹیز مارکیٹ کا مجموعی جائزہ

کراچی اسٹاک ایکسچینج (KSE) -100 انڈیکس میں تنازلی کا سلسلہ جاری رہا اور یہ 19.1 فیصد کم ہو گیا۔ معاشی سُست روی اور پالیسی اقدامات میں تاخیر سے سرمایہ کاری کا ماحول متاثر ہوا جس کے نتیجے میں اعتماد کا بحران پیدا ہو گیا۔ خارجی میدان میں غیر یقینی صورتحال کے باعث غیر ملکی فریقوں نے سال کے اکثر حصے کے دوران ایکویٹی میں سرمایہ کاری کو کم کر دیا۔ ساتھ ساتھ کمزور معاشی ماحول اور انٹریسٹ کی شرحوں میں اضافے کے نتیجے میں ایکویٹی پر بنی مقامی فنڈز سے بھی رقم نکالی گئی۔ غیر ملکیوں نے 362 ملین ڈالر کی ایکویٹی فروخت کر دی جس کے بعد 146 ملین ڈالر کے میوچل فنڈز کا بھی یہی حال ہوا۔ اس فروخت کو جذب کرنے والے بنیادی طور پر افراد (166 ملین ڈالر)، انشورنس کمپنیاں (150 ملین ڈالر) اور کمپنیاں (111 ملین ڈالر) تھے۔ تجارتی حجم دوران سال پست رہے جن کا اوسط تقریباً 154 ملین شیئرز تھا جو 11.5 فیصد YoY کمی ہے۔

اہم شعبوں میں ریٹائرمنٹ، آئل مارکیٹنگ کمپنیاں، آٹوموبیل اور سیمنٹ کے شعبے سُست روی کا شکار رہے اور ان میں پالترتیب 57 فیصد، 42 فیصد، 33 فیصد اور 32 فیصد تنازلی ہوئی۔ یہ شعبے پہلے ہی معاشی سُست روی کا خمیازہ بھگت رہے تھے، اور زرمبادلہ کے خساروں اور مارجن کمپریشن نے آگ میں ایندھن شامل کرتے ہوئے ان شعبوں کی آمدنیوں کو بُری طرح گرا دیا۔ دوسری جانب کمرشل بینکوں کی کارکردگی انڈیکس پر سبقت لے گئی اور ان کا خسارہ صرف 12 فیصد تھا جبکہ مارکیٹ کا خسارہ 19 فیصد تھا۔ درمیانے حجم کے بینک صفِ اول میں تھے کیونکہ NIMS کی توسیع سے آمدنیوں میں خطیر ترقی ہوئی۔

مالی سال 2019ء کے اختتام پر KSE-100 کا فارورڈ پرائس / ارننگز (P/E) ریٹو (یعنی قیمتوں اور آمدنیوں کا تناسب)  $6.4 \times$  تھا، جبکہ سال کے آغاز میں یہ  $9.5 \times$  تھا۔ اگرچہ آمدنیوں کے اعتبار سے انڈیکس کی ترقی سال گزشتہ کے دوران 10 فیصد کی بھرپور سطح پر رہی کیونکہ انڈیکس کے بڑے ادروں کو گاماں معاشیاتی عوامل (انٹریسٹ کی بلند شرحوں اور روپے کی قدر میں کمی) سے فائدہ ہوا۔ انڈیکس میں گراوٹ کی وضاحت دوران سال خطروں کے حامل اثاثہ جات میں دلچسپی کی کمی کے باعث خطیر ڈی-ریٹنگ سے ہوتی ہے۔

## فنڈ کی کارکردگی

### Debt فنڈ

زیر جائزہ مدت کے دوران Debt فنڈ کا ایک سال پر محیط منافع 7.41 فیصد تھا۔ فنڈ کی ٹریڈری بلز (T-Bills) میں شمولیت 19.9 فیصد سے بڑھ کر 29.6 فیصد ہو گئی۔ پاکستان انویسٹمنٹ بانڈز (PIBs) میں شمولیت اختتام مدت پر 0.7 فیصد تھی۔ 30 جون 2019ء کو فنڈ کے net اثاثہ جات 520.23 ملین روپے تھے جو 30 جون 2018ء (590.36 ملین روپے) کے مقابلے میں 11.82 فیصد کمی ہے۔

30 جون 2019ء کو net اثاثہ جاتی قدر (NAV) فی یونٹ 257.43 روپے تھی جو 30 جون 2018ء کی ابتدائی NAV (239.67 روپے فی یونٹ) کے مقابلے میں 17.76 روپے فی یونٹ کمی ہے۔

## ڈائریکٹر رپورٹ

### منی مارکیٹ فنڈ

زیر جائزہ مدت کے دوران منی مارکیٹ ذیلی فنڈ کا منافع 7.89 فیصد تھا۔ فنڈ کی ٹریڈری بلز (T-Bills) میں شمولیت 29.0 فیصد سے کم ہو کر 8.7 فیصد ہو گئی جبکہ نقد میں شمولیت 42.9 فیصد سے بڑھ کر 55.7 فیصد ہو گئی۔

30 جون 2019 کو فنڈ کے net اثاثہ جات 317.02 ملین روپے تھے جو 30 جون 2018ء (239.70 ملین روپے) کے مقابلے میں 32.25 فیصد اضافہ ہے۔

30 جون 2019ء کو net اثاثہ جاتی قدر (NAV) فی یونٹ 236.74 روپے تھی جو 30 جون 2018ء کی ابتدائی NAV (219.42 روپے فی یونٹ) کے مقابلے میں 17.32 روپے فی یونٹ اضافہ ہے۔

### ایکویٹی فنڈ

زیر جائزہ مدت کے دوران ایکویٹی ذیلی فنڈ کا منافع 15.54 فیصد تھا جو کراچی اسٹاک ایکسچینج KSE-100 کے 19.11 فیصد منافع کے مقابلے میں 3.57 فیصد بہتر کارکردگی ہے۔ فنڈ کی ایکویٹی میں مجموعی شمولیت کو 98.0 فیصد سے کم کر کے 92.0 فیصد کر دیا گیا۔ شعبہ جاتی اعتبار سے ایکویٹی ذیلی فنڈ کی زیادہ تر شمولیت کمرشل بینکوں اور تیل اور گیس کی دریافت کے شعبے میں رہی، جبکہ سیمنٹ کے شعبے میں شمولیت کو کم کیا گیا۔

30 جون 2019ء کو فنڈ کے net اثاثہ جات 721.45 ملین روپے تھے جو 30 جون 2018ء (742.09 ملین روپے) کے مقابلے میں 2.78 فیصد کمی ہے۔

30 جون 2019ء کو net اثاثہ جاتی قدر (NAV) فی یونٹ 432.30 روپے تھی جو 30 جون 2018ء کی ابتدائی NAV (511.85 روپے فی یونٹ) کے مقابلے میں 79.55 روپے فی یونٹ کمی ہے۔

### مستقبل کا منظر

مرکزی بینک کی طرف سے پالیسی میں ترمیمات کے نتیجے میں گلاں معاشیاتی یکجائی عمل میں آئے گی، چنانچہ معاشی ترقی چھوٹے اعداد تک محدود رہے گی۔ حکومت کی اختیار کردہ سختی پر مبنی پالیسیوں کے پیش نظر آئی ایم ایف نے مالی سال 2020ء میں پاکستان کی GDP کی ترقی میں 2.5 فیصد سست روی کی پیش گوئی کی ہے۔ صنعتی ترقی، خاص طور پر درآمدات سے چلنے والے صرف پر مبنی شعبہ جات میں ترقی جمود کا شکار رہے گی۔ تاہم برآمدات سے چلنے والی صنعتی کمپنیوں سے کچھ مہلت ملے گی کیونکہ حکومت نے ان میں ترغیبات متعارف کرائی ہیں، اور توانائی کی فراہمی میں اضافے کی بدولت ان کی رکاوٹیں بھی دور ہوتی ہیں۔

ادائیگی کی توازن کی پریشانیوں فی الوقت ختم ہو گئی ہیں کیونکہ مرکزی حکومت کی طرف سے پالیسی اقدامات کے بعد CAD ترمیم سے گزر کر معقول سطح تک آ گیا ہے۔ سال کا آغاز بہت حوصلہ افزا رہا کیونکہ جولائی 2019ء کا CAD سال گزشتہ کی مماثل مدت کے CAD (2,000 ملین ڈالر) کے مقابلے میں سکڑ کر 600 ملین ڈالر رہ گیا تھا۔ ہمارے بہت محتاط مفروضوں پر مبنی پیش گوئی ہے کہ CAD کی سطح GDP کے 2.7 فیصد تک پہنچ کر رک جائے گی۔ ہم نے خام تیل کی قیمتیں 70 ڈالر فی BBL کی سطح پر فرض کی ہیں جو موجودہ طور پر 60 ڈالر فی BBL کے آس پاس ہے۔ ایک آئی ایم ایف پروگرام پر دستخط کرنے کے بعد پاکستان بین الاقوامی مواقع کو استعمال کر کے اپنی مجموعی مالیات کے لیے رقم فراہم کر سکے گا۔ سعودی عرب کی طرف سے تیل

## ڈائریکٹر رپورٹ

کی ملتی شدہ سہولت بھی غیر ملکی زرمبادلہ کے ذخائر کو مختصر المیعاد مطلوبہ توقف فراہم کرے گی۔ ہمیں توقع ہے کہ موجودہ مالی سال کے اختتام تک غیر ملکی زرمبادلہ کے ذخائر بڑھ کر 13 بلین ڈالر تک پہنچ جائیں گے (1.8 ضربے زیادہ)۔ روپے کے توازن کی سطحوں (جون 2019ء REER: 91) تک ہم آہنگ ہونے اور CAD کے پائیدار حد میں ہونے کی وجہ سے روپے کی قدر میں اس کے ماضی کے اوسط کی بنیاد پر اب معمولی کمی ہونی چاہیے۔

مالی سال 2020ء میں افراط زر کا اوسط متوقع طور پر 11.7 فیصد بڑھے گا جو سال گزشتہ کے دوران 7.3 فیصد تھا۔ افراط زر میں اس اضافے کے متعدد عوامل ہیں۔ اول، حکومت یوٹیلیٹی کی پوری لاگت وصول کرنے کا ارادہ کر رہی ہے جس کے نتیجے میں یوٹیلیٹی کی قیمت میں ترمیمات ہوں گی۔ دوم، متعدد صنعتوں کو فراہم کردہ ٹیکس استثناءات واپس لے لی گئی ہیں جس کے نتیجے میں قیمتوں میں اضافہ ہوا ہے۔ آخری یہ کہ ہم نے مالی سال کے اختتام تک 1 ڈالر کو 170 روپے کے برابر فرض کیا ہے جبکہ خام تیل کو 70 ڈالر فی BBL فرض کیا ہے جس سے مجموعی صارفی قیمت کا انڈیکس (CPI) بلند سطح پر رہے گا۔

علاوہ ازیں، ہمیں اُمید ہے کہ اشیائے خورد و نوش اور توانائی کے علاوہ والے شعبوں (NFNE) سے ظاہر ہونے والی بنیادی افراط زر کا اوسط زیر بحث سال کے لیے 10.0 فیصد ہوگا۔ ہم سمجھتے ہیں کہ انٹریسٹ کی موجودہ حقیقی شرح متوقع افراط زر کی ضرورت پوری کرنے کے لیے کافی ہوگی، چنانچہ، عمومی طور پر انٹریسٹ کی شرحوں میں مزید اضافہ متوقع نہیں ہے۔ تاہم توقع سے زیادہ افراط زر یا مالیاتی گوشواروں میں کسی تنزلی کے نتیجے میں مانیٹری پالیسی میں معمولی سختی عمل میں آسکتی ہے۔

مالیاتی جہت میں حکومت مالیاتی خسارے کو GDP کے 7.4 فیصد تک محدود کرنے کا ارادہ کر رہی ہے۔ اگرچہ مالیاتی خسارے کے حتمی ہدف میں ارتقاء ہو سکتا ہے لیکن حکومت کو بنیادی خسارے کو GDP کے 0.6 فیصد پر محدود کرنے کی آئی ایم ایف کی بنیادی شرط کو پورا کرنا ہے۔ اس مقصد کے لیے فیڈرل بورڈ آف ریونیو (FBR) 5.5 ٹریلین روپے (35 فیصد YoY زیادہ) ٹیکس وصولی کا عزم بلند کیے ہوئے ہے۔ پارلیمنٹ میں پیش کردی بجٹ میں 600 سے 700 بلین روپے کے ٹیکس اقدامات کی تجویز دی گئی ہے جبکہ باقی رقم FBR کی کوششوں اور معاشی ترقی پر منحصر رکھی گئی ہے۔ اخراجات کی جہت میں حکومت کرنٹ اخراجات میں سادگی کے اقدامات کا عزم کر رہی ہے تاہم 7.1 ٹریلین روپے (40 فیصد YoY زیادہ) کے ایکسپینڈیچر (یعنی معاشی توسیع پر مبنی) پبلک سیکٹر ڈولپمنٹ پروگرام (PSDP) کا منصوبہ بنا رہی ہے۔ ہم ٹیکس وصولی کی ہدف کو بے حد مثبت خیالی پر مبنی سمجھتے ہوئے 300 سے 400 بلین روپے کی کمی کی توقع کر رہے ہیں جس کے نتیجے میں ترقیاتی خرچ پر ضرب پڑے گی۔

وسیع تر تناظر میں ہم سمجھتے ہیں کہ گزشتہ دو سال مارکیٹ کی کارکردگی سے (بلند ترین سطحوں سے تقریباً 45 فیصد تنزلی) اور سائیکلیکل اسٹاکس کی کارکردگی سے، جہاں اسٹاک کی قیمتوں میں اصلاح تیز تر ہوتی ہے، سیاسی اور معاشی سمت پر خدشات کی عکاسی ہوتی ہے۔ ہم اپنے موقف میں اعادہ جاری رکھتے ہیں کہ موجودہ سطحیں ایسے طویل المیعاد سرمایہ کاروں کے لیے بہت پُرکشش سطحیں پیش کرتے ہیں جن کے ناکام ہونے کا امکان بہت کم ہوتا ہے۔ ہم سمجھتے ہیں کہ اسٹاکس میں ترقی بتدریج ہی منظر عام پر آئے گی جب اعتماد بحال ہوگا اور معاشی پالیسیاں مستقبل کی متوقع تصویر کشی کریں گی۔ چنانچہ آگے بڑھتے ہوئے ہم دیکھتے ہیں کہ اسٹاکس ایسے سرمایہ کاروں کے لیے جن کو جلدی نہیں ہے، طویل المیعاد سرمایہ کاری کا موقع بمع منافع جات پیش کرتے ہیں۔ ہم نے ملک کے معاشی اشاروں کے رجحانات پتہ کر کے اس حساب سے اپنے پورٹ فولیو میں ترمیم کا سلسلہ جاری رکھا ہوا ہے۔

