



MCB-ARIF HABIB  
Savings and Investments Limited

# ANNUAL REPORT 2020

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



# **PAKISTAN PENSION FUND**

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# **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> Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	
<b>Board of Directors</b>	Mr. Haroun Rashid Mr. Nasim Beg Mr. Muhammad Saqib Saleem Mr. Ahmed Jahangir Mr. Kashif A. Habib Mirza Qamar Beg Syed Savail Meekal Hussain Ms. Mavra Adil Khan	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
<b>Audit Committee</b>	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Mr. Kashif A. Habib Syed Savail Meekal Hussain	Chairman Member Member Member Member
<b>Human Resource &amp; Remuneration Committee</b>	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Syed Savail Meekal Hussain Ms. Mavra Adil Khan Mr. Muhammad Saqib Saleem	Chairman Member 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. Altaf Ahmad Faisal	
<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>	Zari Taraqiati Bank Limited Habib Metropolitan Bank Limited Bank Al Falah Limited Allied Bank Limited National Bank Pakistan Askari Bank Limited JS Bank Limited MCB Islami Bank Limited Faysal Bank Limited Silk Bank Limited Habib Bank Limited MCB Bank 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> Adamjee House, 2nd Floor I.I. Chundrigar Road, 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, 2020

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Dear Investor,

On behalf of the Board of Directors, we are pleased to present **Pakistan Pension Fund** accounts review for the quarter ended June 30, 2020.

## ECONOMY AND MONEY MARKET OVERVIEW

FY20 was a tale of two halves as macroeconomic consolidation process which was on track during the first half was seriously disrupted by the Covid'19 pandemic in the second half. Global cases topped 17 million, while more than 650,000 people became the morsel of death as the fatal outbreak continued to spread throughout the world. The pandemic wreaked havoc on the global economy as worldwide lockdowns lowered the overall consumption patterns along with causing massive unemployment. The IMF predicts that the global economy will shrink 4.9% this year, which would be the worst annual contraction after the Second World War.

On the local front, the economy was locked down at a large scale till May as the health infrastructure was overwhelmed with number of cases. As a result of the output gap, the forecasts for economic growth were lowered to -0.4%, compared to earlier growth expectations of 2.4%. Large Scale Manufacturing (LSM) and Services sector had to bear the major brunt resulting from lockdowns. LSM contracted by 10.3% during the first eleven months of FY20. Amongst the major industries, Automobiles and Iron & Steel witnessed a sharp downfall, declining by 44.8% and 17.0% respectively. Textile with the largest weight in LSM, also contracted by 11.0% after global lockdowns put a halt on exports. Moreover, the Agriculture sector also disappointed as the production of major crops (Cotton, Wheat and Sugar) remained well below the target levels.

Fiscal consolidation was seriously disrupted after the lockdowns caused massive shortfall in tax collection. FBR managed to collect PKR 4.0 trillion against the earlier envisaged target of PKR 4.8 trillion. Till Feb 2020, the tax collection was growing at a rate of ~16% YoY, however during the last four months of the fiscal year, the tax collection saw a massive contraction of ~20% YoY which resulted in a huge shortfall. Alongside, government rolled out a social safety program to insulate masses from vulnerabilities posed by lockdown, which resulted in more than desired expenditures. As a result of this, it is expected that fiscal deficit will fall north of 9.0% of GDP.

Lagged impacts of policy action in terms of monetary tightening and exchange rate adjustments continued to bear fruits as reflected in improvement in Balance of Payments position. The current account deficit during the year contracted by ~78% on Year on Year basis to USD 2.8 billion. A major portion of reduction in current account deficit was explained by decline in Imports of goods and services as it compressed by ~19%, translating into a reduction of USD ~12 billion. Remittances also remained resilient as they increased by ~6% during the year to USD 23.1 billion. Foreign Direct Investment (FDI) stood at USD ~2.5 billion, up 75% compared to last year as renewal of Telecom Licenses and onset of power sector projects fetched new investments. Debt related flows from IMF and multilateral institutions also kept the overall financial flows in the positive zone. Pakistan received USD 2.4 billion from IMF and more than USD ~5 billion were disbursed by the multilateral institutions for various programs. Overall, the financial account generated a surplus of USD ~7 billion. As a result, foreign exchange reserves of SBP grew by USD 4.9 billion during the year to close at USD 12.1 billion. While import cover improved from 1.7x to 2.6x, it is still below the accepted global benchmarks. PKR saw a nominal depreciation of 3.2% against USD during the year to close at 168.2.

Average CPI for FY20 clocked in at 10.8%, compared to 6.8% witnessed during the preceding year. Food inflation was prominent during the year averaging at 14.5%, after supply side weakness caused a spike in the prices of some essential commodities and perishable food items. Sugar prices increased by ~29%, while Wheat flour saw an increase of ~16% during the year. Among perishable items, onion and potatoes witnessed a hike of ~70% and ~65% respectively. However, the inflationary pressures have started trending downwards with inflation for June clocking in at 8.6% as lower petroleum prices along with easing food inflation have put a break on overall inflation. Nevertheless, core inflation as measured by Non Food Non Energy was still controlled and averaged 7.9% for the period.

The MPC committee remained proactive throughout the calendar year and reduced the interest rates by record 625 bps to bring the policy rate at 7.0%. Recessionary pressures due to Covid'19 and lower expectation of inflation were the primary drivers behind the unprecedented move. Alongside, the central bank announced various schemes to lessen the burden of financial emergencies in the system. Nearly PKR 650 billion of loans were deferred by commercial banks for one year, while close to PKR 150 billion of loans were restructured.

Yield curve started to slope downward during the first half of FY20 before the monetary easing started, in anticipation of lower inflation. As the pandemic struck during the start of the calendar year and the recessionary pressures became imminent, central bank pursued aggressive monetary easing and reduced the policy rate by cumulative 625 bps in several

# REPORT OF THE DIRECTOR OF THE PENSION FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2020

meetings. As a result the yield curve further shifted downwards during the period. 3Y, 5Y and 10Y bonds eased off by 632, 577 and 503 bps respectively during the year. The yield curve has again started to slope upwards as the market participants are expecting the interest rates to bottom out.

## EQUITIES MARKET OVERVIEW

Similar to economic story, the equity markets were also a tale of two halves. During the first half, investors cherished the gains posted by macroeconomic consolidation with the benchmark KSE-100 index rallying by 19.8%. However, as panic hit equity markets around the globe post novel coronavirus spread, KSE-100 Index was no different. The benchmark index plunged by ~16% in the second half of the fiscal year, reversing most of the gains of the fiscal year. Notwithstanding, the KSE-100 managed to post a nominal positive return of 1.5% for full year of FY20, breaking the streak of two successive years of negative returns. Foreigners selling remained unabated, as they sold USD 285 million of equities, remaining in the red zone for the fifth successive year. Individuals and Insurance companies remained net buyers adding USD 213 and USD 128 respectively to their positions. Daily traded volumes averaged at 194 mn shares (up 26.2% YoY), while daily traded value averaged PKR 7.2 bn (up 10.4% YoY) during the period.

Pharmaceuticals, Construction & Materials & Fertilizers were the major outperformers during the year, posting returns of ~45%, ~43% and ~23% respectively. Pharmaceutical companies were in limelight as Covid-19 unleashed the potential of the sector. Cement sector companies gained traction as interest rates were lowered and the marketing arrangement between the players strengthened. While, fertilizer plays had a decent run as dividend yielding stocks got highlighted after successive interest rate cuts. On the flip side, the major index heavy weights, Commercial Banks and E&P's underperformed the benchmark by posting negative returns of ~14% and ~10% respectively. Commercial banks underperformed as record monetary easing caused NIMS compression, while E&P's underperformance was explained by a slump in crude oil prices, after Saudi Arabia started a price war as an agreement wasn't reached between OPEC and Russia. Alongside, a weak global demand amidst the contagious virus added fuel to the fire.

## FUND PERFORMANCE

### *Debt Fund*

The debt sub-fund generated an annualized return of 15.9% during the period under review. The fund's exposure in T-Bills stood at 39.7% while exposure in Cash was 24.9% towards the period end.

The Net Assets of the Fund as at June 30, 2020 stood at Rs. 558.58 million as compared to Rs. 520.53 million as at June 30, 2019 registering an increase of 7.3%. The Net Asset Value (NAV) per unit as at June 30, 2020 was Rs. 298.36 as compared to opening NAV of Rs. 257.43 per unit as at June 30, 2019 registering an increase of Rs. 40.93 per unit.

### *Money Market Fund*

The money market sub-fund generated a return of 12.06% during the period. The fund's exposure in T-bills increased to 49.7% while exposure in cash increase to 42.0%.

The Net Assets of the Fund as at June 30, 2020 stood at Rs. 523.19 million as compared to Rs. 317.02 million as at June 30, 2019 registering an increase of 65%. The Net Asset Value (NAV) per unit as at June 30, 2020 was Rs. 265.29 as compared to opening NAV of Rs. 236.74 per unit as at June 30, 2019 registering an increase of Rs. 28.55 per unit.

### *Equity Fund*

The Equity sub-fund generated a return of 1.94%. The sub-fund increased its overall equity exposure from 92.0% to 95.5%. Sector-wise, the sub-fund mainly held exposure in Commercial Banks and Oil & Gas Exploration sector.

The Net Assets of the Fund as at June 30, 2020 stood at Rs. 641.56 million as compared to Rs. 721.45 million as at June 30, 2019 registering a decrease of 11.07%. The Net Asset Value (NAV) per unit as at June 30, 2020 was Rs. 440.67 as compared to opening NAV of Rs. 432.30 per unit as at June 30, 2019 registering an increase of Rs. 8.37 per unit.