مجموعی حکمت عملی اب بھی دفاعی شعبوں (ایکسپلوریشن اینڈ پروڈکشن، پاور، فریٹلائزر) کی طرف جھکی ہوئی ہے جبکہ گلاں معاشیاتی میدان میں تبدیل ہوتے ہوئے عوامل مثلاً انٹریسٹ کی بڑھتی ہوئی شرحوں سے مستفید ہونے والا سیکٹر (کمرشل بینک) بھی overweight ہے۔ علاوہ ازیں، برآمدات کو بحال کرنے پر حکومت کی بھرپور توجہ کی بدولت برآمدات پر مبنی شعبوں مثلاً ٹیکسٹائلز اور انفارمیشن ٹیکنالوجی کے مستقبل کے امکانات روشن تر ہو جائیں گے۔ سائیکلیکل اسٹاکس میں منفی کارکردگی کے باوجود ہم سمجھتے ہیں کہ ایسے distressed اثاثہ جات اور کوالٹی کمپنیاں موجود ہیں جن پر توجہ دی جانی چاہیے کیونکہ وہ غیر معمولی منافع فراہم کرنے کی استعداد کے حامل ہیں۔

## ڈائریکٹرز رپورٹ

### خارجی آڈیٹرز

فنڈ کے خارجی آڈیٹرز ارنسٹ اینڈ ینگ فورڈ رھوڈز چارٹرڈ اکاؤنٹنٹس نے 30 جون 2020ء کو ختم ہونے والے اگلے سال کے لئے فنڈ کے آڈیٹرز کے طور پر کام جاری رکھنے پر رضامندی ظاہر کی ہے۔ بورڈ کی آڈٹ کمیٹی نے 30 جون 2020ء کو ختم ہونے والے سال کے لئے فنڈ کے آڈیٹرز کے طور پر ارنسٹ اینڈ ینگ فورڈ رھوڈز چارٹرڈ اکاؤنٹنٹس کی دوبارہ تقرری کی سفارش کی ہے۔

### اظہار تشکر

بورڈ آف ڈائریکٹرز فنڈ کے گراں قدر سرمایہ کاروں، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور فنڈ کے ٹرسٹیز کی مسلسل معاونت اور پشت پناہی کے لئے شکر گزار ہے۔ علاوہ ازیں، ڈائریکٹرز مینجمنٹ ٹیم کی کوششوں کو بھی خراج تحسین پیش کرتے ہیں۔

من جانب ڈائریکٹرز،

محمد ثاقب سلیم  
چیف ایگزیکٹو آفیسر  
13 ستمبر 2019ء



## REPORT OF THE PENSION FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2019

---

### Fund Type and Category

Pakistan Pension Fund (PPF) is an open-end Voluntary Pension Scheme

### Investment Strategy

PPF is a flexible savings cum investment plan under the voluntary pension system which facilitates all individuals who are Pakistani nationals, to save for their retirement in a systematic way, and allows special tax rebate on the contributions under this system. The investors have a choice between the various allocation schemes that PPF offers, each of which is invested in different Proportions in the three sub-Funds: Equity, Debt and Money Market. Equity Sub-Fund invests up to 96% of its assets in equity securities. Sector/stock selection is done on the basis of fundamental outlook and DCF valuation. Debt sub-fund Invests in Govt. Bonds of duration of less than 5 years. Money Market sub- Fund invests in short dated money market instruments including treasury bills.

### Manager's Review

#### Equity Sub-Fund

The Equity sub-fund generated a return of -15.54% against the KSE-100 return of -19.11% registering an outperformance of 3.57%. The sub-fund decreased its overall equity exposure from 98.0% to 92.0%. Sector-wise, the sub-fund mainly held exposure in Commercial Banks and Oil & Gas Exploration sector whilst reduced its exposure in Cement Sector.

The Net Assets of the Fund as at June 30, 2019 stood at Rs. 721.45 million as compared to Rs. 742.09 million as at June 30, 2018 registering a decrease of 2.78%.

The Net Asset Value (NAV) per unit as at June 30, 2019 was Rs. 432.30 as compared to opening NAV of Rs. 511.85 per unit as at June 30, 2018 registering a decrease of Rs. 79.55 per unit.

#### Money Market Sub- Fund

The money market sub-fund generated a return of 7.89% during the period. The fund's exposure in T-bills decreased to 8.7% from 29.0% while exposure in cash increased from 42.9% to 55.7%.

The Net Assets of the Fund as at June 30, 2019 stood at Rs. 317.02 million as compared to Rs. 239.70 million as at June 30, 2018 registering an increase of 32.25%.

The Net Asset Value (NAV) per unit as at June 30, 2019 was Rs. 236.74 as compared to opening NAV of Rs. 219.42 per unit as at June 30, 2018 registering an increase of Rs. 17.32 per unit.

#### Debt Sub-Fund

The debt sub-fund generated an annualized return of 7.41% during the period under review. The fund's exposure towards T-Bills increased from 19.9% to 29.6% and exposure in PIBs was 0.7% at period end.

The Net Assets of the Fund as at June 30, 2019 stood at Rs. 520.53 million as compared to Rs. 590.36 million as at June 30, 2018 registering a decrease of 11.82%.



## REPORT OF THE PENSION FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2019

The Net Asset Value (NAV) per unit as at June 30, 2019 was Rs. 257.43 as compared to opening NAV of Rs. 239.67 per unit as at June 30, 2018 registering an increase of Rs. 17.76 per unit.

### Asset Allocation (Equity Sub-fund) as of June 30, 2019 (% of Total Assets)

Particulars	Jun-19
Other equity sectors	23.4%
Oil & Gas Exploration Companies	20.0%
Power Generation & Distribution	7.4%
Fertilizer	13.9%
Commercial Banks	23.1%
Others including receivables	0.8%
Cash	7.2%
Textile Composite	4.2%

### Asset Allocation (MM Sub-fund) as of June 30, 2019 (% of Total Assets)

Particulars	Jun-19
Others including receivables	0.6%
Cash	55.7%
T-Bills	8.7%
Commercial Paper	2.9%
Term Deposit Receipts	32.1%

### Asset Allocation (Debt Sub-fund) as of June 30, 2019 (% of Total Assets)

Particulars	Jun-19
PIBs	0.7%
T-Bills	29.6%
Others including receivables	0.9%
Commercial Paper	5.2%
Cash	50.4%
TFCs	13.2%
TDRs	0.0%

Syed Abid Ali  
Fund Manager

## TRUSTEE REPORT TO THE PARTICIPANTS

---

### CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

#### Head Office

CDC House, 99-B, Block 'B'  
S.M.C.H.S. Main Shahr-e-Faisal  
Karachi - 74400, Pakistan.  
Tel: (92-21) 111-111-500  
Fax: (92-21) 34326021 - 23  
URL: [www.cdcPakistan.com](http://www.cdcPakistan.com)  
Email: [info@cdcpak.com](mailto:info@cdcpak.com)



## TRUSTEE REPORT TO THE PARTICIPANTS

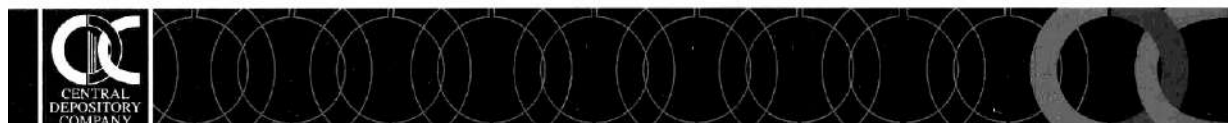
### PAKISTAN PENSION FUND

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

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

**Badiuddin Akber**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi: September 18, 2019



# INDEPENDENT AUDITOR'S REPORT TO THE PARTICIPANTS



EY Ford Rhodes  
Chartered Accountants  
Progressive Plaza, Beaumont Road  
P.O. Box 15541, Karachi 75530  
Pakistan

UAN: +9221 111 11 39 37 (EYFR)  
Tel: +9221 3565 0007-11  
Fax: +9221 3568 1965  
ey.khi@pk.ey.com  
ey.com/pk

## AUDITORS' REPORT TO THE PARTICIPANTS OF PAKISTAN PENSION FUND

We have audited the annexed financial statements comprising:

- i) statement of assets and liabilities;
- ii) income statement;
- iii) statement of comprehensive income;
- iv) statement of cash flows; and
- v) statement of movement in participants' sub-funds.

of **Pakistan Pension Fund** (the Fund) as at **30 June 2019** and for the year ended **30 June 2019** together with the notes forming part thereof for the year then ended.

It is the responsibility of the Pension Fund Manager to establish and maintain a system of internal control and prepare and present the financial statements of the Fund in conformity with the accounting and reporting standards as applicable in Pakistan and the requirements of Voluntary Pension System Rules, 2005. Our responsibility is to express an opinion on these statements based on our audit.

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

### *Opinion*

In our opinion:

- a) the financial statements prepared for the year have been properly drawn in accordance with the relevant provisions of the trust deed and the Voluntary Pension System Rules, 2005 including the guidelines thereunder;
- b) a true and fair view is given of the disposition of the Fund as at 30 June 2019 and of the transactions of the fund for the year ended 30 June 2019;
- c) the allocation and reallocation of units of the sub-funds for all the participants have been made according to the Voluntary Pension System Rules, 2005;
- d) the cost and expenses debited to the Fund and apportionment of expenses between sub-funds are as specified in the constitutive documents of the Fund;
- e) proper books and records have been kept by the Fund or the financial statements prepared are in agreement with the Fund's books and records, that fact;
- f) we were able to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purpose of the audit; and
- g) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

ۛۛۛ

## INDEPENDENT AUDITOR'S REPORT TO THE PARTICIPANTS

---



-: 2 :-

### Other matter

The financial statements of the Fund for the year ended 30 June 2018, were audited by another auditor who expressed an unmodified opinion on those financial statements on 14 September 2018.

Chartered Accountants

Audit Engagement Partner: Shaikh Ahmed Salman

Date: 24 September 2019

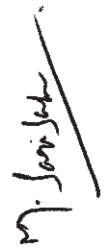
Karachi

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

Note	June 30, 2019				June 30, 2018			
	Equity	Debt	Money	Total	Equity	Debt	Money	Total
	Sub-Fund	Sub-Fund	Market Sub-Fund		Sub-Fund	Sub-Fund	Market Sub-Fund	
(Rupees)								
<b>Assets</b>								
5	52,881,100	377,221,015	188,773,157	618,875,272	10,995,483	446,504,324	146,108,625	603,608,432
6	670,488,179	364,399,369	148,355,108	1,183,242,656	735,806,799	292,056,118	98,947,135	1,126,810,052
	2,875,842	-	-	2,875,842	526,244	-	-	526,244
7	208,311	5,437,320	1,784,869	7,430,500	176,758	4,699,779	573,761	5,450,298
	-	-	-	-	-	-	94,964,090	94,964,090
8	3,014,069	925,429	261,207	4,200,705	3,010,889	899,265	151,741	4,061,895
<b>Total assets</b>	<b>729,467,501</b>	<b>747,983,133</b>	<b>339,174,341</b>	<b>1,816,624,975</b>	<b>750,516,173</b>	<b>744,159,486</b>	<b>340,745,352</b>	<b>1,835,421,011</b>
<b>Liabilities</b>								
9	1,020,422	719,281	426,594	2,166,297	1,099,420	780,304	284,314	2,164,038
10	90,232	63,552	37,660	191,444	97,073	68,944	25,087	191,104
11	259,714	182,448	78,310	520,472	244,780	177,437	59,915	482,132
	-	221,595,525	19,697,380	241,292,905	-	148,409,850	98,939,900	247,349,750
12	6,643,516	4,892,701	1,917,980	13,454,197	6,984,501	4,365,821	1,733,206	13,083,528
<b>Total liabilities</b>	<b>8,013,884</b>	<b>227,453,507</b>	<b>22,157,924</b>	<b>257,625,315</b>	<b>8,425,774</b>	<b>153,802,366</b>	<b>101,042,422</b>	<b>263,270,552</b>
<b>Net assets</b>								
	<b>721,453,617</b>	<b>520,529,626</b>	<b>317,016,417</b>	<b>1,558,999,660</b>	<b>742,090,399</b>	<b>590,357,130</b>	<b>239,702,930</b>	<b>1,572,150,459</b>
Participants' sub funds (as per Statement of Movement in Participants' sub funds)								
	<b>721,453,617</b>	<b>520,529,626</b>	<b>317,016,417</b>		<b>742,090,399</b>	<b>590,357,130</b>	<b>239,702,930</b>	
(Number of units)								
	<b>1,668,870</b>	<b>2,022,000</b>	<b>1,339,095</b>		<b>1,449,822</b>	<b>2,463,260</b>	<b>1,092,414</b>	
(Rupees)								
<b>Number of units in issue</b>								
	<b>432.30</b>	<b>257.43</b>	<b>236.74</b>		<b>511.85</b>	<b>239.67</b>	<b>219.42</b>	
<b>Net assets value per unit</b>								
Contingencies and commitments								

The annexed notes from 1 to 25 form an integral part of these financial statements.

For MCB-Arif Habib Savings and Investments Limited  
(Pension Fund Manager)



Chief Executive Officer



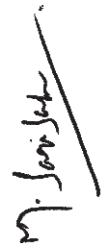
Director

# INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2019

Note	Year ended June 30, 2019				Year ended June 30, 2018			
	Equity Sub-Fund	Debt Sub-Fund	Money		Equity Sub-Fund	Debt Sub-Fund	Money	
			Sub-Fund	Market			Sub-Fund	Market
		(Rupees)		(Rupees)		(Rupees)		
		Total		Total		Total		
<b>Income</b>								
Net loss / gain on sale of investments	(18,954,346)	(888,170)	(170,081)	(20,012,597)	(14,536,101)	(58,890)	85,436	(14,509,555)
Income from Government Securities	-	17,616,425	8,111,832	25,728,257	-	9,793,192	4,413,714	14,206,906
Income from term finance and sukuk certificates	-	12,629,125	-	12,629,125	-	7,958,505	-	7,958,505
Dividend income from investments	39,515,792	-	-	39,515,792	31,939,182	-	-	31,939,182
Net unrealised (loss) / gain on revaluation of investments	(135,277,605)	(1,700,904)	(1,693)	(136,980,202)	(24,557,381)	(1,131,116)	9,780	(25,678,717)
Income on commercial papers	-	3,610,629	759,229	4,369,858	-	358,648	-	358,648
Profit on bank and term deposits	2,743,573	19,189,524	14,488,469	36,421,566	2,106,451	17,184,781	7,006,931	26,298,163
Other income	-	35,750	-	35,750	-	4,606	-	4,606
<b>Total income</b>	<b>(111,972,586)</b>	<b>50,492,379</b>	<b>23,187,756</b>	<b>(38,292,451)</b>	<b>(5,047,849)</b>	<b>34,109,726</b>	<b>11,515,861</b>	<b>40,577,738</b>
<b>Expenses</b>								
Remuneration of Pension Fund Manager	11,699,222	8,209,060	3,527,860	23,436,142	11,073,848	8,027,701	2,710,502	21,812,051
Sales tax and Federal Excise Duty on remuneration of Pension Fund Manager	1,520,899	1,067,178	458,622	3,046,699	1,439,600	1,043,601	352,365	2,835,566
Remuneration of Central Depository Company Limited - Trustee	1,029,566	722,361	310,520	2,062,447	991,908	719,586	242,908	1,954,402
Sales tax on remuneration of trustee	133,851	94,040	40,368	268,259	128,943	93,544	31,568	254,055
Annual fee - Securities and Exchange Commission of Pakistan (SECP)	259,714	182,448	78,310	520,472	244,780	177,436	59,915	482,131
Auditors' remuneration	219,381	154,360	68,556	442,297	213,495	152,952	49,416	415,863
Custody and settlement charges	459,691	368,322	7,910	835,923	479,872	353,585	-	833,457
Securities transaction cost	1,539,051	27,363	5,237	1,571,651	2,288,679	38,538	8,355	2,335,572
Impairment loss on 'available-for-sale' investment	-	559,723	201,496	761,219	9,471,693	-	508,119	9,471,693
Provision for Sindh Workers' Welfare Fund	-	119,283	95,296	233,321	-	86,191	207,545	715,664
Bank charges	18,742	-	-	-	31,577	-	55,305	173,073
<b>Total expenses</b>	<b>16,880,117</b>	<b>11,504,138</b>	<b>4,794,175</b>	<b>33,178,430</b>	<b>26,364,395</b>	<b>11,201,253</b>	<b>3,717,879</b>	<b>41,283,527</b>
<b>Net (loss) / income from operating activities</b>	<b>(128,852,703)</b>	<b>38,988,241</b>	<b>18,393,581</b>	<b>(71,470,881)</b>	<b>(31,412,244)</b>	<b>22,908,473</b>	<b>7,797,982</b>	<b>(705,789)</b>
Element of income / (loss) and capital gains / (losses) included in the prices of units sold less those in units redeemed - net	86,311,082	(64,689,786)	34,251,875	55,873,171	38,785,433	31,824,038	33,516,769	104,126,240
<b>Net (loss) / income for the year before taxation</b>	<b>(42,541,621)</b>	<b>(25,701,545)</b>	<b>52,645,456</b>	<b>(15,597,710)</b>	<b>7,373,189</b>	<b>54,732,511</b>	<b>41,314,751</b>	<b>103,420,451</b>
Taxation	-	-	-	-	-	-	-	-
<b>Net (loss) / income for the year</b>	<b>(42,541,621)</b>	<b>(25,701,545)</b>	<b>52,645,456</b>	<b>(15,597,710)</b>	<b>7,373,189</b>	<b>54,732,511</b>	<b>41,314,751</b>	<b>103,420,451</b>

The annexed notes from 1 to 25 form an integral part of these financial statements.

**For MCB-Arif Habib Savings and Investments Limited  
(Pension Fund Manager)**



**Chief Executive Officer**



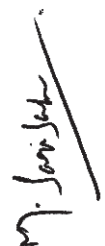
**Director**



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

	Year ended June 30, 2019				Year ended June 30, 2018			
	Money		Money		Money		Money	
	Equity Sub-Fund	Debt Sub-Fund	Equity Sub-Fund	Debt Sub-Fund	Equity Sub-Fund	Debt Sub-Fund	Equity Sub-Fund	Debt Sub-Fund
	(Rupees)		(Rupees)		(Rupees)		(Rupees)	
	Total		Total		Total		Total	
Net (loss) / income for the year after taxation	(42,541,621)	(25,701,545)	52,645,456	(15,597,710)	7,373,189	54,732,511	41,314,751	103,420,451
Other comprehensive income for the year								
Items to be reclassified to income statement in subsequent periods:								
Unrealised diminution on revaluation of investments classified as available for sale - net	-	-	-	-	(42,826,491)	(312,109)	-	(43,138,600)
Total comprehensive (loss) / income for the year	(42,541,621)	(25,701,545)	52,645,456	(15,597,710)	(35,453,302)	54,420,402	41,314,751	60,281,851

The annexed notes from 1 to 25 form an integral part of these financial statements.



Chief Executive Officer

For MCB-Arif Habib Savings and Investments Limited  
(Pension Fund Manager)



Director

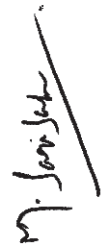


# CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2019

Note	June 30, 2019				June 30, 2018			
	Equity		Debt		Equity		Debt	
	Sub-Fund	Market	Sub-Fund	Market	Sub-Fund	Market	Sub-Fund	Market
	(Rupees)		(Rupees)		(Rupees)		(Rupees)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Net (loss) / income for the year	(42,541,621)		(25,701,545)	52,645,456	(15,597,710)	7,373,189	54,732,511	41,314,751
<b>Adjustments for non cash and other items:</b>								
Net (gain) / loss on sale of investments	(18,954,346)	(170,081)	(888,170)		(20,012,597)	14,536,101	58,890	(85,436)
Net unrealised loss / (gain) on revaluation of investments	(135,277,605)	(1,693)	(1,700,904)		(136,980,202)	24,557,381	1,131,116	(9,780)
Impairment loss on 'available-for-sale' investment	-	-	-		-	-	-	-
Element of (loss) / income and capital (losses) / gains included in the prices of units sold less those in units redeemed - net	(86,311,082)	(34,251,875)	64,689,786		(55,873,171)	(38,785,433)	(31,824,038)	(33,516,769)
	(240,543,033)	(34,423,649)	62,100,712		(212,865,970)	308,049	(30,634,032)	(33,611,985)
<b>(Increase) / decrease in assets</b>								
Investments	219,550,571	99,118,909	191,104,336		509,773,816	(69,898,385)	241,270,229	112,789,257
Dividend receivable	(2,349,598)	-	-		(2,349,598)	2,402,285	-	-
Interest receivable	(31,553)	(1,211,108)	(737,541)		(1,980,202)	(37,134)	(30,335)	(148,857)
Receivable against sale of investment	-	94,964,090	-		94,964,090	-	-	(94,964,090)
Advance, deposits and other receivables	(3,180)	(109,466)	(26,164)		(138,810)	(43,134)	(51,318)	(33,198)
	217,166,240	192,762,425	190,340,631		600,269,296	(67,576,368)	241,188,576	17,643,112
<b>(Decrease) / increase in liabilities</b>								
Payable to Pension Fund Manager	(78,998)	142,280	(61,023)		2,259	16,785	79,648	52,324
Payable to Central Depository Company of Pakistan Limited - Trustee	(6,841)	12,573	(5,392)		340	(117)	6,034	4,274
Annual fee - Securities and Exchange Commission of Pakistan	14,934	18,395	5,011		38,340	10,347	26,152	5,705
Payable against purchase of investments	-	(79,242,520)	73,185,675		(6,056,845)	-	148,409,850	98,939,900
Payable against redemption of units	(340,985)	184,774	526,880		370,669	(73,091)	554,906	220,595
Accrued and other liabilities	(411,890)	(78,884,498)	73,651,151		(5,645,237)	(46,076)	149,076,590	99,222,798
	(66,330,304)	132,099,734	300,390,949		366,160,379	(59,941,206)	414,363,645	124,568,676
<b>Net cash (used in) / generated from operating activities</b>								
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
Receipts from issuance of units	267,652,530	205,974,630	163,501,962		637,129,122	139,724,414	131,016,353	79,574,417
Payments on redemption of units	(159,436,609)	(147,054,724)	(272,317,707)		(578,809,040)	(91,876,770)	(76,036,370)	(17,714,500)
<b>Net cash generated from / (used in) financing activities</b>								
	108,215,921	58,919,906	(108,815,745)		58,320,082	47,847,644	54,979,983	61,859,917
<b>Net increase in cash and cash equivalents</b>								
	41,885,617	191,019,640	191,575,204		424,480,461	(12,093,562)	469,343,628	186,428,593
Cash and cash equivalents at beginning of the year	10,995,483	146,108,625	446,504,324		603,608,432	23,089,045	126,025,593	58,627,167
<b>Cash and cash equivalents at end of the year</b>								
	52,881,100	337,128,265	638,079,528		1,028,088,893	10,995,483	595,369,221	245,055,760

The annexed notes from 1 to 25 form an integral part of these financial statements.

**For MCB-Arif Habib Savings and Investments Limited  
(Pension Fund Manager)**



Chief Executive Officer




Director

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

	June 30, 2019				June 30, 2018			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees)				(Rupees)			
<b>Net assets at the beginning of the year</b>	742,090,399	590,357,130	239,702,930	1,572,150,459	768,481,490	512,780,783	170,045,031	1,451,307,304
Amount received on issuance of units	267,652,530	163,501,962	205,974,630	637,129,122	139,724,414	131,016,353	79,574,417	350,315,184
Amount paid on redemption of units	(159,436,609)	(272,317,707)	(147,054,724)	(578,809,040)	(91,876,770)	(76,036,370)	(17,714,500)	(185,627,640)
	108,215,921	(108,815,745)	58,919,906	58,320,082	47,847,644	54,979,983	61,859,917	164,687,544
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - net	(86,311,082)	64,689,786	(34,251,875)	(55,873,171)	(38,785,433)	(31,824,038)	(33,516,769)	(104,126,240)
	763,995,238	546,231,171	264,370,961	1,574,597,370	777,543,701	535,936,728	198,388,179	1,511,868,608
Unrealised diminution during the year in the market value of investments classified as available for sale - net	-	-	-	-	(42,826,491)	(312,109)	-	(43,138,600)
<b>Net (loss) / income for the year</b>	(42,541,621)	(25,701,545)	52,645,456	(15,597,710)	7,373,189	54,732,511	41,314,751	103,420,451
<b>Net assets at the end of the year</b>	<u>721,453,617</u>	<u>520,529,626</u>	<u>317,016,417</u>	<u>1,558,999,660</u>	<u>742,090,399</u>	<u>590,357,130</u>	<u>239,702,930</u>	<u>1,572,150,459</u>

The annexed notes from 1 to 25 form an integral part of these financial statements.

For MCB-Arif Habib Savings and Investments Limited  
(Pension Fund Manager)



Chief Executive Officer



Director

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

---

## 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 The Pakistan Pension Fund (the Fund) was established under a Trust Deed executed between MCB-Arif Habib Savings and Investments Limited as Pension Fund Manager and Muslim Commercial Financial Services (Private) Limited (MCFSL) as Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on May 24, 2007 and was executed on June 04, 2007 under the Voluntary Pension System Rules, 2005 (VPS Rules). Habib Metropolitan Bank Limited (HMBL) was appointed as the new Trustee in place of MCFSL through a revised Trust Deed dated June 16, 2011 which was approved by SECP on July 07, 2011. Central Depository Company of Pakistan Limited was appointed as the new Trustee in place of HMBL through a revised Trust Deed dated July 21, 2014 which was approved by SECP on July 23, 2014.
- 1.2 The Fund is an open-end pension fund consisting of three sub-funds namely; Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund. Units are offered for public subscription on a continuous basis. The number of units of any sub-fund purchased out of contributions depends on the Allocation Scheme selected by the respective Participant out of the allocation schemes offered by the Pension Fund Manager.
- 1.3 MCB-Arif Habib Savings and Investments Limited has been licensed to act as a Pension Fund Manager under the VPS Rules through a certificate of registration issued by the SECP. The registered office of the Pension Fund Manager is situated at 24th Floor, Centre Point, Off. Shaheed-e-Millat Expressway, Near KPT Interchange, Karachi, Pakistan.
- 1.4 Pakistan Credit Rating Agency (PACRA) Limited has assigned Management quality rating of 'AM2++' dated April 08, 2019 to the Management Company.
- 1.5 Title to the assets of the Fund is held in the name of Central Depository Company Limited as Trustee of the Fund.

## 2. STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984;
- The requirements of the Trust Deed, Voluntary Pension System Rules, 2005 (VPS Rules) and the directives issued by the SECP.

Wherever the requirements of the Trust Deed, the VPS Rules or the directives issued by the SECP differ with the requirements of IFRS. The requirements of the Trust Deed, the VPS Rules (2005) or the requirements of the said directives prevail.

## 3. BASIS OF PREPARATION

### 3.1 Accounting convention

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

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

---

## 3.2 Critical accounting estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and 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 result of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

Judgments made by management in the application of accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment are explained in notes 4.1.1 and 4.5 respectively.

## 3.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupee which is the Fund's functional and presentation currency.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial years except as described in note 4.1

### 4.1 IFRS 9 Financial Instruments

Effective from July 01, 2018, the Fund has adopted IFRS 9: "Financial Instruments" which has replaced IAS 39: "Financial Instruments: Recognition and Measurement". The standard prescribes accounting and reporting requirements for recognition, classification, measurement and derecognition of financial assets and financial liabilities.

The IFRS 9 has replaced current categories of financial assets (Fair Value Through Profit or Loss (FVTPL) - Held for Trading, Available For Sale (AFS), held-to-maturity and Loans and receivables) by the following classifications of Financial Assets:

- 1) Debt instruments at amortised cost
- 2) Debt instruments at Fair Value Through Other Comprehensive Income (FVOCI), with gains or losses recycled to profit or loss on derecognition
- 3) Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition
- 4) Financial assets at Fair Value through Profit or Loss

The accounting for financial liabilities remains largely the same as it was under IAS 39.

Under IFRS 9, the classification is based on two criteria, a) the entity's business model for managing the assets; and b) whether the instruments' contractual cashflows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion'). The assessment of the Fund's business model was made as at the date of initial application i.e. July 01, 2018.

As a result of the above assessment, the management has concluded that all the investments in debt securities will be classified at Fair value through profit and loss in accordance with the objectives of the Fund.

The management has made an assessment of impairment under expected credit loss model of IFRS 9 for bank balances and other financial assets and concluded that impact is not material to the financial statements.

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

The table below shows information relating to financial assets that have been reclassified as a result of transition to IFRS 9:

	As at June 30, 2018	Change ----- (Rupees) -----	As at July 01, 2018
<b>Impact on Statement of Assets and Liabilities</b>			
Investments - 'Available for sale'	132,736,336	(132,736,336)	-
Investments - 'At fair value through profit or loss'	603,070,463	132,736,336	735,806,799

### 4.2 New / Revised Standards, Interpretations and Amendments

The Fund has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

IFRS 2 Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)

IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)

IFRS 9 Financial Instruments

IFRS 15 – Revenue from Contracts with Customers

IAS 40 Investment Property: Transfers of Investment Property (Amendments)

IFRIC 22 Foreign Currency Transactions and Advance Consideration

#### Improvements to Accounting Standards Issued by the IASB in December 2016

IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment - by - investment choice

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any material effect on the financial statements.