## FUTURE OUTLOOK

GDP growth for FY21 is projected at 2.0% by government and various institutions. Pakistan has essentially survived the first wave of pandemic, as number of daily cases (~1K) have reduced to one-sixth of the peak daily cases (~6K) witnessed during early June. While most of the sectors have been opened, few sectors are still virtually closed and operating below the potential capacity. Barring a second wave of Covid, we expect the economy to fully gear up by the

## REPORT OF THE DIRECTOR OF THE PENSION FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2020

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second quarter of fiscal year. A potential vaccine by the end of the calendar year will also allow the global activities to fully resume in the next calendar year. With a lower base and various stimulus measures, we expect government to meet the annual target for GDP growth. Monetary stimulus announced by central bank will pave the way to revive the growth in cyclical industries. Moreover, government's construction package will also provide the much needed impetus to demand led growth.

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 fall of international oil prices to USD 40/BBL has come as a blessing in disguise. Global economy has started to recover and the news flow suggests that the exports are gaining momentum. Remittances have also been far above the general expectations and in fact 50% YoY growth in June has surprised everyone. Even accounting for a 10% decline in remittances, the overall situation will remain in comfortable zone. We expect CAD to settle at 1.6% of GDP in the FY21, which can be easily financed via flows from foreign investments and debt flows. Swift continuation of IMF program will be a key prerequisite to keep the financial account in positive zone. With the current scenario, we expect foreign exchange reserves to further increase by USD 2 billion during the next year, which will help alleviate any pressure on currency.

CPI is expected to tone down to an average of ~7.5% during the next year assuming average oil prices of USD 40/BBL. Central bank has already adjusted the policy rate to 7.0% in the wake of lower expected inflation. The inflation trajectory would remain below 7.0% during the first half of the fiscal year due to lower petroleum prices, thus causing the policy rate to remain positive. However, during the second half as the impact of low base resumes, inflation will move above the policy rate, which means that central bank will be prompted to adjust the interest rates under the normal economic scenario. However, a better than expected scenario on the balance of payment side will allow central bank to continue the current policy rate.

Fiscal department will remain an Achilles heel for the government as it is expected to remain north of 7.0%. With limited expected growth in taxes, we believe government will not have much room to provide impetus via public development spending. Alongside, government reliance on borrowing via domestic sources will continue to crowd out private sector investment. In an environment where government muscles have been reined in, the importance of private sector will continue to dominate in reviving the overall economic growth.

From capital market perspective, particularly equities, we are getting a much clearer picture now. As covid curve continues to flatten out, the valuations are catching up with historical norms. Barring a second wave of the virus, we think equities have a lot to offer to the investors. Market cap to GDP ratio is at 17.5%, still at a discount of 33% from its historical average. Similarly, risk premiums are close to 4.0%, compared to historical average of 0.9% signifying decent upside for long term investors. We believe a micro view of sectors and stock will remain more important this year and investment selection should focus on companies which trade at a deep discount to their intrinsic value. Similarly, focus should also revert back to companies that are expected to exhibit stellar earnings growth over the medium term.

For debt holders, we expect Money Market Funds to continue to seamlessly mirror policy rates throughout the year. On the other hand, government bonds have priced in the anticipated yield curve. We remain cautious at the current levels of bond yields and would continue to monitor the data points to capitalize on opportunities.

### 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  
August 22, 2020



## ڈائریکٹرز رپورٹ

فیصد کم ہے۔ اسی طرح رسک پریمیئم 0.4 فیصد کے قریب ہیں جو اپنے پرانے اوسط 0.9 فیصد کے مقابلے میں طویل المیعاد سرمایہ کاروں کے لیے قابل قبول بہتری ہے۔ ہم سمجھتے ہیں کہ سیکٹرز اور اسٹاک کی خوردتصویر اس سال زیادہ اہم رہے گی اور سرمایہ کاری کے انتخاب کا انحصار ایسی کمپنیوں پر ہونا چاہیے جو اپنی اندرونی قدر میں گہری رعایت پر تجارت کرتی ہیں۔ اسی طرح ایسی کمپنیوں کی طرف بھی توجہ دوبارہ مرکوز ہونی چاہیے جن کی درمیانی مدت کی آمدنی میں زبردست ترقی متوقع ہے۔

Debt حاملین کے لیے ہم توقع کرتے ہیں کہ بازار زر کے فنڈ پالیسی شرحوں کی عکاسی بلا رکاوٹ سال بھر جاری رکھیں گے۔ دوسری جانب حکومتی بانڈز دوران سال پہلے ہی کچھ حد تک متوقع مالیاتی تسہیل میں کردار ادا کر چکے ہیں۔ ہم بانڈز کے منافعوں کی موجودہ سطحوں کے حوالے سے محتاط ہیں اور ڈیٹا کے نکات کی نگرانی جاری رکھیں گے تاکہ مواقع سے فائدہ اٹھایا جاسکے۔

### 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

22 اگست 2020ء

حکومت اور مختلف اداروں کے مطابق مالی سال 2020-21ء کے لیے مجموعی ملکی پیداوار (جی ڈی پی) میں متوقع ترقی 2.0 فیصد ہے۔ پاکستان و بآء کی پہلی لہر سے نمٹنے میں کامیاب ہوا ہے اور متاثرہ افراد کی یومیہ تعداد (ایک ہزار) ماہ جون کے اوائل میں بلند ترین یومیہ تعداد (چھ ہزار) کا چھٹا حصہ رہ گئی ہے۔ اگرچہ اکثر شعبے کھول دیئے گئے ہیں لیکن کچھ تاحال بالکل بند ہیں اور کچھ استعداد سے کم کام کر پارہے ہیں۔ کووڈ کی دوسری لہر کا سد باب کرتے ہوئے ہم پُر اُمید ہیں کہ مالی سال کی دوسری سہ ماہی تک معیشت مکمل بحال ہو جائے گی۔ علاوہ ازیں، متوقع طور پر دسمبر تک ویکسین کے منظر عام پر آ جانے سے جنوری سے عالمی سطح پر سرگرمیاں بھی مکمل بحال ہو جائیں گی۔ ہم اُمید کرتے ہیں کہ حکومت کم تر base اور مختلف محکمہ کا نہ اقدامات کے ساتھ جی ڈی پی میں ترقی کا سالانہ ہدف حاصل کر سکے گی۔ مرکزی بینک کا اعلان کردہ مالیاتی محرک گردش صنعتوں میں ترقی بحال کرنے کی راہ ہموار کرے گا۔ علاوہ ازیں، حکومت کے تعمیرات سے متعلق پیکیج سے مانگ پر مبنی ترقی کو مطلوبہ محرک حاصل ہوگا۔

ادائیگی کے توازن کی پریشانیوں فی الوقت ختم ہو گئی ہیں کیونکہ کرنٹ اکاؤنٹ خسارہ مرکزی حکومت کے پالیسی اقدامات کے بعد معقول سطح تک آ گیا ہے۔ تیل کی بین الاقوامی قیمتوں کا 40 ڈالر فی بیرل تک کم ہو جانا زحمت کے بھیس میں رحمت ثابت ہوا ہے۔ عالمی معیشت بحال ہونا شروع ہو گئی ہے اور جو خبریں گردش میں ہیں اُن کے مطابق برآمدات میں تیزی آرہی ہے۔ ترسیلات زربھی عمومی متوقع سطح سے کافی زیادہ ہوئی ہیں، بلکہ ماہ جون میں 50 فیصد YoY ترقی نے سب کو حیران کر دیا ہے۔ ترسیلات زریں 10 فیصد کی کوشاں کرنے کے باوجود مجموعی صورتحال قابل قبول رہے گی۔ ہمیں اُمید ہے کہ کرنٹ اکاؤنٹ کا خسارہ مالی سال 2020-21ء میں مجموعی ملکی پیداوار کے 1.6 فیصد پر رُکے گا، اور اس کے لیے غیر ملکی سرمایہ کاریوں اور قرضہ جاتی آمدات سے باسانی رقم فراہم کی جاسکتی ہے۔ مالی اکاؤنٹ کو مثبت حدود میں رکھنے کے لیے آئی ایم ایف پروگراموں کا سبک رفتاری کے ساتھ جاری رہنا کلیدی شرط ہے۔ موجودہ صورتحال میں ہمیں اُمید ہے کہ غیر ملکی زرمبادلہ کے ذخائر میں اگلے سال کے دوران 2 بلین ڈالر کا مزید اضافہ ہوگا جس سے روپے پر کسی قسم کے دباؤ کو ختم کرنے میں مدد ملے گی۔

اگلے سال کے دوران تیل کی قیمتوں کے اوسط 40 فی بی بی ایل کے مفروضے پر صارفی قیمت کے انڈیکس (سی پی آئی) کا متوقع اوسط 7.5 فیصد ہوگا۔ مرکزی بینک نے افراط زر میں متوقع کمی کے تناظر میں پہلے ہی پالیسی شرح میں ترمیم کر کے اسے 7.0 فیصد کر دیا ہے۔ مالی سال کے نصف اوّل کے دوران افراط زر کی رفتار پٹرولیم کی کم تر قیمتوں کے باعث 7.0 فیصد سے کافی کم رہے گی اور پالیسی شرح کو مثبت رکھنے میں کردار ادا کرے گی۔ تاہم نصف آخر کے دوران چونکہ کم تر base کا اثر بحال ہوگا چنانچہ افراط زر پالیسی شرح سے اوپر جائے گی، جس کا مطلب ہے کہ عمومی معاشی صورتحال کے تحت مرکزی بینک کو انٹریسٹ کی شرحوں میں ترمیم کرنا ہوگی۔ تاہم اگر ادائیگیوں کے توازن کی صورتحال متوقع سے بہتر ہوگئی تو مرکزی بینک موجودہ پالیسی شرح کو جاری رکھ سکے گا۔

مالیاتی محکمہ حکومت کے لیے دُکھتی رگ بن رہا ہے کیونکہ اس کا 7.0 فیصد کے شمال میں رہنا متوقع ہے۔ ٹیکسوں میں محدود متوقع اضافے کے باعث ہم سمجھتے ہیں کہ حکومت کے پاس عوامی ترقیاتی خرچ کے ذریعے محرک فراہم کرنے کی زیادہ گنجائش نہیں ہوگی۔ ساتھ ساتھ، مقامی ذرائع سے حصول قرض پر حکومتی انحصار سے پرائیویٹ سیکٹر میں سرمایہ کاری متاثر ہوگی۔ حکومت پر بڑھتے ہوئے بوجھ کے ماحول میں مجموعی معاشی ترقی کی تجدید کے لیے پرائیویٹ سیکٹر کی اہمیت بدستور حاوی رہے گی۔

کیپیٹل مارکیٹ، خصوصاً ایکویٹیز، کے نظریئے سے ہمیں اب کافی واضح صورتحال نظر آ رہی ہے۔ جہاں کووڈ کے غم کے ہموار ہونے کا سلسلہ جاری ہے وہاں valuations بتدریج پرانے رجحانات کے ساتھ ہم آہنگ ہو رہی ہیں۔ وائرس کی دوسری لہر کا سد باب کرتے ہوئے ہم سمجھتے ہیں کہ ایکویٹیز میں سرمایہ کاروں کے لیے بہت فوائد مضمر ہیں۔ مارکیٹ کیپیٹلائزیشن کا جی ڈی پی کے ساتھ تناسب 17.5 فیصد ہے، جواب بھی اپنے پرانے اوسط سے 33

کمپنیاں مرکز نگاہ تھیں کیونکہ کووڈ ۱۹ نے اس شعبے کی استعداد میں اضافہ کر دیا تھا۔ سینٹ کے شعبے میں تحریک ہوئی جس کے اسباب انٹریسٹ کی شرحوں میں کمی اور فریقوں کے درمیان مارکیٹنگ انتظام کا استحکام تھے۔ کھاد کے شعبے نے قابل قبول کارکردگی کا مظاہرہ کیا کیونکہ انٹریسٹ کی شرح میں متواتر کمی کے بعد ڈیویڈنڈ دینے والے اسٹاکس منظر عام پر آ گئے۔ دوسری جانب کمرشل بینکوں اور دریافت اور پیداوار (ای اینڈ پی) کے شعبے کی کارکردگی انڈیکس کے مضبوط فریق ہونے کے باوجود بیچ مارک سے کم تھی۔ بالترتیب 14 فیصد اور 10 فیصد منفی منافع۔ کمرشل بینکوں کی کمزور کارکردگی کی وجہ اب تک کی سب سے زیادہ مالیاتی تسہیل کے باعث NIMS میں سکڑن تھی، جبکہ ای اینڈ پی کی کمزور کارکردگی کی وجہ خام تیل کی قیمتوں میں گراوٹ تھی کیونکہ سعودی عرب نے اوپیک اور روس کے درمیان معاہدہ نہ ہونے پر قیمت کی ایک جنگ کا آغاز کر دیا۔ ساتھ ساتھ، وباء کے تناظر میں عالمی سطح پر مانگ میں کمی نے صورتحال کو ابتر کر دیا۔

### فنڈ کی کارکردگی

#### Debt فنڈ

زیر جائزہ مدت کے دوران Debt ذیلی فنڈ نے 15.9 فیصد ایک سال پر محیط منافع دیا۔ اختتام مدت کے قریب فنڈ کی سرمایہ کاری 39.7 فیصد ٹریژری بلز (ٹی بلز) میں جبکہ 24.9 فیصد نقد میں تھی۔

30 جون 2020ء کو فنڈ کے Inet اثاثہ جات 558.58 ملین روپے تھے جو 30 جون 2019ء کو 520.53 ملین روپے کے مقابلے میں 7.3 فیصد اضافہ ہے۔ 30 جون 2020ء کو Inet اثاثہ جاتی قدر (این اے وی) فی یونٹ 298.36 روپے تھی جو 30 جون 2019ء کو ابتدائی این اے وی 257.43 روپے فی یونٹ کے مقابلے میں 40.93 روپے فی یونٹ اضافہ ہے۔

#### منی مارکیٹ فنڈ

زیر جائزہ مدت کے دوران منی مارکیٹ ذیلی فنڈ نے 12.06 فیصد ایک سال پر محیط منافع دیا۔ فنڈ کی ٹریژری بلز (ٹی بلز) میں سرمایہ کاری بڑھ کر 49.7 فیصد ہو گئی جبکہ نقد میں سرمایہ کاری بڑھ کر 42.0 فیصد ہو گئی۔

30 جون 2020ء کو فنڈ کے Inet اثاثہ جات 523.19 ملین روپے تھے جو 30 جون 2019ء کو 317.02 ملین روپے کے مقابلے میں 65 فیصد اضافہ ہے۔ 30 جون 2020ء کو Inet اثاثہ جاتی قدر (این اے وی) فی یونٹ 265.29 روپے تھی جو 30 جون 2019ء کو ابتدائی این اے وی 236.74 روپے فی یونٹ کے مقابلے میں 28.55 روپے فی یونٹ اضافہ ہے۔

#### ایکوئیٹی فنڈ

زیر جائزہ مدت کے دوران ایکوئیٹی ذیلی فنڈ نے 1.94 فیصد منافع دیا۔ ذیلی فنڈ کی ایکویٹیز میں مجموعی سرمایہ کاری کو 92.0 فیصد سے بڑھا کر 95.5 فیصد کر دیا گیا۔ شعبہ جاتی اعتبار سے ذیلی فنڈ کی سرمایہ کاری کا اکثر حصہ کمرشل بینکوں اور تیل اور گیس کی دریافت کے شعبے میں تھی۔

30 جون 2020ء کو فنڈ کے Inet اثاثہ جات 641.56 ملین روپے تھے جو 30 جون 2019ء کو 721.45 ملین روپے کے مقابلے میں 11.07 فیصد اضافہ ہے۔ 30 جون 2020ء کو Inet اثاثہ جاتی قدر (این اے وی) فی یونٹ 440.67 روپے تھی جو 30 جون 2019ء کو ابتدائی این اے وی 432.30 روپے فی یونٹ کے مقابلے میں 8.37 روپے فی یونٹ اضافہ ہے۔

## ڈائریکٹر ز پورٹ

گئے۔ اگرچہ درآمدات کے cover میں بہتری آئی، یعنی  $1.7x$  سے  $2.6x$ ، لیکن یہ اب بھی مقبول عالمی معیارات سے کم ہے۔ ڈالر کے مقابلے میں روپے کی قدر دوران سال 3.2 فیصد کم ہو کر 168.2 ہو گئی۔

مالی سال 2020ء کے لیے صارفی قیمت کے انڈیکس (سی پی آئی) کا اوسط 10.8 فیصد جبکہ دوران سال گزشتہ 6.8 فیصد تھا۔ دوران سال اشیائے خورد و نوش کا افراط زر نمایاں تھا جس کا اوسط 14.5 فیصد تھا کیونکہ رسد کی جہت میں کمزوری کے باعث کچھ ضروری اشیاء اور جلد خراب ہو جانے والی اشیاء کی قیمتوں میں اضافہ ہو گیا۔ چینی کی قیمتوں میں دوران سال 29 فیصد جبکہ گندم کے آٹے کی قیمت میں 16 فیصد اضافہ ہوا۔ جلد خراب ہو جانے والی اشیاء میں پیاز اور آلو کی قیمتوں میں بالترتیب 70 فیصد اور 65 فیصد اضافہ ہوا۔ تاہم افراط زر کے دباؤ میں کمی آغاز ہو گیا ہے اور جون میں افراط زر 8.6 فیصد تھی کیونکہ پٹرولیم کی کم تر قیمتوں کے ساتھ ساتھ اشیائے خورد و نوش کی افراط زر میں تسہیل سے مجموعی افراط زر کم گئی۔ بہر حال، اہم ترین افراط زر، جس کی پیمائش اشیائے خورد و نوش اور توانائی کے شعبے کے علاوہ ہوتی ہے، پھر بھی محدود تھی اور زیر جائزہ مدت کے لیے اس کا اوسط 7.9 فیصد تھا۔

مانیٹری پالیسی کمیٹی (ایم پی سی) سارا سال متحرک رہی اور اس نے انٹریسٹ کی شرحوں میں 625 پیسے پوائنٹس (بی پی ایس) کی ریکارڈ کمی کر کے پالیسی کی شرح کو 7.0 فیصد تک پہنچا دیا۔ کووڈ 19 کے باعث مندی کے دباؤ اور افراط زر کی کم تر توقع اس اہم اقدام کے بنیادی اسباب تھے۔ ساتھ ساتھ مرکزی بینک نے نظام میں مالیاتی ہنگامی صورتحال کے بوجھ کو کم کرنے کے لیے مختلف اسکیموں کا اعلان کیا۔ کمرشل بینکوں نے تقریباً 650 بلین روپے کے قرضہ جات ایک سال کے لیے ملتوی کیے، جبکہ تقریباً 150 بلین ڈالر کے قرضہ جات کی تشکیل ہوئی گئی۔