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

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 3 Definition of a Business (Amendments)	January 01, 2020
IFRS 3 Business Combinations – Previously held interests in a joint operation	January 01, 2019
IFRS Insurance Contracts – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)	July 01, 2019
IFRS 9 Financial instruments – Prepayment Features with Negative Compensation (Amendments)	January 01, 2019

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

IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 11 Joint Arrangements –Previously held interests in a joint operation	January 01, 2019
IFRS 16 - Leases	January 01, 2019
Definition of Material – Amendments to IAS 1 and IAS 8	January 01, 2019
IAS 12 Income Taxes – Income tax consequences of payments on financial instruments classified as equity	January 01, 2019
IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)	January 01, 2019
IAS 23 Borrowing Costs - Borrowing costs eligible for capitalisation	January 01, 2019
IFRIC 23 Uncertainty over Income Tax Treatments	January 01, 2019
IAS 28 - Long-term Interests in Associates and Joint Ventures – (Amendments)	January 01, 2019

The above standards and amendments are not expected to have any material impact on the Fund's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017. Such improvements are generally effective for accounting periods beginning on or after January 01, 2019 respectively. The Fund expects that such improvements to the standards will not have any impact on the Fund's financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 1 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards	IASB Effective date (annual periods beginning on or after)
IFRS 14 – Regulatory Deferral Accounts	January 01, 2016
IFRS 17 - Insurance Contracts	January 01, 2021

#### 4.4 Financial assets

In the current period the fund has adopted IFRS 9 Financial instruments. See note 4.1 for an explanation of the impact. Comparative figures for the year ended June 30, 2018 have not been restated. Therefore, financial instruments in the comparative period are still accounted for in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

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

---

### 4.4.1 Policy from July 01, 2018

#### Policy under IFRS 9

#### Classification

##### Business model assessment

The Fund determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Fund's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- The objectives for the portfolio, in particular, whether management's strategy focuses on earning contractual revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Fund's original expectations, the Fund does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

#### Assessments whether contractual cash flows are solely payments of principal and interest (SPPI)

As a second step of its classification process the Fund assesses the contractual terms of financial to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium / discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Fund applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than the minimum exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.



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

---

### **Equity instruments**

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

An equity instrument held for trading purposes is classified as measured at FVTPL.

### **Initial Measurement**

Investments are initially measured at their fair value except in the case of financial assets recorded at FVTPL, transaction costs are added to, or subtracted from, this amount.

### **Subsequent Measurement**

#### **Debt instruments at Fair value through profit and loss**

After initial measurement, such debt instruments are subsequently measured at FVTPL.

#### **Debt instruments at FVOCI (Policy applicable from July 01, 2018)**

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

#### **Equity instruments at FVOCI (Policy applicable from July 01, 2018)**

Upon initial recognition, the Fund occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The Fund's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established, except when the Fund benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

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

Financial assets at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss. Dividend income from equity securities measured at FVTPL is recorded in profit or loss when the right to the payment has been established.

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

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

However, SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 have deferred the applicability of above impairment requirements in relation to debt securities for mutual funds and accordingly, basis defined in Circular No. 33 of 2012 dated, October 24, 2012 will be followed.

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

---

### 4.4.2 Policy till June 30, 2018

Before July 01, 2018, The Fund classifies its financial assets in the following categories:

#### **Classification**

The Fund classifies its financial assets in the following categories: 'investment at fair value through profit or loss' - held-for-trading, 'loans and receivables' and 'available-for-sale investment' in accordance with the requirements of International Accounting Standard (IAS) 39: 'Financial Instruments: Recognition and Measurement'. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this classification on a regular basis.

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

These include held-for-trading investments and such other investments that, upon initial recognition, are designated under this category. Investments are classified as held-for-trading if they are acquired for the purpose of selling in the near term. After initial measurement, such investments are carried at fair value and gains or losses on revaluation are recognised in the income statement.

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

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Fund's loans and receivables comprise of balances with banks, deposits and other receivables and dividend and profit receivable.

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

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

#### **Regular way contracts**

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

#### **Initial recognition and measurement**

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

#### **Subsequent measurement**

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

#### **a) Government Ijarah Sukuks**

The investment of the Debt Sub-Fund and Money Market Sub-Fund in Government Ijarah Sukuks are categorized as 'at fair value through profit or loss' - held-for-trading and 'available-for-sale' and are valued on the basis of broker average rates obtained from Mutual Funds Association of Pakistan (MUFAP).

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

---

### **b) Equity Securities**

The investment of the Equity Sub-Fund in equity securities is categorised as 'at fair value through profit or loss' - held-for-trading and 'available-for-sale' and is valued on the basis of quoted market prices available at the stock exchange.

### **c) Debt Securities**

The investment of the Fund in debt securities is valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities vide its Circular No. 1 dated January 6, 2009 as amended by Circular No. 33 dated October 24, 2012. In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorizes them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

### **d) Loans and receivables**

Subsequent to initial recognition financial assets classified as loans and receivables are carried at amortized cost.

Net gains and losses arising from the difference between the carrying amount and the value determined in accordance with the criteria mentioned above in respect of financial assets at fair value through profit or loss are recognised as unrealised gain or loss in the income statement.

Net gains and losses arising from the difference in value determined in accordance with the above mentioned criteria compared to the carrying amount in respect of available-for-sale financial assets are recognised in other comprehensive income until the available-for-sale financial assets are derecognised. At this time, the cumulative gain or loss previously recognised directly in other comprehensive income is reclassified from other comprehensive income to income statement as a reclassification adjustment.

### **Impairment**

The carrying amounts of the Fund's assets are assessed at each balance sheet date to determine whether there is any indication of impairment in any asset or group of assets. If such indication exists, the recoverable amount of the assets is estimated and impairment losses are recognised immediately as an expense in the income statement. In case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in other comprehensive income is reclassified from other comprehensive income and recognised in the income statement. Impairment losses recognised on equity financial assets recognised in the income statement are not reversed through the income statement.

For loans and receivables, a provision for impairment is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective profit rate.

### **Derecognition**

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

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

---

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

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

### **Reclassification**

The Fund may choose to reclassify a non-derivative trading financial asset in equity securities out of the 'held-for-trading' category to the 'available-for-sale' category if the financial asset is no longer held for the purpose of selling it in the near term. Such reclassifications are made only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. Reclassifications are made at fair value as of the reclassification date which then becomes the new cost and no reversals of fair value gains or losses recorded before the reclassification date are subsequently made.

### **4.5 Financial liabilities**

All financial liabilities are recognised at the time when the Fund becomes a party to contractual provisions of the instrument. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Financial liabilities include payable to the Pension Fund Manager, payable to the Trustee and other liabilities.

### **4.6 Issue, allocation, reallocation and redemption of units**

Contribution received from a Participant is allocated to the sub-funds on the basis of the allocation scheme selected by the Participant out of the allocation schemes offered by the Pension Fund Manager. Units issued in respect of a sub-fund are recorded at the offer price of that sub-fund, determined by the Pension Fund Manager for the applications received by the distributors during business hours on that date. The offer price represents the net asset value per unit of the sub-fund as of the close of the business day plus the allowable sales load and any provision for duties and charges, if applicable. The sales load is payable to the investment facilitators, 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 allocations of the sub-fund units of all the Participants are according to the allocation schemes selected by the Participants.

### **4.7 Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed**

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

The Fund records that portion of the net element of income / (loss) and capital gains / (losses) relating to units sold and redeemed during an accounting period which pertains to unrealised gains / (losses) that form part of the Unit Holders' Funds in a separate reserve account and any amount remaining in this reserve account at the end of an accounting period (whether gain or loss) is included in the amount available for distribution to the unit holders. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period is recognized in the Income Statement.

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

---

## 4.8 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.

## 4.9 Net asset value per unit

The net asset value (NAV) per unit, as disclosed on the balance sheet, is calculated by dividing the net assets of the Fund by the number of units of the sub-fund in circulation at the year end.

## 4.10 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.

## 4.11 Taxation

The income of Pakistan Pension Fund is exempt from tax under clause 57(3)(viii) of Part I of the Second Schedule to the Income Tax Ordinance, 2001. Further through Finance Act, 2011, effective from July 01, 2011, pension funds are included in the list of entities on which the provisions of section 113 regarding minimum tax shall not apply.

## 4.12 Revenue recognition

- Realised capital gains / losses arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Unrealised capital gains / losses arising on marking to market of investments classified as 'Financial assets at fair value through profit or loss' - held-for-trading are included in the Income Statement in the period in which they arise.
- Dividend income is recognised when the right to receive dividend is established.
- Profit on investment is recognised on an accrual basis.
- Profit on bank deposits is recognised on an accrual basis.

## 4.13 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances and short term highly liquid investments with original maturity of three months or less, are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

## 4.14 Basis of allocation of expenses to each sub-fund

- Remuneration to the Pension Fund Manager, Trustee and annual fee to the SECP is allocated to each sub-fund on the basis of the net assets of the sub-fund.
- Expenses specifically incurred by a sub-fund, such as custody and settlement charges, fees and subscription and bank charges are charged to that sub-fund.
- Auditors' remuneration and legal and professional charges are allocated on the basis of the proportionate net assets of each sub-fund.

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

		June 30, 2019			
	Note	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
		----- (Rupees) -----			
<b>5. BALANCES WITH BANKS</b>					
Saving accounts	5.1	<u>52,881,100</u>	<u>377,221,015</u>	<u>188,773,157</u>	<u>618,875,272</u>

		June 30, 2018			
	Note	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
		----- (Rupees) -----			
Saving accounts	5.1	<u>10,995,483</u>	<u>446,504,324</u>	<u>146,108,625</u>	<u>603,608,432</u>

**5.1** These are the savings accounts and carry interest at the rate ranging from 10.00% to 13.50% (2018: 3.75 to 7.50%) per annum. These include balances of Rs.311,449 (2018: Rs.258,510) and Rs.7,552 (2018: Rs.10,042) held with MCB Bank Limited and MCB Islamic Bank Limited respectively, related parties.

		June 30, 2019			
	Note	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
		----- (Rupees) -----			
<b>6. INVESTMENTS</b>					
<b>At fair value through profit or loss</b>					
Listed equity securities	6.1	<u>670,488,179</u>	<u>-</u>	<u>-</u>	<u>670,488,179</u>
Government securities	6.2	<u>-</u>	<u>226,509,343</u>	<u>29,546,480</u>	<u>256,055,823</u>
Debt securities - Term Finance Certificates / Sukuks	6.3	<u>-</u>	<u>98,655,613</u>	<u>-</u>	<u>98,655,613</u>
Commercial Paper	6.4	<u>-</u>	<u>39,234,413</u>	<u>9,808,628</u>	<u>49,043,041</u>
Term deposit receipt	6.5	<u>-</u>	<u>-</u>	<u>109,000,000</u>	<u>109,000,000</u>
		<u>670,488,179</u>	<u>364,399,369</u>	<u>148,355,108</u>	<u>1,183,242,656</u>

		June 30, 2018			
	Note	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
		----- (Rupees) -----			
<b>At fair value through profit or loss - held for trading</b>					
Listed equity securities	6.1	<u>603,070,463</u>	<u>-</u>	<u>-</u>	<u>603,070,463</u>
Government Securities	6.2	<u>-</u>	<u>148,864,897</u>	<u>98,947,135</u>	<u>247,812,032</u>
Term Finance Certificates	6.3	<u>-</u>	<u>132,802,858</u>	<u>-</u>	<u>132,802,858</u>
		<u>603,070,463</u>	<u>281,667,755</u>	<u>98,947,135</u>	<u>983,685,353</u>

<b>Available for sale</b>					
Listed equity securities		<u>132,736,336</u>	<u>-</u>	<u>-</u>	<u>132,736,336</u>
Government Securities		<u>-</u>	<u>10,388,363</u>	<u>-</u>	<u>10,388,363</u>
		<u>132,736,336</u>	<u>10,388,363</u>	<u>-</u>	<u>143,124,699</u>
		<u>735,806,799</u>	<u>292,056,118</u>	<u>98,947,135</u>	<u>1,126,810,052</u>