مالی سال 2020ء کے نصف اول کے دوران مالیاتی تسہیل سے قبل کم تر افراط زر کی توقعات کے باعث پیداواری خم میں جھکاؤ آنا شروع ہو گیا۔ سال کے آغاز کے دوران وباء کے سر اٹھانے کے باعث مندی کے دباؤ قریب الورود ہو گئے اور مرکزی بینک نے متحرک انداز میں مالیاتی تسہیل کر کے متعدد میٹنگز میں پالیسی شرح کو 625 بی پی ایس کم کر دیا۔ اس کے نتیجے میں پیداواری خم دوران مدت مزید نیچے ہو گیا۔ تین سالہ، پانچ سالہ اور دس سالہ بانڈ میں دوران سال بالترتیب 632، 577 اور 503 بی پی ایس کی تسہیل ہوئی۔ پیداواری خم دوبارہ بلندی کی طرف جانا شروع ہو گیا ہے کیونکہ بازار کے فریق انٹریسٹ کی شرحوں کے کم ترین سطح تک جانے کی توقع کر رہے ہیں۔

### ایکویٹیز مارکیٹ کا مجموعی جائزہ

معاشی صورتحال کی طرح ایکویٹیز مارکیٹوں کی صورتحال بھی سال کے نصف اول اور نصف آخر کے دوران بہت مختلف تھی۔ نصف اول کے دوران سرمایہ کاروں نے گلاں معاشی یکجائی کے حاصل کردہ منافع جات کا خیر مقدم کیا اور بیچ مارک KSE-100 انڈیکس میں 19.8 فیصد کا زبردست اضافہ ہوا۔ تاہم کورونا وائرس کے ورود کے بعد ایکویٹی مارکیٹیں بد حالی سے دوچار ہو گئیں اور KSE-100 انڈیکس بھی متاثر ہوا۔ بیچ مارک انڈیکس مالی سال کے نصف آخر میں 16 فیصد گر گیا جس سے نصف اول میں حاصل کیے گئے منافع جات بے اثر ہو گئے۔ بہر حال KSE-100 نے مجموعی طور پر پورے سال کے لیے 1.5 فیصد معمولی منافع پوسٹ کیا اور گزشتہ دو متواتر سالوں سے منفی منافعوں کا رجحان ختم ہوا۔ غیر ملکیوں کی جانب سے ہونے والی ایکویٹیز کی فروخت کمی سے محفوظ رہی اور 285 ملین ڈالر مالیت کی ایکویٹیز کی فروخت کے ساتھ پانچویں متواتر سال ریڈ زون میں رہی۔ افراد اور بیمہ کمپنیاں بالترتیب 213 ڈالر اور 128 ڈالر مالیت کی ایکویٹیز خرید کر net خریدار رہے۔ خرید و فروخت کے یومیہ حجم کا اوسط دوران مدت 194 ملین حصص تھا (26.2 فیصد YoY اضافہ)، جبکہ یومیہ قدر کا اوسط 7.2 بلین روپے (10.4 فیصد YoY اضافہ) تھا۔

دوران سال دو سازشی، تعمیرات اور مواد، اور کھاد کے شعبے بالترتیب 45 فیصد، 43 فیصد اور 23 فیصد منافع جات پوسٹ کر کے سبقت لے گئے۔ دوساز

بورڈ آف ڈائریکٹرز کی طرف سے پاکستان پنشن فنڈ کے گوشواروں برائے مدتِ مختتمہ 30 جون 2020ء کا جائزہ پیش خدمت ہے۔

## معیشت اور بازار کا مجموعی جائزہ

مالی سال 2020ء کے نصف اول کی صورتحال نصف آخر کے حالات سے کافی مختلف تھی۔ گلاں معاشیاتی یکجائی، جو نصف اول میں صحیح راہ پر گامزن تھی، کو وڈ ۱۹ کے باعث نصف آخر میں شدید متاثر ہوئی۔ اس قاتل وباء سے جہاں عالمی سطح پر 17 ملین سے زائد افراد متاثر ہوئے اور 650,000 سے زائد لقمہء اجل بنے وہیں عالمی معیشت بھی تباہی سے دوچار ہوئی کیونکہ دنیا بھر میں لاک ڈاؤن کے باعث صرفی رجحان میں کمی ہوئی اور بڑے پیمانے پر بے روزگاری پھیلی۔ انٹرنیشنل مانیٹری فنڈ (آئی ایم ایف) کے مطابق اس سال عالمی معیشت 4.9 فیصد سکڑ جائے گی جو دوسری جنگِ عظیم کے بعد ایک سال کے دوران بدترین تنزلی ہے۔

مقامی سطح پر معیشت میں ماہ مئی تک بڑے پیمانے پر لاک ڈاؤن رہا اور صحتِ عامہ کے شعبے میں متاثر افراد کا دُور رہا۔ ماہِ حاصل میں فرق کے نتیجے میں معاشی ترقی میں 0.4 فیصد تک کمی کی پیش گوئی کی گئی بالمقابل سابقہ متوقع ترقی کے جو 2.4 فیصد تھی۔ بڑے پیمانے کی مینوفیکچرنگ (ایل ایس ایم) اور خدمات کے شعبے لاک ڈاؤن سے سب سے زیادہ متاثر ہوئے۔ ایل ایس ایم مالی سال 2020ء کے پہلے گیارہ ماہ کے دوران 10.3 فیصد سکڑ گیا۔ بڑی صنعتوں میں گاڑیوں اور لوہے اور اسٹیل کی صنعتیں سنگین متاثر ہوئیں اور ان میں بالترتیب 44.8 فیصد اور 17.0 فیصد تنزلی ہوئی۔ ایل ایس ایم کی سب سے بڑی فریق ٹیکسٹائل صنعت بھی عالمی لاک ڈاؤن کے نتیجے میں برآمدات رُک جانے کے باعث 11.0 فیصد سکڑ گئی۔ مزید برآں، زراعت کے شعبے کی کارکردگی بھی مایوس کن رہی کیونکہ اہم فصلوں (کپاس، گندم اور گنا) ہدف سے کافی پست سطح پر رہیں۔

لاک ڈاؤن کے باعث ٹیکس وصولی میں سنگین کمی کے نتیجے میں مالی یکجائی شدید متاثر ہوئی۔ فیڈرل بورڈ آف ریونیو (ایف بی آر) سابقہ متوقع ہدف 4.8 ٹریلین روپے کے مقابلے میں 0.4 ٹریلین روپے جمع کر سکا۔ فروری 2020ء تک ٹیکس وصولی 16 فیصد سال در سال (YoY) کی شرح سے بڑھ رہی تھی، تاہم مالی سال کے آخری چار ماہ کے دوران 20 فیصد YoY کی خطرناک شرح سے سکڑ گئی جس کے نتیجے میں شدید کمی پیدا ہو گئی۔ مزید برآں، حکومت نے لاک ڈاؤن سے پیدا ہونے والے خطرات سے عوام کی حفاظت کے مقصد سے ایک سماجی تحفظ کا پروگرام شروع کیا لیکن اس میں مطلوبہ سے زیادہ اخراجات ہو گئے جس کے نتیجے میں مالیاتی خسارے کا مجموعی ملکی پیداوار (جی ڈی پی) سے 9.0 فیصد زیادہ ہونا متوقع ہے۔

پالیسی اقدام کے سست رفتار اثرات بحوالہ مالیاتی سختی اور زرمبادلہ کی شرح میں ترمیم کے ثمرات حاصل ہونے کا سلسلہ جاری رہا جس کی عکاسی ادائیگیوں کے توازن کی صورتحال میں بہتری میں ہوئی۔ کرنٹ اکاؤنٹ خسارہ دوران سال 78 فیصد YoY بنیاد پر سکڑ کر 2.8 بلین ڈالر ہو گیا۔ کرنٹ اکاؤنٹ خسارے میں کمی کی بڑی وجہ اشیاء کی درآمدات میں کمی ہے جو 19 فیصد سکڑ گئیں جس کے نتیجے میں 12 بلین ڈالر کی کمی ہوئی۔ ترسیلاتِ زر بھی لچکدار رہیں اور دوران سال 6 فیصد بڑھ کر 23.1 بلین ڈالر ہو گئیں۔ غیر ملکی براہِ راست سرمایہ کاری (ایف ڈی آئی) 2.5 بلین ڈالر کی سطح پر تھی جو سال گزشتہ کے مقابلے میں 75 فیصد زیادہ ہے کیونکہ ٹیلی کام لائسنسوں کی تجدید اور بجلی کے شعبے میں منصوبوں کے آغاز کی بدولت نئی سرمایہ کاریاں آئیں۔ آئی ایم ایف اور کثیرالجبہتی اداروں سے قرضوں سے متعلقہ آمدات نے بھی مجموعی مالیاتی آمدات کو مثبت سمت میں قائم رکھا۔ پاکستان کو آئی ایم ایف سے 2.4 بلین روپے موصول ہوئے اور کثیرالجبہتی اداروں نے مختلف منصوبوں کے لیے 5 بلین ڈالر سے زائد جاری کیے۔ مجموعی طور پر مالی اکاؤنٹ نے 7 بلین ڈالر منافع حاصل کیا۔ نتیجتاً اسٹیٹ بینک آف پاکستان کے غیر ملکی زرمبادلہ کے ذخائر دوران سال 4.9 بلین ڈالر بڑھ کر 12.1 بلین ڈالر تک پہنچ

## REPORT OF THE PENSION FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2020

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### 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 1.94%. The sub-fund increased its overall equity exposure from 92.0% to 95.5%. Sector-wise, the sub-fund mainly held exposure in Commercial Banks and Oil & Gas Exploration sector.