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

## 6.1 Listed equity securities - at fair value through profit or loss

### Equity Sub-Fund

Name of the Investee Company	Number of shares					Balance as at June 30, 2019			Market value as a % of net assets of the sub-fund	Market value as a % of the paid up capital of the investee company	
	As at July 01, 2018	Re-classified under IFRS 9 (see note 4.1)	Purchased during the year	Bonus / right issue during the year	Sold during the year	As at June 30, 2019	Carrying Value	Market value			Unrealised (loss) / gain
------(Rupees)------(%)-----											
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise											
<b>Automobile assembler</b>											
Atlas Honda Limited	11,500	-	-	2,300	-	13,800	5,865,000	4,439,046	(1,425,954)	0.62%	0.43%
Hinopak Motors Limited	-	1,080	-	-	1,080	-	-	-	-	0.0%	0.00%
Indus Motor Company Limited	-	-	6,700	-	6,700	-	-	-	-	0.0%	0.00%
Millat Tractors Limited	12,000	-	-	-	12,000	-	-	-	-	0.0%	0.00%
							<b>5,865,000</b>	<b>4,439,046</b>	<b>(1,425,954)</b>	<b>0.62%</b>	<b>0.43%</b>
<b>Automobile parts and accessories</b>											
Agriauto Industries Limited (Par value of Rs.5)	12,000	-	-	-	-	12,000	3,540,000	2,399,520	(1,140,480)	0.33%	1.67%
The General Tyre and Rubber Company of Pakistan Limited	22,400	-	-	70	22,300	170	16,620	8,757	(7,863)	0.00%	0.00%
Atlas Battery Limited	-	12,700	-	5,080	4,000	13,780	4,035,571	1,323,569	(2,712,002)	0.18%	0.54%
							<b>7,592,191</b>	<b>3,731,846</b>	<b>(3,860,345)</b>	<b>0.51%</b>	<b>2.21%</b>
<b>Cable and electrical goods</b>											
Pak Elektron Limited	-	-	325,000	-	-	325,000	7,493,655	6,506,500	(987,155)	0.90%	0.13%
							<b>7,493,655</b>	<b>6,506,500</b>	<b>(987,155)</b>	<b>0.90%</b>	<b>0.13%</b>
<b>Cement</b>											
Kohat Cement Company Limited	96,700	-	-	29,010	-	125,710	11,900,865	6,603,546	(5,297,319)	0.92%	0.33%
Lucky Cement Limited	31,500	13,800	75,000	-	74,000	46,300	21,863,471	17,615,761	(4,247,710)	2.44%	0.54%
Maple Leaf Cement Factory Limited	310,000	-	550,000	-	610,000	250,000	7,797,200	5,972,500	(1,824,700)	0.83%	0.09%
Fauji Cement Company Limited	1,500	-	-	-	1,500	-	-	-	-	0.00%	0.00%
Pioneer Cement Limited	11,000	-	-	-	11,000	-	-	-	-	0.00%	0.00%
Cherat Cement Company Limited	32,500	-	-	-	32,500	-	-	-	-	0.00%	0.00%
							<b>41,561,536</b>	<b>30,191,807</b>	<b>(11,369,729)</b>	<b>4.19%</b>	<b>0.96%</b>
<b>Chemical</b>											
Dyneea Pakistan Limited	7,000	-	-	-	-	7,000	889,700	489,930	(399,770)	0.07%	0.52%
Engro Polymer & Chemicals Limited	242,500	-	769,714	-	525,000	487,214	14,401,169	13,135,289	(1,265,880)	1.82%	0.14%
Archroma Pakistan Limited	-	10,500	-	-	-	10,500	5,302,500	4,989,075	(313,425)	0.69%	1.46%
Biafo Industries Limited	-	81	-	16	-	97	25,918	15,569	(10,349)	0.00%	0.01%
ICI Pakistan Limited	-	7,000	-	-	7,000	-	-	-	-	0.00%	0.00%
Lotte Chemical Pakistan Limited	-	-	480,000	-	-	480,000	7,717,776	7,320,000	(397,776)	1.01%	0.05%
							<b>28,337,063</b>	<b>25,949,863</b>	<b>(2,387,200)</b>	<b>3.59%</b>	<b>2.18%</b>
<b>Commercial banks</b>											
Meezan Bank Limited	-	20	-	4	-	24	1,634	2,092	458	0.00%	0.00%
Allied Bank Limited	101	-	253,500	-	53,601	200,000	20,400,000	21,004,000	604,000	2.91%	0.18%
Askari Bank Limited	671,500	-	200,000	-	-	871,500	19,286,644	16,480,065	(2,806,579)	2.28%	0.13%
Bank Alfalah Limited	1,097,500	-	-	109,750	-	1,207,250	57,388,319	52,624,028	(4,764,291)	7.29%	0.30%
Bank AL Habib Limited	280,000	-	102,000	-	-	382,000	30,559,083	29,941,160	(617,923)	4.15%	0.27%
The Bank of Punjab	1,300,000	-	1,950,000	-	3,250,000	-	-	-	-	0.00%	0.00%
Faysal Bank Limited	9,900	-	455,000	-	-	464,900	11,943,653	10,004,648	(1,939,005)	1.39%	0.07%
Habib Bank Limited	353,200	-	85,000	-	378,200	60,000	7,199,934	6,795,600	(404,334)	0.94%	0.05%
Habib Metropolitan Bank Limited	-	-	200,000	-	-	200,000	8,159,980	7,216,000	(943,980)	1.00%	0.07%
United Bank Limited	85,000	-	345,000	-	266,100	163,900	25,502,266	24,155,582	(1,346,684)	3.35%	0.20%
							<b>180,441,513</b>	<b>168,223,175</b>	<b>(12,218,338)</b>	<b>23.31%</b>	<b>1.27%</b>
<b>Engineering</b>											
International Industries Limited	33,200	30,000	-	-	-	63,200	14,680,728	4,870,824	(9,809,904)	0.68%	0.41%
							<b>14,680,728</b>	<b>4,870,824</b>	<b>(9,809,904)</b>	<b>0.68%</b>	<b>0.41%</b>
<b>Fertilizer</b>											
Engro Corporation Limited	114,700	-	-	10,320	11,500	113,520	32,390,355	30,150,912	(2,239,443)	4.18%	0.58%
Engro Fertilizer Limited	354,000	-	260,000	-	-	614,000	46,875,462	39,277,580	(7,597,882)	5.44%	0.29%
Fauji Fertilizer Company Limited	231,000	-	293,000	-	160,000	364,000	35,932,551	31,740,800	(4,191,751)	4.40%	0.34%
Dawood Hercules Corporation Limited	-	1,200	-	-	1,200	-	-	-	-	0.00%	0.00%
							<b>115,198,368</b>	<b>101,169,292</b>	<b>(14,029,076)</b>	<b>14.02%</b>	<b>1.21%</b>
<b>Glass and ceramics</b>											
Tariq Glass Industries Limited	-	-	58,500	-	-	58,500	5,849,152	4,482,855	(1,366,297)	0.62%	0.61%
							<b>5,849,152</b>	<b>4,482,855</b>	<b>(1,366,297)</b>	<b>0.62%</b>	<b>0.61%</b>
<b>Investment banks / investment companies / securities companies</b>											
Dawood Hercules Corporation Limited	-	1,200	-	-	1,200	-	-	-	-	0.00%	0.00%
							<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Food and personal care products</b>											
Al Shaheer Corporation Limited	300,000	-	-	-	300,000	-	-	-	-	0.00%	0.00%
National Foods Limited	-	-	56,000	11,200	-	67,200	15,960,000	12,375,552	(3,584,448)	1.72%	1.99%
Shezan International Limited	16,300	-	-	1,205	4,250	13,255	6,868,500	5,599,707	(1,268,793)	0.78%	6.37%
							<b>22,828,500</b>	<b>17,975,259</b>	<b>(4,853,241)</b>	<b>2.50%</b>	<b>8.36%</b>
<b>Leather and tanneries</b>											
Bata Pakistan Limited	1,340	-	3,300	-	260	4,380	7,715,929	6,045,758	(1,670,171)	0.84%	8.00%
Service Industries Limited	6,700	3,200	-	2,475	-	12,375	7,771,302	6,104,835	(1,666,467)	0.85%	5.08%
							<b>15,487,231</b>	<b>12,150,593</b>	<b>(3,336,638)</b>	<b>1.69%</b>	<b>13.08%</b>
<b>Miscellaneous</b>											
Shifa International Hospitals Limited	-	21,603	-	-	21,600	3	810	659	(151)	0.00%	0.00%
							<b>810</b>	<b>659</b>	<b>(151)</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Oil and gas exploration companies</b>											
Oil & Gas Development Company Limited	296,000	111,000	187,000	-	162,100	431,900	65,430,561	56,790,531	(8,640,030)	7.87%	0.13%
Pakistan Oilfields Limited	30,544	39,906	24,800	12,790	25,500	82,540	43,948,935	33,502,161	(10,446,774)	4.64%	1.18%
Pakistan Petroleum Limited	154,823	-	198,000	32,223	-	385,046	69,085,569	55,612,194	(13,473,375)	7.71%	0.25%
Mari Petroleum Company Limited	-	1,620	-	162	1,780	2	2,739	2,019	(720)	0.00%	0.00%
							<b>178,467,804</b>	<b>145,906,905</b>	<b>(32,560,899)</b>	<b>20.22%</b>	<b>1.56%</b>
<b>Oil and gas marketing companies</b>											
Shell Pakistan Limited	13,000	-	-	-	-	13,000	4,109,170	2,371,980	(1,737,190)	0.33%	0.22%
Sui Northern Gas Pipelines Limited	292,700	-	244,000	-	290,000	246,700	20,580,750	17,143,183	(3,437,567)	2.38%	0.27%
Pakistan State Oil Company Limited	-	-	62,000	6,400	6,100	62,300	17,391,518	10,567,949	(6,823,569)	1.46%	0.27%
							<b>42,081,438</b>	<b>30,083,112</b>	<b>(11,998,326)</b>	<b>4.17%</b>	<b>0.76%</b>
<b>Paper and board</b>											
Century Paper & Board Mills Limited	113,500	-	53,500	-	-	167,000	10,789,586	5,202,050	(5,587,536)	0.72%	0.35%
Cherat Packaging Limited	75	-	-	11	-	86	10,777	6,935	(3,842)	0.00%	0.00%
Security Papers Limited	-	33	-	-	-	33	3,994	3,062	(932)	0.00%	0.00%
							<b>10,804,357</b>	<b>5,212,047</b>	<b>(5,592,310)</b>	<b>0.72%</b>	<b>0.35%</b>



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

Name of the Investee Company	Number of shares						Balance as at June 30, 2019			Market value as a % of net assets of the sub-fund	Market value as a % of the paid up capital of the investee company
	As at July 01, 2018	Re-classified under IFRS 9 (see note 4.1)	Purchased during the year	Bonus / right issue during the year	Sold during the year	As at June 30, 2019	Carrying Value	Market value	Unrealised (loss) / gain		
							(Rupees)			(%)	
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise											
<b>Pharmaceuticals</b>											
AGP Limited	86,045	-	16,000	-	102,000	45	4,074	3,084	(990)	0.00%	0.00%
IBL HealthCare Limited	7,235	910	-	-	-	8,145	653,473	272,858	(380,615)	0.04%	0.05%
The Searle Company Limited	20,000	201	-	30	20,000	231	68,240	33,855	(34,385)	0.00%	0.00%
							<b>725,787</b>	<b>309,797</b>	<b>(415,990)</b>	<b>0.04%</b>	<b>0.05%</b>
<b>Power generation and distribution</b>											
The Hub Power Company Limited	352,995	49,400	279,607	-	-	682,002	59,853,928	53,707,658	(6,146,270)	7.44%	0.46%
Altern Energy Limited	-	10,500	-	-	-	10,500	398,475	350,070	(48,405)	0.05%	0.01%
							<b>60,252,403</b>	<b>54,057,728</b>	<b>(6,194,675)</b>	<b>7.49%</b>	<b>0.47%</b>
<b>Leasing companies</b>											
Orix Leasing Pakistan Limited	238,908	-	-	-	238,908	-	-	-	-	0.00%	0.00%
							<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Refinery</b>											
Attock Refinery Limited	100	-	-	25	-	125	21,531	9,659	(11,872)	0.00%	0.00%
							<b>21,531</b>	<b>9,659</b>	<b>(11,872)</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Sugar and allied industries</b>											
Faran Sugar Mills Limited	38,000	-	-	-	-	38,000	3,157,800	1,542,800	(1,615,000)	0.21%	0.62%
							<b>3,157,800</b>	<b>1,542,800</b>	<b>(1,615,000)</b>	<b>0.21%</b>	<b>0.62%</b>
<b>Technology and communication</b>											
Hum Network Limited (Par value of Re.1)	925,000	-	-	-	-	925,000	7,483,250	2,932,250	(4,551,000)	0.41%	0.31%
Systems Limited	59,500	138,955	-	18,996	8,500	208,951	19,227,245	20,052,932	825,687	2.78%	1.79%
Avanceon Limited	-	293,125	-	1,473	289,442	5,156	243,962	252,850	8,888	0.04%	0.02%
							<b>26,954,457</b>	<b>23,238,032</b>	<b>(3,716,425)</b>	<b>3.23%</b>	<b>2.12%</b>
<b>Textile composite</b>											
Kohinoor Textile Mills Limited	42,400	148,400	-	-	-	190,800	10,492,092	4,779,540	(5,712,552)	0.66%	0.16%
Gul Ahmad Textile Mills Limited	-	-	544,500	-	-	544,500	27,472,368	25,656,840	(1,815,528)	3.56%	0.72%
							<b>37,964,460</b>	<b>30,436,380</b>	<b>(7,528,080)</b>	<b>4.22%</b>	<b>0.88%</b>
<b>Total as at June 30, 2019</b>							<b>805,765,784</b>	<b>670,488,179</b>	<b>(135,277,605)</b>		
<b>Total as at June 30, 2018</b>							<b>627,627,844</b>	<b>603,070,463</b>	<b>(24,557,381)</b>		

6.1.1 Following shares have been pledged with National Clearing Company of Pakistan Limited (NCCPL) as security against settlement of the Sub-Fund's trades in terms of Circular No. 11 dated October 23, 2007 issued by SECP:

	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	(Number of shares)		(Rupees)	
Oil & Gas Development Company Limited	100,000	100,000	13,149,000	15,562,000
The Hub Power Company Limited	110,995	110,995	8,740,856	10,229,299
	<b>210,995</b>	<b>210,995</b>	<b>21,889,856</b>	<b>25,791,299</b>

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

---

- 6.1.2** The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001 as a result of which companies are liable to withhold five percent of the bonus shares to be issued. The shares so withheld shall only 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 Voluntary Pension Schemes (VPSs) through their Trustees in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by VPSs. The petition was based on the fact that because VPSs are exempt from deduction of income tax under Clause 57(3) (Viii) of 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 VPSs. A stay order had been granted by the Honorable High Court of Sindh in favor of VPSs.

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 VPSs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The VPSs 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 VPSs have filed a fresh constitutional petition via CP 4653 dated July 11, 2019. In this regard, on July 15, 2019, the Honorable High of Sindh has issued notices to the relevant parties and has ordered that no third party interest on bonus shares issued to the Funds in lieu of their investments be created in the meantime. The matter is still pending adjudication and the Funds have included these shares in their portfolio, as the management is confident that the decision of the constitutional petition will be in favor of the VPSs.

Further, the Finance Act, 2018 effective from July 01, 2018 has omitted Section 236M of Income Tax Ordinance, 2001 requiring every company quoted on stock exchange issuing bonus shares to the shareholders of the company, to withhold five percent of the bonus shares to be issued. Therefore, bonus shares issued to the Fund during the year were not withheld by the investee companies.

As at June 30, 2019, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs.529,911.

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

## 6.2 Government securities - at fair value through profit or loss

### Debt Sub-Fund

Name of security	Issue date	Face value				Balance as at June 30, 2019			Market value as % of net assets of sub-funds
		As at July 01, 2018	Purchased during the year	Sold / matured during the year	As at June 30, 2019	Carrying Value	Market value	Unrealised (loss) / gain	
(Rupees) ----- % -----									
Pakistan Investment Bonds									
Pakistan Investment Bonds - 3 years	12-Jul-2018	-	25,000,000	25,000,000	-	-	-	-	0.00%
Pakistan Investment Bonds - 10 years	19-Jul-2012	400,000	-	400,000	-	-	-	-	0.00%
Pakistan Investment Bonds - 15 years	31-Oct-2006	-	3,500,000	-	3,500,000	3,551,164	3,243,100	(308,064)	0.62%
Pakistan investment bonds - 20 years	10-Jun-2004	-	1,900,000	-	1,900,000	1,926,545	1,642,143	(284,402)	0.32%
Treasury Bills									
Market Treasury Bills - 3 months	7-Jun-2018	150,000,000	-	150,000,000	-	-	-	-	0.00%
	19-Jul-2018	-	350,000,000	350,000,000	-	-	-	-	0.00%
	11-Oct-2018	-	520,000,000	520,000,000	-	-	-	-	0.00%
	6-Dec-2018	-	210,000,000	210,000,000	-	-	-	-	0.00%
	14-Feb-2019	-	315,000,000	315,000,000	-	-	-	-	0.00%
	9-May-2019	-	425,000,000	425,000,000	-	-	-	-	0.00%
	23-May-2019	-	475,000,000	250,000,000	225,000,000	221,595,525	221,624,100	28,575	42.58%
						221,595,525	221,624,100	28,575	42.58%
Total as at June 30, 2019						227,073,234	226,509,343	(563,891)	
Total as at June 30, 2018						148,866,116	148,864,897	(1,219)	

### Money Market Sub-Fund

Name of security	Issue Date	Face value				Balance as at June 30, 2019			Market value as % of net assets of sub-funds
		As at July 01, 2018	Purchased during the year	Sold / matured during the year	As at June 30, 2019	Carrying Value	Market value	Unrealised (loss) / gain	
(Rupees) -----									% -----
Treasury Bills									
Market Treasury Bills - 3 months	7-Jun-2018	100,000,000	-	100,000,000	-	-	-	-	0.00%
	19-Jul-2018	-	240,000,000	240,000,000	-	-	-	-	0.00%
	11-Oct-2018	-	295,000,000	295,000,000	-	-	-	-	0.00%
	6-Dec-2018	-	125,000,000	125,000,000	-	-	-	-	0.00%
	14-Feb-2019	-	275,000,000	275,000,000	-	-	-	-	0.00%
	23-May-2019	-	120,000,000	90,000,000	30,000,000	29,548,173	29,546,480	(1,693)	9.32%
Total as at June 30, 2019						29,548,173	29,546,480	(1,693)	
Total as at June 30, 2018						98,939,900	98,947,135	7,235	

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

## 6.3 Debt securities - Term finance certificates / Sukuks - at fair value through profit or loss

### Debt Sub-Fund

Name of security	Issue date	Number of certificates				Balance as at June 30, 2019			Market value as % of net assets of sub- funds
		As at July 01, 2018	Purchased during the year	Sold / matured during the year	As at June 30, 2019	Carrying Value	Market value	Unrealised gain / (loss)	
Term finance certificates									
Bank AL Habib Limited	17-Mar-16	5,580	-	5,580	-	-	-	-	0.00%
Bank Alfalah Limited	20-Feb-13	3,000	-	-	3,000	15,048,187	14,964,000	(84,187)	2.87%
Habib Bank Limited	19-Feb-16	150	-	-	150	14,794,725	14,745,659	(49,066)	2.83%
The Bank of Punjab	23-Dec-16	50	-	-	50	4,901,349	4,946,299	44,950	0.95%
Askari Bank Limited	30-Sep-14	5,003	-	-	5,003	24,979,412	24,322,027	(657,385)	4.67%
Jahangir Siddiqui & Co. Ltd.	18-Jul-17	5,000	-	-	5,000	21,955,413	21,665,963	(289,450)	4.16%
Sukuks									
Aspin Pharma (Private) Limited	30-Nov-17	130	-	-	130	11,620,580	11,552,978	(67,602)	2.22%
Dawood Hercules Corporation Limited	16-Nov-17	72	-	-	72	6,492,960	6,458,687	(34,273)	1.24%
Total as at June 30, 2019						99,792,626	98,655,613	(1,137,013)	
Total as at June 30, 2018						133,942,968	132,802,858	(1,140,110)	

### 6.3.1 Significant terms and conditions of term finance certificates / sukuks outstanding at the year end are as follows:

Name of security	Number of certificates	Face / redemption value (Rupees)		Interest rate per annum	Maturity	Secured / unsecured	Rating
		Per certificate	Total				
<b>Un-listed</b>							
Bank AL Habib Limited	5,580	4,995	27,872,100	6M KIBOR + 0.75%	17-Mar-26	Unsecured	AA
Bank Alfalah Limited	3,000	4,988	14,964,000	6M KIBOR + 1.25%	20-Feb-21	Unsecured	AA
Habib Bank Limited	150	99,880	14,982,000	6M KIBOR + 0.50%	19-Feb-26	Unsecured	AAA
The Bank of Punjab Limited	50	99,900	4,995,000	6M KIBOR + 1.00%	23-Dec-26	Unsecured	AA-
Aspin Pharma (Private) Limited	130	90,000	11,700,000	3M KIBOR + 1.50%	30-Nov-23	Secured	A
<b>Listed</b>							
Askari Bank Limited	5,003	4,991	24,969,973	6M KIBOR + 1.20%	30-Sep-24	Unsecured	AA-
Jahangir Siddiqui & Co. Ltd.	5,000	4,375	21,875,000	6M KIBOR + 1.40%	18-Jul-22	Secured	AA+
Dawood Hercules Corporation Limited	72	90,000	6,480,000	3M KIBOR + 1.00%	16-Nov-22	Secured	AA

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

## 6.4 Commercial paper - at fair value through profit or loss

**Debt Sub-Fund**  
K-Electric Limited

**Money Market Sub-Fund**  
K-Electric Limited

	June 30, 2019	June 30, 2018
	(Rupees)	(Rupees)
	39,234,413	-
	9,808,628	-

## 6.4.1 Significant terms and conditions of commercial papers outstanding at the year end are as follows:

Name of security	Interest / mark-up rates	Issue date	Maturity date	Carrying value as a % of net assets of sub-funds
<b>Debt Sub-Fund</b> K-Electric Limited	11.75%	1-Mar-19	2-Sep-19	7.54%
<b>Money Market Sub-Fund</b> K-Electric Limited	11.75%	1-Mar-19	2-Sep-19	3.09%

## 6.5 Term Deposit Receipts - at fair value through profit or loss

**Money Market Sub-Fund**

Name of the investee company	Maturity	Rating	Rate of return per annum	Face value		Face value as percentage of net assets	Face value as percentage of total investment (%)
				As at July 01, 2018	Matured during the year	As at June 30, 2019	
				(Rupees)	(Rupees)	(Rupees)	
Soneri Bank Limited	1-Aug-19	AA-/A1+	13.20%	-	49,000,000	49,000,000	15%
Js Bank Limited	1-Aug-19	AA-/A1+	13.95%	-	60,000,000	60,000,000	19%
<b>Total as at June 30, 2019</b>				-	109,000,000	109,000,000	33%
<b>Total as at June 30, 2018</b>				-	-	-	40%

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

June 30, 2019			
Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees)			
<b>7. INTEREST RECEIVABLE</b>			
Mark-up on:			
- Pakistan investment bonds	70,389	-	70,389
- Term finance certificates	3,503,394	-	3,503,394
- Deposit accounts	1,863,537	1,374,200	3,446,048
- Term deposit receipt	-	410,669	410,669
<b>208,311</b>	<b>5,437,320</b>	<b>1,784,869</b>	<b>7,430,500</b>

June 30, 2018			
Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees)			
Mark-up on:			
- Pakistan investment bonds	290,298	-	290,298
- Term finance certificates	2,891,924	-	2,891,924
- Deposit accounts	1,517,557	573,761	2,268,076
- Term deposit receipt	-	-	-
<b>176,758</b>	<b>4,699,779</b>	<b>573,761</b>	<b>5,450,298</b>

June 30, 2019			
Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees)			
<b>8. ADVANCES, DEPOSITS AND OTHER RECEIVABLES</b>			
Receivable against:			
- National Clearing Company of Pakistan Limited (NCCPL)	550,828	-	3,050,828
- Central Depository Company of Pakistan Limited (CDC)	200,000	200,000	600,000
Advance tax	158,101	44,707	485,341
Others	16,500	16,500	64,536
<b>3,014,069</b>	<b>925,429</b>	<b>261,207</b>	<b>4,200,705</b>

June 30, 2018			
Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees)			
Receivable against:			
- National Clearing Company of Pakistan Limited (NCCPL)	550,819	-	3,050,819
- Central Depository Company of Pakistan Limited (CDC)	200,000	100,000	500,000
Advance tax	131,946	35,276	449,755
Others	16,500	16,465	61,321
<b>3,010,889</b>	<b>899,265</b>	<b>151,741</b>	<b>4,061,895</b>

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

		June 30, 2019			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
		(Rupees)			
Note					
<b>9. PAYABLE TO THE PENSION FUND MANAGER</b>					
Remuneration payable to the pension fund manager	9.1	903,031	636,531	377,516	1,917,078
Sindh sales tax payable on remuneration of pension fund manager	9.2	117,391	82,750	49,078	249,219
		<u>1,020,422</u>	<u>719,281</u>	<u>426,594</u>	<u>2,166,297</u>

		June 30, 2018			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
		(Rupees)			
Note					
Remuneration payable to the pension fund manager	9.1	972,939	690,535	251,605	1,915,079
Sindh sales tax payable on remuneration of pension fund manager	9.2	126,481	89,769	32,709	248,959
		<u>1,099,420</u>	<u>780,304</u>	<u>284,314</u>	<u>2,164,038</u>

**9.1** The Pension Fund Manager has charged remuneration at the rate of 1.5% (2018: 1.5%) of average annual net assets of the Fund. The remuneration is paid to the Pension Fund Manager on a monthly basis in arrears.

**9.2** Sales tax on management remuneration has been charged at the rate of 13% (2018: 13%).

		June 30, 2019			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
		(Rupees)			
Note					
<b>10. PAYABLE TO TRUSTEE</b>					
Remuneration payable	10.1	79,847	56,114	33,347	169,308
Sales tax on remuneration payable	10.2	10,385	7,438	4,313	22,136
		<u>90,232</u>	<u>63,552</u>	<u>37,660</u>	<u>191,444</u>

		June 30, 2018			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
		(Rupees)			
Note					
Remuneration payable	10.1	85,905	61,012	22,201	169,118
Sales tax on remuneration payable	10.2	11,168	7,932	2,886	21,986
		<u>97,073</u>	<u>68,944</u>	<u>25,087</u>	<u>191,104</u>



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

**10.1** The Trustee, CDC is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed and Offering Documents as per the tariff specified therein, based on the daily net asset value of the Fund. As per the Trust Deed and Offering Document the tariff structure applicable to the Fund in respect of trustee fee is as follows:

Average net assets value	Tariff per annum
Up to Rs.1 billion	Rs.0.3 million or 0.15% p.a. of net assets, whichever is higher
Rs.1 billion to Rs.3 billion	Rs.1.5 million or 0.10% p.a. of net assets exceeding Rs.1 billion
Rs.3 billion to Rs.6 billion	Rs.3.5 million or 0.08% p.a. of net assets exceeding Rs.3 billion
Over Rs.6 billion	Rs.5.9 million plus 0.06% p.a. of net assets exceeding Rs.6 billion

**10.2** Sales tax on trustee remuneration has been charged at the rate of 13% (2018: 13%).

## 11. ANNUAL FEE PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

This represents annual fee to the SECP at the rate of one thirtieth of one percent (2018: one thirtieth of one percent) of average annual net assets of each sub-fund.

		June 30, 2019			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	Note	(Rupees)			
12. ACCRUED EXPENSES AND OTHER LIABILITIES					
Provision for Sindh Workers' Welfare Fund	12.1	3,766,624	2,238,776	681,893	6,687,293
Provision for Federal Excise Duty on remuneration of Pension Fund Manager	12.2	2,420,238	2,404,933	1,151,294	5,976,465
Brokerage payable		119,050	20,101	685	139,836
Withholding tax payable		189,353	122,528	25,974	337,855
Auditors' remuneration		148,251	85,713	36,036	270,000
Payable against redemption of units		-	-	22,098	22,098
Others		-	20,650	-	20,650
		6,643,516	4,892,701	1,917,980	13,454,197
June 30, 2018					
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
		(Rupees)			
Provision for Sindh Workers' Welfare Fund	12.1	3,766,624	1,679,053	480,397	5,926,074
Provision for Federal Excise Duty on remuneration of Pension Fund Manager	12.2	2,420,238	2,404,933	1,151,294	5,976,465
Brokerage payable		260,437	6,032	685	267,154
Withholding tax payable		322,398	119,979	26,024	468,401
Auditors' remuneration		214,804	155,174	52,709	422,687
Payable against redemption of units		-	-	22,097	22,097
Others		-	650	-	650
		6,984,501	4,365,821	1,733,206	13,083,528

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

### 12.1 Provision for Sindh Workers' Welfare Fund

As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act (SWWF Act), 2014 had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs.0.5 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies (including the Management Company of the Fund) whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF which is currently pending. However, as a matter of abundant caution, MUFAP has recommended to all its members to record a provision for SWWF from the date of enactment of SWWF Act, 2014 (i.e. starting from May 21, 2015).

The provision for SWWF is now being made on a daily basis. The cumulative net effect of the above two adjustments, had they not been made, would have resulted in an increase in the net assets value per unit by Rs.2.26 (2018: Rs.2.6) per unit in respect of equity sub-fund, Re.0.83 (2018: Re.0.68) per unit in respect of debt sub-fund and Re.0.36 (2018: Rs.0.44) per unit in respect of money market sub-fund as at June 30, 2019.

### 12.2 Provision for Federal Excise Duty on remuneration of Pension Fund Manager

The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from June 13, 2013. As the asset management services rendered by the Management Company of the Fund were already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the Management Company was of the view that further levy of FED was not justified.

On September 04, 2013, a Constitutional Petition was filed in the Honourable Sindh High Court (SHC) jointly by various Asset Management Companies, together with their representatives of Collective Investment Schemes through their trustees, challenging the levy of FED.

During the previous year, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

With effect from July 01, 2016, FED on services provided or rendered by Non-Banking Financial Institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Pension Fund Manager with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made prior to this period has been maintained by the Fund which at June 30, 2018 aggregates to Rs.2.42 (2018: 2.42 million, Rs.2.40 (2018: Rs.2.40) million and Rs.1.15 (2018: Rs.1.15) million in Equity Sub-Fund, Debt Sub-Fund, Money Market Sub-Fund and Commodity Sub-Fund is being retained in the financial statements of the Sub-Funds, respectively as the matter is pending before the Supreme Court of Pakistan. Had the said provision for FED not been recorded in the financial statements of the Sub-Funds, the net assets value of the Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund as at June 30, 2018 would have been higher by Rs.1.45 (2018: Rs.1.67) per unit, Rs.1.19 (2018: Re.0.97) per unit and Re.0.86 (2018: Rs.1.05) per unit respectively.

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

	June 30, 2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	----- (Units) -----			
Total units outstanding at beginning of the year	1,449,822	2,463,260	1,092,414	5,005,496
Add: Units issued during the year	551,523	702,778	921,121	2,175,422
Less: Units redeemed during the year	(332,475)	(1,144,038)	(674,440)	(2,150,953)
<b>Total units in issue at the end of the year</b>	<b>1,668,870</b>	<b>2,022,000</b>	<b>1,339,095</b>	<b>5,029,965</b>

**13. NUMBER OF UNITS IN ISSUE**

Total units outstanding at beginning of the year  
Add: Units issued during the year  
Less: Units redeemed during the year  
Total units in issue at the end of the year

**14. CONTRIBUTION TABLE**

	June 30, 2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total (Rupees)
	Units	Units	Units	
Opening balance	1,449,822	2,463,260	1,092,414	1,572,092,331
Issue of units	551,523	702,778	921,121	637,129,122
Redemption of units	(332,475)	(1,144,038)	(674,440)	(578,809,040)
<b>Closing balance</b>	<b>1,668,870</b>	<b>2,022,000</b>	<b>1,339,095</b>	<b>1,630,412,413</b>

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

## 15. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2019 and June 30, 2018.

## 16. AUDITORS' REMUNERATION

	June 30, 2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees)			
Annual audit fee	124,837	87,535	37,628	250,000
Half yearly review fee	62,414	43,765	18,821	125,000
Sales tax	14,981	10,504	4,515	30,000
Out of pocket expenses	17,149	12,556	7,592	37,297
	<b>219,381</b>	<b>154,360</b>	<b>68,556</b>	<b>442,297</b>

	June 30, 2018			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees)			
Annual audit fee	128,345	91,949	29,707	250,000
Half yearly review fee	64,172	45,974	14,853	125,000
Sales tax	15,401	11,034	3,565	30,000
Out of pocket expenses	5,577	3,995	1,291	10,863
	<b>213,495</b>	<b>152,952</b>	<b>49,416</b>	<b>415,863</b>

		June 30, 2019			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
		(Rupees)			
17. Cash and cash equivalents	Note				
Bank balances	5.1	52,881,100	377,221,015	188,773,157	618,875,272
Treasury Bill maturing within 3 months	6.2	-	221,624,100	29,546,480	251,170,580
Term Deposit Receipts	6.5	-	-	109,000,000	109,000,000
Commercial Paper	6.4	-	39,234,413	9,808,628	49,043,041
		<b>52,881,100</b>	<b>638,079,528</b>	<b>337,128,265</b>	<b>1,028,088,893</b>

	June 30, 2018			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees)			
Bank balances	10,995,483	446,504,324	146,108,625	603,608,432
Treasury Bill maturing within 3 months	-	148,864,897	98,947,135	247,812,032
	<b>10,995,483</b>	<b>595,369,221</b>	<b>245,055,760</b>	<b>851,420,464</b>

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

## 18. TAXATION

The income of Pakistan Pension Fund is exempt from tax under clause 57(3)(viii) of Part I of the Second Schedule to the Income Tax Ordinance, 2001. Further through Finance Act, 2011, effective from July 01, 2011, pension funds are included in the list of entities on which the provisions of section 113 regarding minimum tax shall not apply.