The Net Assets of the Fund as at June 30, 2020 stood at Rs. 641.56 million as compared to Rs. 721.45 million as at June 30, 2019 registering a decrease of 11.07%. The Net Asset Value (NAV) per unit as at June 30, 2020 was Rs. 440.67 as compared to opening NAV of Rs. 432.30 per unit as at June 30, 2019 registering an increase of Rs. 8.37 per unit.

#### Money Market Sub- Fund

The money market sub-fund generated a return of 12.06% during the period. The fund's exposure in T-bills increased to 49.7% while exposure in cash increase to 42.0%.

The Net Assets of the Fund as at June 30, 2020 stood at Rs. 523.19 million as compared to Rs. 317.02 million as at June 30, 2019 registering an increase of 65%. The Net Asset Value (NAV) per unit as at June 30, 2020 was Rs. 265.29 as compared to opening NAV of Rs. 236.74 per unit as at June 30, 2019 registering an increase of Rs. 28.55 per unit.

#### Debt Sub-Fund

The debt sub-fund generated an annualized return of 15.9% during the period under review. The fund's exposure in T-Bills stood at 39.7% while exposure in Cash was 24.9% towards the period end.

The Net Assets of the Fund as at June 30, 2020 stood at Rs. 558.58 million as compared to Rs. 520.53 million as at June 30, 2019 registering an increase of 7.3%. The Net Asset Value (NAV) per unit as at June 30, 2020 was Rs. 298.36 as compared to opening NAV of Rs. 257.43 per unit as at June 30, 2019 registering an increase of Rs. 40.93 per unit.



## REPORT OF THE PENSION FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2020

### Asset Allocation (Equity Sub-fund) as of June 30, 2020 (% of Total Assets)

PPF-Equity (%age of Total Assets)	Jun-20
Cash	4.0%
Oil & Gas Exploration Companies	17.7%
Commercial Banks	17.4%
Cement	14.2%
Fertilizer	11.5%
Power Generation & Distribution	5.5%
Other equity sectors	29.2%
Others including receivables	0.5%

### Asset Allocation (MM Sub-fund) as of June 30, 2020 (% of Total Assets)

PPF-Money Market (%age of Total Assets)	Jun-20
Cash	42.0%
T-Bills	49.7%
Others including receivables	0.3%
Commercial Papers	8.0%

### Asset Allocation (Debt Sub-fund) as of June 30, 2020 (% of Total Assets)

PPF-Debt (%age of Total Assets)	Jun-20
Cash	24.9%
PIBs	1.0%
TFCs	19.0%
T-Bills	39.7%
Others including receivables	1.2%
GoP Ijara Sukuk	0.0%
Commercial Paper	14.2%

Syed Abid Ali  
Fund Manager

# TRUSTEE REPORT TO THE PARTICIPANTS

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## 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, 2020 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 22, 2020





# 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 2020** and for the year ended **30 June 2020** 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 2020 and of the transactions of the fund for the year ended 30 June 2020;
- 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.

**Chartered Accountants**

**Audit Engagement Partner: Shaikh Ahmed Salman**

**Date: 18 September 2020**

**Karachi**

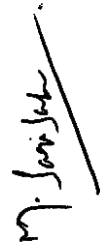
A member firm of Ernst & Young Global Limited

# STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2020

		June 30, 2020			June 30, 2019		
Note		Equity	Debt	Money	Equity	Debt	Money
		Sub-Fund	Sub-Fund	Market Sub-Fund	Sub-Fund	Sub-Fund	Market Sub-Fund
		(Rupees '000)			(Rupees '000)		
<b>Assets</b>							
5	Balances with banks	26,748	141,852	221,543	52,881	377,221	188,773
6	Investments	637,124	421,160	303,990	670,488	364,399	148,355
7	Dividend receivable	-	-	-	2,876	-	-
7	Interest receivable	179	5,789	1,285	208	5,437	1,785
8	Advances, deposits and other receivables	3,035	928	267	3,014	926	261
<b>Total assets</b>		<b>667,086</b>	<b>569,729</b>	<b>527,085</b>	<b>729,467</b>	<b>747,983</b>	<b>339,174</b>
							<b>1,816,624</b>
<b>Liabilities</b>							
9	Payable to Pension Fund Manager	880	765	713	1020	719	427
10	Payable to Central Depository Company of Pakistan Limited - Trustee	76	66	61	90	64	38
11	Annual fee payable to the Securities and Exchange Commission of Pakistan	198	160	120	260	182	78
12	Payable against purchase of investment	13,558	-	-	-	221596	19697
	Accrued expenses and other liabilities	10,819	10,161	3,002	6644	4893	1918
<b>Total liabilities</b>		<b>25,531</b>	<b>11,152</b>	<b>3,896</b>	<b>8,014</b>	<b>227,454</b>	<b>22,158</b>
<b>Net assets</b>		<b>641,555</b>	<b>558,577</b>	<b>523,189</b>	<b>721,453</b>	<b>520,529</b>	<b>317,016</b>
Participants' sub funds (as per Statement of Movement in Participants' sub funds)		<b>641,555</b>	<b>558,577</b>	<b>523,189</b>	<b>721,453</b>	<b>520,529</b>	<b>317,016</b>
<b>Number of units in issue</b>		<b>(Number of units)</b>			<b>(Number of units)</b>		
		<b>1,455,861</b>	<b>1,872,146</b>	<b>1,972,139</b>	<b>1,668,870</b>	<b>2,022,000</b>	<b>1,339,095</b>
<b>Net assets value per unit</b>		<b>(Rupees)</b>			<b>(Rupees)</b>		
		<b>440.67</b>	<b>298.36</b>	<b>265.29</b>	<b>432.30</b>	<b>257.43</b>	<b>236.74</b>

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

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



Chief Executive Officer



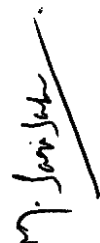
Director

# INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2020

	Year ended June 30, 2020				Year ended June 30, 2019			
	Money		Total	(Rupees '000)	Money		Total	(Rupees '000)
	Equity Sub-Fund	Debt Sub-Fund			Equity Sub-Fund	Debt Sub-Fund		
<b>Income</b>								
Net gain / (loss) on sale of investments	38,542	22,355	64,171		(18,954)	(888)	(20,012)	
Income from Government Securities	-	36,711	71,613		-	17,617	25,729	
Income from term finance and sukuk certificates	-	15,695	15,695		-	12,629	12,629	
Dividend income from investments	36,296	-	36,296		39,516	-	39,516	
Net unrealised (loss) / gain on revaluation of investments	(47,263)	2,927	(43,152)		(135,278)	(1,701)	(136,980)	
Income on commercial papers	-	4,396	6,446		-	3,611	4,370	
Profit on bank and term deposits	2,825	13,434	32,086		2,744	19,190	36,422	
Other income	-	62	62		-	34	34	
<b>Total income</b>	<b>30,400</b>	<b>95,580</b>	<b>183,217</b>		<b>(111,972)</b>	<b>50,492</b>	<b>23,188</b>	<b>(38,292)</b>
<b>Expenses</b>								
Remuneration of Pension Fund Manager	10,290	8,310	24,929		11,699	8,209	23,436	
Sales tax and Federal Excise Duty on remuneration of Pension Fund Manager	1,338	1,080	3,241		1,521	1,067	3,047	
Remuneration of Central Depository Company Limited - Trustee	892	721	2,162		1,030	722	2,063	
Sales tax on remuneration of trustee	116	94	281		134	94	268	
Annual fee - Securities and Exchange Commission of Pakistan	198	160	478		260	182	520	
Auditors' remuneration	229	188	558		219	154	442	
Custody and settlement charges	433	367	807		460	369	837	
Securities transaction cost	1,919	221	2,190		1,539	27	1,571	
Provision for Sindh Workers' Welfare Fund	227	1,595	2,978		-	561	762	
Bank charges	18	274	395		19	119	233	
<b>Total expenses</b>	<b>15,660</b>	<b>13,010</b>	<b>38,019</b>		<b>16,881</b>	<b>11,504</b>	<b>33,179</b>	
<b>Net income / (loss) from operating activities</b>	<b>14,740</b>	<b>82,570</b>	<b>145,198</b>		<b>(128,853)</b>	<b>38,988</b>	<b>18,394</b>	<b>(71,471)</b>
Element of income / (loss) and capital gains / (losses) included in the prices of units sold less those in units redeemed - net	(3,635)	(4,501)	825		86,311	(64,690)	34,252	55,873
<b>Net (loss) / income for the year before taxation</b>	<b>11,105</b>	<b>78,069</b>	<b>146,023</b>		<b>(42,542)</b>	<b>(25,702)</b>	<b>52,646</b>	<b>(15,598)</b>
Taxation	-	-	-		-	-	-	-
<b>Net (loss) / income for the year</b>	<b>11,105</b>	<b>78,069</b>	<b>146,023</b>		<b>(42,542)</b>	<b>(25,702)</b>	<b>52,646</b>	<b>(15,598)</b>

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

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



Chief Executive Officer

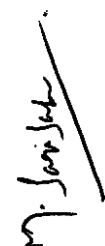


Director

# STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2020

	Year ended June 30, 2020				Year ended June 30, 2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	----- (Rupees '000) -----				----- (Rupees '000) -----			
Net (loss) / income for the year after taxation	11,105	78,069	56,849	146,023		(25,702)	52,646	(15,598)
Other comprehensive income for the year	-	-	-	-		-	-	-
Total comprehensive (loss) / income for the year	11,105	78,069	56,849	146,023		(25,702)	52,646	(15,598)

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  
(the Pension Fund Manager)