## 19. TRANSACTIONS WITH CONNECTED PERSONS

Related parties / connected persons of the Fund include the Pension Fund Manager, other collective investment schemes managed by the Pension Fund Manager, MCB Bank Limited being the Holding Company of the Pension Fund Manager, the Trustee, directors, key management personnel and other associated undertakings and connected persons. Connected persons also include any person beneficially owing directly or indirectly 10% or more of the units in the issue / net assets of the Fund.

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, other charges, sale and purchase of investments and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

Remuneration payable to the Pension Fund Manager and the Trustee is determined in accordance with the provision of the VPS Rules and constitutive documents of the Fund respectively.

Details of transactions and balances at year end with related parties / connected persons, other than those which have been disclosed elsewhere in these financial statements, are as follows:

19.1 Transactions during the year	June 30, 2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees)			
<b>MCB Arif Habib Savings and Investments Limited - Pension Fund Manager</b>				
Remuneration of Pension Fund Manager	11,699,222	8,209,060	3,527,860	23,436,142
Sales tax on remuneration of Pension Fund Manager	1,520,899	1,067,178	458,622	3,046,699
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
Remuneration of Central Depository Company Limited - Trustee	1,029,566	722,361	310,520	2,062,447
Sales tax on remuneration of Trustee	133,851	94,040	40,368	268,259
Settlement charges	52,450	8,041	7,910	68,401
<b>Group / Associated companies</b>				
<b>MCB Bank Limited</b>				
Mark-up earned	48,603	4,686	5,949	59,238
Bank charges	3,359	1,556	78	4,993
<b>Silk Bank</b>				
Mark-up earned	-	6,372,831	-	6,372,831
Bank charges	-	19,712	-	19,712
<b>Arif Habib Limited - Brokerage House</b>				
Brokerage expense*	110,650	1,385	1,711	113,746
<b>Next Capital Limited - Brokerage House</b>				
Brokerage expense*	51,039	-	-	51,039

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

	June 30, 2018			Total
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	
	(Rupees)			
<b>MCB Arif Habib Savings and Investments Limited - Pension Fund Manager</b>				
Remuneration of Pension Fund Manager	11,073,848	8,027,701	2,710,502	21,812,051
Sales tax on remuneration of Pension Fund Manager	1,439,600	1,043,601	352,365	2,835,566
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
Remuneration of Central Depository Company Limited - Trustee	991,908	719,586	242,908	1,954,402
Sales tax on remuneration of Trustee	128,943	93,544	31,568	254,055
Settlement charges	77,600	8,627	-	86,227
<b>Arif Habib Limited - Brokerage House</b>				
Brokerage expense*	145,721	707	650	147,078
<b>Next Capital Limited - Brokerage House</b>				
Brokerage expense*	168,639	-	1,581	170,220

	June 30, 2019			Total
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	
	(Rupees)			

## 19.2 Balances outstanding at year end:

<b>MCB Arif Habib Savings and Investments Limited - Pension Fund Manager</b>				
Remuneration payable	903,031	636,531	377,516	1,917,078
Sindh sales tax payable on remuneration	117,391	82,750	49,078	249,219
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
Remuneration payable	79,847	56,114	33,347	169,308
Sindh sales tax payable on remuneration	10,385	7,438	4,313	22,136
Security deposit	200,000	200,000	200,000	600,000
<b>Group / Associated companies</b>				
<b>MCB Bank Limited</b>				
Bank balance	101,016	102,996	107,437	311,449
Profit receivable	34	-	-	34
<b>Silk Bank</b>				
Bank balance	-	100,028,054	-	100,028,054
Profit receivable	-	196,386	-	196,386
<b>MCB Islamic Bank Limited</b>				
Bank balance	-	7,552	-	7,552

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

	June 30, 2018			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees)			
<b>MCB Arif Habib Savings and Investments Limited - Pension Fund Manager</b>				
Remuneration payable	972,939	690,535	251,605	1,915,079
Sindh sales tax payable on remuneration	126,481	89,769	32,709	248,959
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
Remuneration payable	85,909	61,004	22,222	169,135
Sindh sales tax payable on remuneration	11,164	7,940	2,865	21,969
Security deposit	200,000	200,000	100,000	500,000
<b>Group / Associated companies</b>				
<b>MCB Bank Limited</b>				
Bank balance	230,963	14,914	12,633	258,510
Profit receivable	9,937	-	-	9,937
<b>MCB Islamic Bank Limited</b>				
Bank balance	-	10,042	-	10,042
<b>Arif Habib Limited - Brokerage House</b>				
Brokerage payable*	7,500	382	325	8,207
<b>Next Capital Limited - Brokerage House</b>				
Brokerage payable*	13,140	-	-	13,140

\* The amount disclosed represents the amount of brokerage paid / payable to connected persons and not the purchase or sale value of securities transacted through them. The purchase or sale value has not been treated as transactions with connected persons as the ultimate counter-parties are not connected persons.



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

## 19.3 Participant Fund

For the year ended June 30, 2019						
As at July 01, 2018	Issued for cash	Redeemed	As at June 30, 2019	As at July 01, 2018	Issued for cash	As at June 30, 2019
(Units)		(Units)		(Rupees)		
<b>MCB Arif Habib Savings and Investments Limited - Pension Fund Manager *</b>						
- Pakistan Pension Fund - Equity	-	-	252,196	129,086,523	-	109,024,331
- Pakistan Pension Fund - Debt	-	-	253,109	60,662,634	-	65,157,850
- Pakistan Pension Fund - Money Market	-	-	300,000	65,826,000	-	71,022,000
<b>Key management personnel</b>						
- Pakistan Pension Fund - Equity	4,957	11,706	7,700	7,395,721	2,330,710	5,369,563
- Pakistan Pension Fund - Debt	1,327	2,996	2,281	946,697	327,311	742,355
- Pakistan Pension Fund - Money Market	127	281	45	43,665	28,876	63,675
						10,653

For the year ended June 30, 2018						
As at July 01, 2017	Issued for cash	Redeemed	As at June 30, 2018	As at July 01, 2017	Issued for cash	As at June 30, 2018
(Units)		(Units)		(Rupees)		
<b>MCB Arif Habib Savings and Investments Limited - Pension Fund Manager</b>						
- Pakistan Pension Fund - Equity	-	-	252,196	142,521,000	-	129,086,523
- Pakistan Pension Fund - Debt	-	-	253,109	58,156,828	-	60,662,634
- Pakistan Pension Fund - Money Market	-	-	300,000	63,060,000	-	65,826,000
<b>Key management personnel</b>						
- Pakistan Pension Fund - Equity	13,977	8,123	14,035	4,623,247	7,476,856	4,307,658
- Pakistan Pension Fund - Debt	1,506	10,713	3,223	2,856,041	360,160	2,531,586
- Pakistan Pension Fund - Money Market	24	2,880	-	600,335	5,040	623,152
						4

\* The unit holder also holds 10% or more of the units in the Plan.

## 20. FINANCIAL RISK MANAGEMENT

The Fund's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Fund's financial performance.

The Fund's activities expose it to a variety of financial risks: market risk (including currency risk, profit rate and other price risk), credit risk and liquidity risk. Risk of the Fund are being managed by the Management Company in accordance with the approved policies of the investment committee which provide broad guidelines for management of above mention risks. The Board of Directors of Management Company has overall responsibility for the establishment and oversight of the Fund's risk management framework.

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

The Fund's primary financial assets comprise of balances with banks, at fair value through profit and loss investments, comprising of equity securities of listed companies, sukuk certificates of other listed companies, commercial paper and term deposit receipts. The Fund also has dividend receivable, profit receivable, deposits and other receivables. The Fund's principal financial liabilities include remuneration payable to Pension Fund Manager, Trustee and SECP and accrued and other liabilities.

## 20.1 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result 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 Board and regulations laid down by the SECP and the VPS Rules.

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

### 20.1.1 Currency risk

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

### 20.1.2 Interest rate risk

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

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

Presently, Debt Sub-Fund holds KIBOR based profit bearing TFCs and Sukuk bonds exposing the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR, with all other variables held constant, the net assets of the Fund as on June 30, 2019 and net income for the year then ended would have been higher / lower by Rs.0.99 million (2018: Rs.1.33 million).

The Fund holds balances in deposit accounts with banks, exposing the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR, with all other variables held constant, the net assets of the Fund as on June 30, 2019 and net income for the year then ended would have been higher / lower by Rs.6.19 million (2018: Rs.6.04 million).

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

Debt Sub-Fund holds Pakistan Investment Bonds which are classified as 'at fair value through profit or loss', exposing the Sub-Fund to interest rate risk. In case of 100 basis points increase / decrease in rates announced by FMAP (Financial Markets Association of Pakistan) or Reuters on June 30, 2019, with all other variables held constant, the net assets of the Fund and net income for the year would have been lower / higher by Rs.0.05 million (2018: Rs.0.11 million).

Money Market Sub-Fund and Debt Sub-Fund hold Treasury Bills which are classified as 'fair value through profit or loss', exposing the Sub-Funds to interest rate risk. In case of 100 basis points increase / decrease in PKRV rates announced by MUFAP (Mutual Funds Association of Pakistan) on June 30, 2019, with all other variables held constant, the net assets of the Fund and net income for the year would have been lower / higher by Rs.2.51 million (2018: Rs.3.96 million).

Money Market Sub-Fund hold Term Deposit Receipts which are classified as 'FVTPL', exposing the Sub-Funds to interest rate risk. In case of 100 basis points increase / decrease in rates on June 30, 2019, with all other variables held constant, the net assets of the Fund and net income for the year would have been lower / higher by Rs.1.09 million (2018: Rs.Nil).

Money Market Sub-Fund and Debt Sub-Fund hold Commercial Papers which are classified as 'FVTPL', exposing the Sub-Funds to interest rate risk. In case of 100 basis points increase / decrease in rates on June 30, 2019, with all other variables held constant, the net assets of the Fund and net income for the year would have been lower / higher by Rs.0.49 million (2018: Rs.Nil).

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

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

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

Yield / effective interest rate (%)	June 30, 2019											
	Equity Sub-Fund				Debt Sub-Fund				Money Market Sub-Fund			
	Exposed to yield / interest rate risk		Not exposed to yield / interest rate risk		Exposed to yield / interest rate risk		Not exposed to yield / interest rate risk		Exposed to yield / interest rate risk		Not exposed to yield / interest rate risk	
	Upto three months	More than three months and up to one year	More than three months and up to one year	More than three months and up to one year	Upto three months	More than three months and up to one year	Upto three months	More than three months and up to one year	Upto three months	More than three months and up to one year	Upto three months	More than three months and up to one year
Total	(Rupees)											
On-balance sheet financial instruments												
Financial assets												
Balances with banks	10 - 13.5	618,875,272	52,891,100	-	-	377,221,015	-	-	-	188,773,157	-	-
Investments	11.34 - 14.38	1,183,242,656	-	-	670,488,179	221,624,100	39,234,413	103,540,856	-	29,546,480	118,808,628	-
Dividend receivable		2,875,842	-	-	2,875,842	-	-	-	-	-	-	-
Interest receivable		7,430,500	208,311	-	-	5,437,320	-	-	-	1,784,869	-	-
Deposits and other receivables		3,715,364	-	-	2,731,536	-	-	-	767,328	-	-	216,500
		1,816,139,634	53,089,411	-	676,095,557	604,282,435	39,234,413	103,540,856	767,328	220,104,506	118,808,628	216,500
Financial liabilities												
Payable to the Pension Fund Manager		1,917,078	-	-	903,031	-	-	-	636,531	-	-	377,516
Payable to the Trustee		169,308	-	-	79,847	-	-	-	56,114	-	-	33,347
Payable against purchase of investments		241,292,905	-	-	-	-	-	-	221,595,525	-	-	19,697,380
Accrued and other liabilities		452,584	-	-	267,301	-	-	-	126,464	-	-	58,819
		243,831,875	-	-	1,250,179	-	-	-	222,414,634	-	-	20,167,062
On-balance sheet gap		1,572,307,759	53,089,411	-	674,845,378	604,282,435	39,234,413	103,540,856	(221,647,306)	220,104,506	118,808,628	(19,950,562)
There is no off-balance sheet financial instrument that exist as at year ended June 30, 2019.												
June 30, 2018												
Yield / effective interest rate (%)	Equity Sub-Fund				Debt Sub-Fund				Money Market Sub-Fund			
	Exposed to yield / interest rate risk		Not exposed to yield / interest rate risk		Exposed to yield / interest rate risk		Not exposed to yield / interest rate risk		Exposed to yield / interest rate risk		Not exposed to yield / interest rate risk	
	Upto three months	More than three months and up to one year	More than three months and up to one year	More than three months and up to one year	Upto three months	More than three months and up to one year	Upto three months	More than three months and up to one year	Upto three months	More than three months and up to one year	Upto three months	More than three months and up to one year
	Total	(Rupees)										
On-balance sheet financial instruments												
Financial assets												
Balances with banks	3.75 - 7.5	603,608,432	10,995,483	-	-	446,504,324	-	-	-	146,108,625	-	-
Investments	6.74 - 8.41	1,126,810,141	-	-	735,806,888	134,638,050	43,781,792	131,708,658	-	77,694,003	-	-
Dividend receivable		526,244	-	-	526,244	-	-	-	-	-	-	-
Interest receivable		5,450,298	-	-	176,758	-	-	-	4,699,779	-	-	573,761
Receivable against sale of investments		94,964,090	-	-	-	-	-	-	-	-	-	94,964,090
Deposits and other receivables		3,612,141	-	-	2,728,357	-	-	-	767,319	-	-	116,465
		1,834,971,346	10,995,483	-	739,238,247	581,142,374	43,781,792	131,708,658	5,467,098	223,802,628	-	95,654,316
Financial liabilities												
Payable to the Pension Fund Manager		1,915,079	-	-	972,939	-	-	-	690,535	-	-	251,605
Payable to the Trustee		169,134	-	-	85,909	-	-	-	61,003	-	-	22,222
Payable against purchase of investments		247,349,750	-	-	-	-	-	-	148,409,850	-	-	98,939,900
Accrued and other liabilities		12,615,127	-	-	6,662,103	-	-	-	4,245,842	-	-	1,707,182
		262,049,090	-	-	7,720,951	-	-	-	153,407,230	-	-	100,920,909
On-balance sheet gap		1,572,922,256	10,995,483	-	731,517,296	581,142,374	43,781,792	131,708,658	(147,940,132)	223,802,628	-	(5,266,593)
There is no off-balance sheet financial instrument that exist as at year ended June 30, 2018.												

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

---

### 20.1.3 Price risk

Price risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market prices (other than those arising from currency risk or interest rate risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market.

The Equity Sub-Fund is exposed to equity price risk because of equity securities held by the Equity Sub-Fund and classified on the balance sheet as available-for-sale. To manage its price risk arising from investment in equity securities, the Equity Sub-Fund's investment policy, as restricted by the VPS Rules, limits investments in listed shares of one company to not more than 10% of Sub-Fund net assets and investment in listed securities of a particular company have also been restricted to 10% of paid-up capital of investee company. Moreover, the sector limits have been restricted to 35% of the net assets of the Sub-Fund.

In case of 5% increase / decrease in KSE 100 index on June 30, 2019, the net assets relating to the Equity Sub-Fund and total net assets of the Fund would increase / decrease by Rs.33.52 million (2018: Rs.36.79 million) as a result of gains / losses on equity securities classified as at fair value through profit or loss.

The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Sub-Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 index, having regard to the historical volatility of the index. The composition of the Sub-Fund's investment portfolio and the correlation thereof to the KSE index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2019 is not necessarily indicative of the effect on the Sub-Fund's net assets of future movements in the level of KSE 100 index.

### 20.2 Credit risk

Credit risk represents the risk of loss if counterparties fail to perform as contracted. The Fund's credit risk is primarily attributable to its investment in debt securities. The Fund is also exposed to counter party credit risks on balances with banks and profit receivable. The credit risk on these funds is limited because the counterparties are financial institutions with reasonably high credit ratings. In addition, the internal risk management policies and investment guidelines (approved by the Board) require the Fund to invest in debt securities that have been rated as investment grade by a well known rating agency.

The Fund has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. This credit rating information is supplied by independent rating agencies, where available, and if not available, the Fund uses other publicly available financial information and its own trading records to rate its major investors. The Fund's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Credit risk from balances with banks and financial institutions is managed by financial department in accordance with the Fund's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are approved by the Board of Directors. The limits are set to minimise the concentration of risk and therefore mitigate financial loss through potential counterparty failure.

The Fund's maximum exposure to credit risk related to receivables at June 30, 2019 and June 30, 2018 is the carrying amounts of following financial assets.

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

	June 30, 2019			
	Equity Sub-Fund	Debt Sub-Fund	Market Sub-Fund	Total
	(Rupees)			
Bank balances	52,881,100	377,221,015	188,773,157	618,875,272
Investments	670,488,179	364,399,369	148,355,108	1,183,242,656
Dividend receivable	2,875,842	-	-	2,875,842
Interest receivable	208,311	5,437,320	1,784,869	7,430,500
Deposits and other receivables	2,731,536	767,328	216,500	3,715,364
	<b>729,184,968</b>	<b>747,825,032</b>	<b>339,129,634</b>	<b>1,816,139,634</b>

	June 30, 2018			
	Equity Sub-Fund	Debt Sub-Fund	Market Sub-Fund	Total
	(Rupees)			
Bank balances	10,995,483	446,504,324	146,108,625	603,608,432
Investments	-	292,056,118	98,947,135	391,003,253
Dividend receivable	526,244	-	-	526,244
Interest receivable	176,758	4,699,779	573,761	5,450,298
Receivable against sale of investments	-	-	94,964,090	94,964,090
Deposits and other receivables	2,728,356	767,319	116,465	3,612,140
	<b>14,426,841</b>	<b>744,027,540</b>	<b>340,710,076</b>	<b>1,099,164,457</b>

All deposits with NCCPL and CDC are highly rated and risk of default is considered minimal.

The analysis below summaries the credit rating quality of the Fund's financial assets as at June 30, 2019 and June 30, 2018.

	June 30, 2019	June 30, 2018
	(%)	
<b>Bank balances by rating category</b>		
A-/A2	16.16%	0.00%
AA/A1+	25.94%	53.39%
AA-/A1+	0.03%	7.66%
AA+/A1+	10.69%	19.90%
AAA/A1+	47.18%	19.05%

	(%)	
<b>Term Finance Certificates by rating category</b>		
A	9.15%	9.72%
AA	38.58%	56.55%
AA-	23.44%	3.69%
AA+	17.11%	30.04%
AAA	11.72%	-

The maximum exposure to credit risk before any credit enhancement as at June 30, 2019 is the carrying amount of the financial assets.

## Concentration of credit risk

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

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

## 20.3 Liquidity risk

Liquidity risk is the risk that the Fund may encounter difficulty in raising funds to meet its obligations and commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset at close to its fair value. The Pension Fund Manager manages liquidity risk by continuously analyzing the maturities of financial assets and financial liabilities. Since the Unit Holders invest in the Funds with a long-term objective, possibility of a significant redemption pressure is limited.

The table below analyses the Sub-funds' financial liabilities into relevant maturity groupings based on the remaining period at the statement of assets and liabilities date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	As at June 30, 2019							
	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund	
	Upto one month	More than one month upto three months	More than three months and upto one year	Upto one month	More than one month upto three months	More than three months and upto one year	Upto one month	More than one month upto three months
<b>Total</b>								
<b>Financial Liabilities</b>								
Payable to the Pension Fund Manager	1,917,078	903,031	-	636,531	-	-	377,516	-
Payable to the Trustee	169,308	79,847	-	56,114	-	-	33,347	-
Payable against purchase of investments	241,292,905	-	-	221,595,525	-	-	19,697,380	-
Accrued and other liabilities	452,584	267,301	-	126,464	-	-	58,819	-
	<b>243,831,875</b>	<b>1,250,179</b>	<b>-</b>	<b>222,414,634</b>	<b>-</b>	<b>-</b>	<b>20,167,062</b>	<b>-</b>

	As at June 30, 2018							
	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund	
	Upto one month	More than one month upto three months	More than three months and upto one year	Upto one month	More than one month upto three months	More than three months and upto one year	Upto one month	More than one month upto three months
<b>Total</b>								
<b>Financial Liabilities</b>								
Payable to the Pension Fund Manager	1,915,079	972,939	-	690,535	-	-	251,605	-
Payable to the Trustee	169,134	85,909	-	61,003	-	-	22,222	-
Payable against purchase of investments	247,349,752	2	-	148,409,850	-	-	98,939,900	-
Accrued and other liabilities	12,615,127	6,662,103	-	4,245,842	-	-	1,707,182	-
	<b>262,049,092</b>	<b>7,720,953</b>	<b>-</b>	<b>153,407,230</b>	<b>-</b>	<b>-</b>	<b>100,920,909</b>	<b>-</b>

#### 20.4 Financial instruments by category

Financial Assets  
Bank balances  
Investments  
Dividend receivable  
Interest receivable  
Deposits and other receivables

**Financial Liabilities**  
Payable to the Pension Fund Manager  
Payable to the Trustee  
Payable against purchase of investments  
Accrued and other liabilities

Financial Assets  
Bank balances  
investments  
Dividend receivable  
Interest receivable  
Receivable against sale of investments  
Deposits and other receivables

**Financial Liabilities**  
Payable to the Pension Fund Manager  
Accrued and other liabilities



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

## 21. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as 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 (i.e. an exit price).

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value.

The following table shows financial instruments recognized at fair value, analyzed between those whose fair value is based on:

- Level 1:** quoted prices in active markets for identical assets or liabilities;
- Level 2:** those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3:** those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2019 and June 30, 2018, the Fund held the following instruments measured at fair values:

		Level 1	Level 2	Level 3	Total
	Note	-----	(Rupees) -----	-----	
<b>June 30, 2019</b>					
<b>Equity Sub-Fund</b>					
Listed equity securities		670,488,179	-	-	670,488,179
<b>Debt Sub-Fund</b>					
Government Securities -					
Pakistan Investment Bonds	21.1.1	-	4,885,243	-	4,885,243
Government Securities -					
Treasury bills	21.1.1	-	221,624,100	-	221,624,100
Term Finance Certificates / Sukuks	21.1.2	-	98,655,613	-	98,655,613
Commercial Paper	21.2.1	-	-	39,234,413	39,234,413
<b>Money Market Sub-Fund</b>					
Government Securities -					
Treasury bills	21.1.1	-	29,546,480	-	29,546,480
Commercial Paper	21.2.1	-	-	9,808,628	9,808,628
Term deposit receipt	21.2.2	-	-	109,000,000	109,000,000
		<b>670,488,179</b>	<b>354,711,436</b>	<b>158,043,041</b>	<b>1,183,242,656</b>

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

Note	Level 1 -----	Level 2 (Rupees)	Level 3 -----	Total -----
<b>June 30, 2018</b>				
<b>Equity Sub-Fund</b>				
Listed equity securities	735,806,799	-	-	735,806,799
<b>Debt Sub-Fund</b>				
Government Securities -				
Pakistan Investment Bonds	-	10,832,133	-	10,832,133
Government Securities -				
Treasury bills	-	148,421,127	-	148,421,127
Term Finance Certificates / Sukuks	-	132,802,858	-	132,802,858
<b>Money Market Sub-Fund</b>				
Government Securities - Treasury bills	-	98,947,300	-	98,947,300
	735,806,799	391,003,418	-	1,126,810,217

During the period ended June 30, 2019, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

## 21.1 Valuation techniques used in determination of fair values within level 2

**21.1.1** Fair values of Pakistan Investment Bonds and Market Treasury Bills are derived using PKRV rates (Reuters page).

**21.1.2** Investments in term finance and sukuks certificates issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital, are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.

## 21.2 Valuation techniques used in determination of fair values within level 3

**21.2.1** The valuation of commercial papers has been done based on amortisation of commercial paper to its fair value as per the guidelines given in Circular 33 of 2012 since the residual maturity of this investment is less than six months and they are placed with counterparties which have high credit rating.

**21.2.2** The carrying value of these securities approximate their fair value since these are short term in nature and are placed with counter parties which have high credit ratings.

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

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

## 22. PERFORMANCE TABLE

Performance Information	Equity Sub-Fund				
	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
	(Rupees)				
Net income after taxation	(42,541,621)	7,373,189	137,971,628	28,896,483	99,286,027
Realised capital gains / (losses)	(18,954,346)	(14,536,101)	127,798,273	16,701,148	60,575,998
Unrealised gains / (losses)	(135,277,605)	(24,557,381)	49,290,309	30,555,117	29,071,197
Impairment loss on available-for-sale investment	-	9,471,693	-	(11,099,775)	(2,429,500)
Dividend income and profit income	42,259,365	31,939,182	32,149,698	23,051,431	12,503,987
Net assets value per unit	432.30	511.85	565.00	416.00	376.00
Transactions in securities					
- Purchases	490,089,141	831,573,513	1,230,526,140	572,998,004	591,106,994
- Sales	355,292,850	756,885,975	1,161,749,948	489,682,359	549,899,221
Total contribution received	267,652,530	139,724,619	261,066,450	151,586,268	140,889,698

Performance Information	Debt Sub-Fund				
	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
	(Rupees)				
Net income after taxation	(25,701,545)	54,732,511	20,469,265	31,712,024	43,031,905
Realised capital gains / (losses)	(888,170)	(58,890)	215,169	4,960,871	14,807,941
Unrealised gains / (losses)	(1,700,904)	(1,131,116)	1,093,702	(1,719,959)	6,419,950
Profit income	19,189,524	17,184,781	27,261,564	32,967,550	30,285,985
Net assets value per unit	257.43	239.67	230.00	220.00	205.00
Transactions in securities					
- Purchases	2,498,102,540	2,533,724,474	2,974,096,430	1,228,310,927	1,403,582,825
- Sales	2,850,047,229	2,598,903,241	4,102,297,392	1,480,050,148	1,527,286,852
Total contribution received	163,501,962	131,016,353	214,693,795	123,899,851	144,073,040

Performance Information	Money Market Sub-Fund				
	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
	(Rupees)				
Net income after taxation	52,645,456	41,314,751	5,780,765	6,680,063	9,317,049
Realised capital gains / (losses)	(170,081)	85,436	(1,399,105)	(20,539)	19,044
Unrealised gains / (losses)	(1,693)	9,780	1,209,638	38,671	91,954
Profit income	14,488,469	7,006,931	10,098,661	6,849,302	12,941,109
Net assets value per unit	236.74	219.42	210.00	202.00	193.00
Transactions in securities					
- Purchases	1,037,415,760	1,053,663,188	1,158,342,959	496,253,602	494,851,052
- Sales	1,506,798,173	1,085,808,376	1,360,071,247	482,242,988	494,851,052
Total contribution received	205,974,630	79,574,417	55,515,204	37,890,399	42,924,982

### Lowest and highest issue price of units during the year

PPF Equity Sub-Fund		PPF Debt Sub-Fund		PPF Money Market Sub-Fund	
Lowest Issue price	Highest Issue price	Lowest Issue price	Highest Issue price	Lowest Issue price	Highest Issue price
(Rupees)					
426.44	535.51	239.72	257.43	219.47	236.74

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

---

### 23. PARTICIPANTS' FUND RISK MANAGEMENT

The Fund's capital is represented by redeemable units of the sub-funds. They are entitled to payment of a proportionate share based on the sub-fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in Participants' sub-funds. In accordance with the risk management policies, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption. Since the Participants invest in the Funds with a long-term objective, possibility of a significant redemption pressure is limited, such liquidity being augmented (by short-term borrowings or disposal of investments where necessary). During the year no such borrowing was exercised.

All units, including the core units, and fractions thereof represent an undivided share in the pertinent sub-funds of the fund and rank pari passu as to their rights in the net assets and earnings of such sub-fund and 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. GENERAL

**24.1** Figures have been rounded off to the nearest thousand rupee unless otherwise stated.

**24.2** Certain prior year's figures have been re-arranged / re-classified, wherever necessary, to facilitate comparison in the presentation in the current period. However, there are no material re-arrangements / re-classifications to report other than as disclosed in note 4.1.

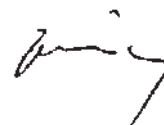
### 25. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 13, 2019 by the Board of Directors of the Pension Fund Manager.

For MCB-Arif Habib Savings and Investments Limited  
(Pension Fund Manager)



Chief Executive Officer



Director