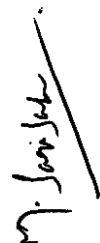
Director

# CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2020

	June 30, 2020				June 30, 2019			
	Equity	Debt	Money		Equity	Debt	Money	
	Sub-Fund	Sub-Fund	Market	Total	Sub-Fund	Sub-Fund	Market	Total
Note	(Rupees '000)				(Rupees '000)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Net (loss) / income for the year	11,105	78,069	56,849	146,023	(15,598)	52,646	(15,598)	
<b>Adjustments for non cash and other items:</b>								
Net loss / (gain) on sale of investments	38,542	22,355	3,274	64,171	(18,954)	(888)	(170)	(20,012)
Net unrealised (gain) / loss on revaluation of investments	(47,263)	2,927	1,184	(43,152)	(135,278)	(1,701)	(2)	(136,981)
Element of (loss) / income and capital (losses) / gains included in the prices of units sold less those in units redeemed - net	3,635	4,501	(3,961)	(825)	(86,311)	64,690	(34,252)	(55,873)
	(5,086)	29,783	(4,503)	20,194	(240,543)	62,101	(34,424)	(212,866)
<b>Decrease / (increase) in assets</b>								
Investments	42,085	(261,801)	(151,633)	(371,349)	219,551	191,104	99,119	509,774
Dividend receivable	2,876	-	-	2,876	(2,349)	-	-	(2,349)
Interest receivable	29	(352)	500	177	(32)	(738)	(1,211)	(1,981)
Receivable against sale of investment	-	-	-	-	-	-	94,964	94,964
Advance, deposits and other receivables	(21)	(3)	(6)	(30)	(3)	(26)	(109)	(138)
	44,969	(262,156)	(151,139)	(368,326)	217,167	190,340	192,763	600,270
<b>Increase / (decrease) in liabilities</b>								
Payable to Pension Fund Manager	(140)	46	286	192	(79)	(61)	142	2
Payable to Central Depository Company of Pakistan Limited - Trustee	(14)	2	23	11	(7)	(5)	13	1
Annual fee - Securities and Exchange Commission of Pakistan	(62)	(22)	42	(42)	15	5	18	38
Payable against purchase of investments	13,558	(221,596)	(19,697)	(227,735)	-	73,186	(79,243)	(6,057)
Payable against redemption of units	3,207	2,706	22	5,935	-	-	-	-
Accrued and other liabilities	968	2,562	1,062	4,592	(341)	527	185	371
	17,517	(216,302)	(18,262)	(217,047)	(412)	73,652	(78,885)	(5,645)
<b>Net cash generated from / (used in) operating activities</b>	68,505	(370,606)	(117,055)	(419,156)	(66,330)	300,391	132,100	366,161
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
Receipts from issuance of units	201,054	256,738	274,106	731,898	267,653	163,502	205,975	637,130
Payments on redemption of units	(295,692)	(301,260)	(115,821)	(712,773)	(159,437)	(272,318)	(147,055)	(578,810)
<b>Net cash (used in) / generated from financing activities</b>	(94,638)	(44,522)	158,285	19,125	108,216	(108,816)	58,920	58,320
<b>Net (decrease) / increase in cash and cash equivalents</b>	(26,133)	(415,128)	41,230	(400,031)	41,886	191,575	191,020	424,481
Cash and cash equivalents at beginning of the year	52,881	638,079	337,128	1,028,088	10,995	446,504	146,109	603,608
<b>Cash and cash equivalents at end of the year</b>	26,748	222,951	378,358	628,057	52,881	638,079	337,129	1,028,089

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

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



Chief Executive Officer

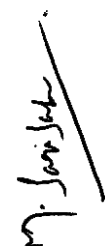


Director

# STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB-FUNDS FOR THE YEAR ENDED JUNE 30, 2020

	June 30, 2020				June 30, 2019			
	Equity	Debt	Money		Equity	Debt	Money	
	Sub-Fund	Sub-Fund	Sub-Fund	Market	Sub-Fund	Sub-Fund	Sub-Fund	Market
	(Rupees '000)				(Rupees '000)			
<b>Net assets at the beginning of the year</b>	721,453	520,529	317,016	1,558,998	742,090	590,357	239,703	1,572,150
Amount received on issuance of units	201,054	256,738	274,106	731,898	267,653	163,502	205,975	637,130
Amount paid on redemption of units	(295,692)	(301,260)	(115,821)	(712,773)	(159,437)	(272,318)	(147,055)	(578,810)
	(94,638)	(44,522)	158,285	19,125	108,216	(108,816)	58,920	58,320
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - net	3,635	4,501	(8,961)	(825)	(86,311)	64,690	(34,252)	(55,873)
	630,450	480,508	466,340	1,577,298	763,995	546,231	264,371	1,574,597
Net (loss) / income for the year	11,105	78,069	56,849	146,023	(42,542)	(25,702)	52,645	(15,599)
<b>Net assets at the end of the year</b>	<b>641,555</b>	<b>558,577</b>	<b>523,189</b>	<b>1,723,321</b>	<b>721,453</b>	<b>520,529</b>	<b>317,016</b>	<b>1,558,998</b>

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  
(the Pension Fund Manager)



Director

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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## 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 Management Company has been changed from 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway, Near KPT Interchange, Karachi to 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi, Pakistan.
- 1.4 The Pakistan Credit Rating Agency (PACRA) has assigned Management quality rating of "AM2++" dated October 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; and
- 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, 2020

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## 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.

## 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.

### 4.1 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 16 – Leases

IFRIC 23 – Uncertainty over Income Tax Treatments

IFRS 3 – Business Combinations – Previously held interests in a joint operation

IFRS 9 – Financial instruments – Prepayment Features with Negative Compensation (Amendments)

IAS 28 – Long-term Interests in Associates and Joint Ventures (Amendments)

IFRS 11 – Joint Arrangements – Previously held interests in a joint operation

IAS 12 Income Taxes – Income tax consequences of payments on financial instruments classified as equity

IAS 23 – Borrowing Costs - Borrowing costs eligible for capitalisation

IAS 19 – Employee Benefits – Plan Amendment, Curtailment or Settlement (Amendments)

IFRS 14 – Regulatory Deferral Accounts

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017 which became effective in the current period.

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

### 4.2 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:



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Standard or Interpretation	Effective date (annual periods beginning on or after)
Definition of a Business - Amendments to IFRS 3	January 01, 2020
Interest rate benchmark reform - Amendment to IFRS 9, IAS 39 and IFRS 7	January 01, 2020
IAS – 1: Definition of Material – Amendments to IAS 1 and IAS 8	January 01, 2020
Covid-19-Related Rent Concessions – Amendment to IFRS 16	June 01, 2020
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	January 01, 2020
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	January 01, 2020
Classification of liabilities as current or non-current - Amendment to IAS 1	January 01, 2022
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalized

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.

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 January 01, 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 1 - First-time Adoption of International Financial Reporting Standards	July 01, 2009
IFRS 17 – Insurance Contracts	January 01, 2023

### 4.3 Financial assets

#### 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:

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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- 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.

### **Debt instruments**

A debt instrument is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

A debt instrument held for trading purposes is classified as measured at FVTPL.

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

### **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 fair value through other comprehensive income**

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 fair value through other comprehensive income**

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.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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## **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.

## **Derecognition**

The Fund derecognises a financial asset when the contractual right to the cash flows from the financial asset expires or it transfers the right to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

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

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

### **4.4 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.

### **4.5 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.

### **4.6 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, 2020

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### 4.7 Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

### 4.8 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.

### 4.9 Earnings per unit

Earnings per unit (EPU) has not been disclosed as in the opinion of the management determination of weighted average units for calculating EPU is not practicable.

### 4.10 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.

### 4.11 Revenue recognition

- Gain or loss on sale of investment is accounted for in the income statement in the period in which it arises.
- Unrealised gain / loss arising on revaluation of investments classified as 'at fair value through profit or loss' is included in the income statement in the period in which it arises.
- Dividend income is recognised when the right to receive dividend is established.
- Profit / mark-up on bank balances and government securities is recognised on an effective interest rate method.

### 4.12 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.

### 4.13 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, 2020

		June 30, 2020			
		Equity	Debt	Money Market	
		Sub-Fund	Sub-Fund	Sub-Fund	Total
Note		(Rupees in '000)			
<b>5. BALANCES WITH BANKS</b>					
Saving accounts	5.1	<u>26,748</u>	<u>141,852</u>	<u>221,543</u>	<u>390,143</u>

		June 30, 2019			
		Equity	Debt	Money Market	
		Sub-Fund	Sub-Fund	Sub-Fund	Total
		(Rupees in '000)			
Saving accounts	5.1	<u>52,881</u>	<u>377,221</u>	<u>188,773</u>	<u>618,875</u>

**5.1** These are the savings accounts and carry interest at the rate ranging from 5.50% to 8.85% (2019: 10.00% to 13.50%) per annum. These include balances of Rs.2.15 million (2019: Rs.0.31 million) and Rs.0.006 million (2019: Rs.0.008 million) held with MCB Bank Limited and MCB Islamic Bank Limited respectively, related parties.

		June 30, 2020			
		Equity	Debt	Money Market	
		Sub-Fund	Sub-Fund	Sub-Fund	Total
Note		(Rupees in '000)			
<b>6. INVESTMENTS</b>					
<b>At fair value through profit or loss</b>					
Listed equity securities	6.1	<u>637,124</u>	<u>-</u>	<u>-</u>	<u>637,124</u>
Government securities	6.2	<u>-</u>	<u>231,827</u>	<u>261,976</u>	<u>493,803</u>
Debt securities - Term Finance Certificates / Sukuks	6.3	<u>-</u>	<u>108,234</u>	<u>-</u>	<u>108,234</u>
Commercial Paper	6.4	<u>-</u>	<u>81,099</u>	<u>42,014</u>	<u>123,113</u>
Term deposit receipt	6.5	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>637,124</u>	<u>421,160</u>	<u>303,990</u>	<u>1,362,274</u>

		June 30, 2019			
		Equity	Debt	Money Market	
		Sub-Fund	Sub-Fund	Sub-Fund	Total
		(Rupees in '000)			
<b>At fair value through profit or loss</b>					
Listed equity securities	6.1	<u>670,488</u>	<u>-</u>	<u>-</u>	<u>670,488</u>
Government securities	6.2	<u>-</u>	<u>226,509</u>	<u>29,546</u>	<u>256,055</u>
Debt securities - Term Finance Certificates / Sukuks	6.3	<u>-</u>	<u>98,656</u>	<u>-</u>	<u>98,656</u>
Commercial Paper	6.4	<u>-</u>	<u>39,234</u>	<u>9,809</u>	<u>49,043</u>
Term deposit receipt	6.5	<u>-</u>	<u>-</u>	<u>109,000</u>	<u>109,000</u>
		<u>670,488</u>	<u>364,399</u>	<u>148,355</u>	<u>1,183,242</u>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

## 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, 2020			Market value as a % of net assets of the sub-fund	% of the paid up capital of the investee company
	As at July 01, 2019	Purchased during the year	Bonus issue during the year	Sold during the year	As at June 30, 2020	Carrying Value	Market value (Rupees in '000')	Unrealised (loss) / gain		
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise										
<b>Automobile assembler</b>										
	-	30,000	-	30,000	-	-	-	-	0.0%	0.00%
	-	13,500	-	-	13,500	9,436	9,533	97	1.5%	0.03%
						<b>9,436</b>	<b>9,533</b>	<b>97</b>	<b>1.50%</b>	<b>0.03%</b>
<b>Automobile parts and accessories</b>										
	12,000	31,700	-	-	43,700	8,748	7,953	(795)	1.24%	0.15%
	-	45,000	-	-	45,000	14,876	14,622	(254)	2.28%	0.11%
						<b>23,624</b>	<b>22,575</b>	<b>(1,049)</b>	<b>3.52%</b>	<b>0.26%</b>
<b>Cable and electrical goods</b>										
	325,000	590,000	-	650,000	265,000	6,811	6,076	(734)	0.95%	0.06%
						<b>6,811</b>	<b>6,076</b>	<b>(734)</b>	<b>0.95%</b>	<b>0.06%</b>
<b>Cement</b>										
	250,000	1,330,000	-	1,340,000	240,000	6,321	6,235	(86)	0.97%	0.02%
	125,710	-	-	43,000	82,710	4,345	11,368	7,024	1.77%	0.04%
	-	100,000	-	53,000	47,000	2,662	4,097	1,435	0.64%	0.02%
	46,300	153,100	-	85,600	113,800	47,200	52,528	5,328	8.19%	0.04%
	-	48,600	-	-	48,600	5,274	5,284	11	0.82%	0.01%
	-	910,000	-	-	910,000	15,473	15,361	(112)	2.39%	0.07%
						<b>81,275</b>	<b>94,873</b>	<b>13,600</b>	<b>14.78%</b>	<b>0.20%</b>
<b>Chemical</b>										
	487,214	225,000	-	120,000	592,214	17,511	14,794	(2,718)	2.31%	0.07%
	10,500	-	-	-	10,500	4,989	6,189	1,200	0.96%	0.03%
	97	30	-	-	127	16	18	3	0.00%	0.00%
	-	253,000	-	-	253,000	5,283	6,667	1,383	1.04%	0.30%
	-	9,500	-	-	9,500	6,495	6,600	104	1.03%	0.01%
						<b>34,294</b>	<b>34,268</b>	<b>(28)</b>	<b>5.34%</b>	<b>0.41%</b>
<b>Commercial banks</b>										
	200,000	200,000	-	-	400,000	14,816	11,124	(3,692)	1.73%	0.04%
	464,900	-	-	455,480	9,420	203	131	(71)	0.02%	0.00%
	1,207,250	-	-	880,500	326,750	14,243	10,969	(3,274)	1.71%	0.02%
	382,000	349,000	-	445,000	286,000	21,488	14,958	(6,530)	2.33%	0.03%
	163,900	386,100	-	192,000	358,000	49,546	37,003	(12,543)	5.77%	0.03%
	60,000	274,000	-	74,000	260,000	35,753	25,186	(10,567)	3.93%	0.02%
	200,000	20,000	-	-	220,000	22,878	16,848	(6,030)	2.63%	0.02%
	871,500	-	-	871,500	-	-	-	-	0.00%	0.00%
						<b>158,927</b>	<b>116,219</b>	<b>(42,707)</b>	<b>18.12%</b>	<b>0.16%</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Name of the Investee Company	Number of shares					Balance as at June 30, 2020			Market value as a % of net assets of the sub-fund	% of the paid up capital of the investee company
	As at July 01, 2019	Purchased during the year	Bonus issue during the year	Sold during the year	As at June 30, 2020	Carrying Value	Market value	Unrealised (loss) / gain		
(Number of shares)										
(Rupees in '000)										
(% )										
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise										
Engineering										
International Industries Limited	170	-	-	170	-	-	-	-	0.00%	0.00%
Fertilizer										
Engro Corporation Limited	113,520	60,500	-	72,600	101,420	30,094	29,708	(386)	4.63%	0.02%
Fauji Fertilizer Company Limited	364,000	75,000	-	115,000	324,000	29,220	35,637	6,417	5.55%	0.03%
Engro Fertilizer Limited	614,000	220,000	-	649,000	185,000	10,582	11,152	570	1.74%	0.01%
						69,896	76,497	6,601	11.92%	0.06%
Food and personal care products										
Shezan International Limited	-	13,255	-	-	13,255	5,600	2,968	(2,632)	0.46%	0.15%
National Foods Limited	67,200	-	13,440	-	80,640	12,377	20,196	7,821	3.15%	0.11%
						17,977	23,164	5,189	3.61%	0.26%
Leather and tanneries										
Service Industries Limited	12,375	2,000	3,094	-	17,469	7,590	14,249	6,659	2.22%	0.09%
Bata Pakistan Limited	4,380	-	-	-	4,380	6,046	5,883	(163)	0.92%	0.06%
						13,636	20,132	6,496	3.14%	0.15%
Oil and gas exploration companies										
Pakistan Oilfields Limited	82,540	50,000	-	92,000	40,540	15,030	14,215	(815)	2.22%	0.01%
Pakistan Petroleum Limited	385,046	135,000	77,009	110,000	487,055	62,059	42,267	(19,792)	6.59%	0.02%
Oil & Gas Development Company Limited	431,900	115,000	-	117,000	429,900	54,437	46,859	(7,578)	7.30%	0.01%
Mari Petroleum Company Limited	2	12,020	-	2	12,020	15,135	14,865	(270)	2.32%	0.00%
						146,661	118,206	(28,455)	18.43%	0.04%
Oil and gas marketing companies										
Sui Northern Gas Pipelines Limited	246,700	278,000	-	201,000	323,700	24,133	17,674	(6,459)	2.75%	0.05%
Attock Petroleum Limited	-	22,000	-	-	22,000	6,807	6,714	(93)	1.05%	0.02%
						30,940	24,388	(6,552)	3.80%	0.07%
Paper and board										
Century Paper & Board Mills Limited	167,000	-	-	167,000	-	-	-	-	0.00%	0.00%
Security Papers Limited	33	35,000	-	33	35,000	4,156	4,968	813	0.77%	0.06%
						4,156	4,968	813	0.77%	0.06%



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Name of the Investee Company	Number of shares				Balance as at June 30, 2020			Market value as a % of net assets of the sub-fund	% of the paid up capital of the investee company
	As at July 01, 2019	Purchased during the year	Bonus issue during the year	Sold during the year	As at June 30, 2020	Carrying Value	Unrealised (loss) / gain		
						(Rupees in '000')	(loss) / gain	(%)	(%)
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise									
<b>Pharmaceuticals</b>									
IBL Healthcare Limited	8,145	-	-	7,050	1,095	37	85	48	0.01%
The Searle Pakistan Limited	231	-	-	87	144	21	29	8	0.00%
Abbott Laboratories (Pakistan) Limited	40,000	-	-	-	40,000	18,169	26,520	8,351	4.13%
Ferozsons laboratories Limited	-	30,000	-	30,000	-	-	-	-	0.00%
						<b>18,227</b>	<b>26,634</b>	<b>8,407</b>	<b>4.14%</b>
<b>Power generation and distribution</b>									
The Hub Power Company Limited	682,002	187,500	-	405,000	464,502	40,612	33,676	(6,936)	5.25%
Kot Addu Power Company Limited	-	145,000	-	-	145,000	4,278	2,922	(1,356)	0.46%
						<b>44,890</b>	<b>36,598</b>	<b>(8,292)</b>	<b>5.71%</b>
<b>Miscellaneous</b>									
Shifa International Hospitals Limited	3	28,000	-	3	28,000	6,328	6,534	206	1.02%
						<b>6,328</b>	<b>6,534</b>	<b>206</b>	<b>1.02%</b>
<b>Sugar and allied industries</b>									
Faran Sugar Mills Limited	38,000	-	-	-	38,000	1,543	1,501	(42)	0.23%
						<b>1,543</b>	<b>1,501</b>	<b>(42)</b>	<b>0.23%</b>
<b>Technology and communication</b>									
Hum Network Limited (Par value of Re.1)	925,000	-	-	925,000	-	-	-	-	0.00%
Systems Limited	208,951	-	-	208,951	-	-	-	-	0.00%
Avanceon Limited	5,156	-	515	1	5,670	253	201	(52)	0.03%
						<b>253</b>	<b>201</b>	<b>(52)</b>	<b>0.03%</b>
<b>Textile composite</b>									
Kohinoor Textile Mills Limited	190,800	-	-	-	190,800	4,779	6,775	1,996	1.06%
Gul Ahmed Textile Mills Limited	544,500	315,300	-	581,000	278,800	10,734	7,982	(2,752)	1.24%
						<b>15,513</b>	<b>14,757</b>	<b>(756)</b>	<b>2.30%</b>
<b>Total as at June 30, 2020</b>						<b>684,387</b>	<b>637,124</b>	<b>(47,258)</b>	
<b>Total as at June 30, 2019</b>						805,766	670,488	(135,278)	
<b>6.1.1</b> 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:									
						<b>June 30, 2020</b>	<b>June 30, 2019</b>	<b>June 30, 2020</b>	<b>June 30, 2019</b>
						----- (Rupees in '000') -----			
						----- (Number of shares) -----			
Oil & Gas Development Company Limited						100,000	100,000	10,900	13,149
The Hub Power Company Limited						110,995	110,995	8,047	8,741
						<b>210,995</b>	<b>210,995</b>	<b>18,947</b>	<b>21,890</b>

**6.1.2** As at June 30, 2020, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs.0.464 million.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

## 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, 2020			Market value as % of net assets of sub-funds	
		As at July 01, 2019	Purchased during the year	Sold / matured during the year	As at June 30, 2020	Carrying Value	Market value		Unrealised (loss) / gain
(Rupees in '000')									
Pakistan Investment Bonds									
Pakistan Investment Bonds - 3 years	12-Jul-2018	-	700,000	700,000	-	-	-	0.00%	
Pakistan Investment Bonds - 3 years	19-Sep-2019	-	500,000	500,000	-	-	-	0.00%	
Pakistan Investment Bonds - 5 years	12-Jul-2018	-	453,000	453,000	-	-	-	0.00%	
Pakistan Investment Bonds - 5 years	19-Sep-2019	-	675,000	675,000	-	-	-	0.00%	
Pakistan Investment Bonds - 10 years	12-Jul-2018	-	37,500	37,500	-	-	-	0.00%	
Pakistan Investment Bonds - 10 years	19-Sep-2019	-	50,000	50,000	-	-	-	0.00%	
Pakistan Investment Bonds - 15 years	31-Oct-2006	3,500	3,500	3,500	3,500	3,354	3,625	271	0.65%
Pakistan investment bonds - 20 years	10-Jun-2004	1,900	1,900	1,900	1,900	1,694	2,029	335	0.36%
Treasury Bills									
Market Treasury Bills - 3 months	23-May-2019	225,000	-	225,000	-	-	-	-	0.00%
	18-Jul-2019	-	470,000	470,000	-	-	-	-	0.00%
	1-Aug-2019	-	200,000	200,000	-	-	-	-	0.00%
	24-Oct-2019	-	500,000	500,000	-	-	-	-	0.00%
	7-Nov-2019	-	515,000	515,000	-	-	-	-	0.00%
	2-Jan-2020	-	100,000	100,000	-	-	-	-	0.00%
	16-Jan-2020	-	260,000	260,000	-	-	-	-	0.00%
	30-Jan-2020	-	500,000	500,000	-	-	-	-	0.00%
	19-Dec-2019	-	115,000	115,000	-	-	-	-	0.00%
	27-Feb-2020	-	100,000	100,000	-	-	-	-	0.00%
	12-Mar-2020	-	375,000	375,000	-	-	-	-	0.00%
	9-Apr-2020	-	150,000	150,000	-	-	-	-	0.00%
	23-Apr-2020	-	500,000	500,000	-	-	-	-	0.00%
	1-Aug-2019	-	400,000	400,000	-	-	-	-	0.00%
	16-Aug-2019	-	230,000	230,000	-	-	-	-	0.00%
	12-Mar-2020	-	35,000	35,000	-	-	-	-	0.00%

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Name of security	Issue date	Face value				Balance as at June 30, 2020			Market value as % of net assets of sub-funds
		As at July 01, 2019	Purchased during the year	Sold / matured during the year	As at June 30, 2020	Carrying Value	Market value	Unrealised (loss) / gain	
					(Rupees in '000')				%
Market Treasury Bills - 6 months	18-Jul-2019	-	200,000	200,000	-	-	-	-	0.00%
	10-Oct-2019	-	500,000	500,000	-	-	-	-	0.00%
	24-Oct-2019	-	500,000	500,000	-	-	-	-	0.00%
	7-Nov-2019	-	425,000	425,000	-	-	-	-	0.00%
	30-Jan-2020	-	250,000	250,000	-	-	-	-	0.00%
	12-Sep-2019	-	120,000	120,000	-	-	-	-	0.00%
	12-Mar-2020	-	250,000	250,000	-	-	-	-	0.00%
	9-Apr-2020	-	150,000	150,000	-	-	-	-	0.00%
	23-Apr-2020	-	375,000	375,000	-	-	-	-	0.00%
	10-Aug-2019	-	150,000	150,000	-	-	-	-	0.00%
Market Treasury Bills - 12 months	4-Jun-2020	-	135,000	-	135,000	130,687	131,076	389	23.47%
	16-Aug-2019	-	250,000	250,000	-	-	-	-	0.00%
	29-Aug-2019	-	250,000	250,000	-	-	-	-	0.00%
	12-Sep-2019	-	250,000	250,000	-	-	-	-	0.00%
	26-Sep-2019	-	500,000	500,000	-	-	-	-	0.00%
	10-Oct-2019	-	925,000	925,000	-	-	-	-	0.00%
	24-Oct-2019	-	450,000	450,000	-	-	-	-	0.00%
	7-Nov-2019	-	425,000	425,000	-	-	-	-	0.00%
	2-Jan-2020	-	100,000	100,000	-	-	-	-	0.00%
	30-Jan-2020	-	725,000	725,000	-	-	-	-	0.00%
	27-Feb-2020	-	500,000	500,000	-	-	-	-	0.00%
	31-Jan-2020	-	100,000	100,000	-	-	-	-	0.00%
	12-Mar-2020	-	370,000	370,000	-	-	-	-	0.00%
	9-Apr-2020	-	100,000	100,000	-	-	-	-	0.00%
	23-Apr-2020	-	375,000	375,000	-	-	-	-	0.00%
	12-Mar-2020	-	50,000	-	50,000	46,284	47,671	1,387	8.53%
	9-Apr-2020	-	50,000	-	50,000	46,634	47,426	792	8.49%
	29-Aug-2019	-	100,000	100,000	-	-	-	-	0.00%
						<b>223,605</b>	<b>226,173</b>	<b>2,568</b>	<b>0.00%</b>
Total as at June 30, 2020						<b>228,653</b>	<b>231,827</b>	<b>3,174</b>	
Total as at June 30, 2019						<b>227,073</b>	<b>226,509</b>	<b>(564)</b>	

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

## Money Market Sub-Fund

Name of security	Issue Date	Face value			Balance as at June 30, 2020			Market value as % of net assets of sub-funds	
		As at July 01, 2019	Purchased during the year	Sold / matured during the year	As at June 30, 2020	Carrying Value	Market value		Unrealised (loss) / gain
Treasury Bills									
Market Treasury Bills - 3 months	1-Aug-2019	-	230,000	230,000	-	-	-	-	0.00%
	10-Oct-2019	-	700,000	700,000	-	-	-	-	0.00%
	24-Oct-2019	-	1,155,000	1,155,000	-	-	-	-	0.00%
	7-Nov-2019	-	400,000	400,000	-	-	-	-	0.00%
	2-Jan-2020	-	3,650,000	3,650,000	-	-	-	-	0.00%
	15-Jan-2020	-	160,000	160,000	-	-	-	-	0.00%
	16-Jan-2020	-	180,000	180,000	-	-	-	-	0.00%
	30-Jan-2020	-	500,000	500,000	-	-	-	-	0.00%
	12-Mar-2020	-	375,000	375,000	-	-	-	-	0.00%
	23-Apr-2020	-	500,000	500,000	-	-	-	-	0.00%
	19-Dec-2019	-	350,000	350,000	-	-	-	-	0.00%
	18-Jul-2019	-	230,000,000	230,000,000	-	-	-	-	0.00%
	23-May-2019	30,000	-	30,000	-	-	-	-	0.00%
	9-Apr-2020	-	150,000	100,000	50,000	49,985	49,990	5	9.55%
	23-Apr-2020	-	65,000	-	65,000	64,781	64,811	30	12.39%
	2-Jan-2020	-	150,000	150,000	-	-	-	-	0.00%
	1-Aug-2019	-	170,000	170,000	-	-	-	-	0.00%
	12-Mar-2020	-	250,000	250,000	-	-	-	-	0.00%
13-Apr-2020	-	375,000	375,000	-	-	-	-	0.00%	
23-Apr-2020	-	375,000	375,000	-	-	-	-	0.00%	
18-Jul-2019	-	165,000	165,000	-	-	-	-	0.00%	
7-Nov-2019	-	60,000	60,000	-	-	-	-	0.00%	
14-Oct-2019	-	500,000	500,000	-	-	-	-	0.00%	
10-Oct-2019	-	100,000	100,000	-	-	-	-	0.00%	
24-Oct-2019	-	1,000,000	1,000,000	-	-	-	-	0.00%	
7-Nov-2019	-	400,000	400,000	-	-	-	-	0.00%	
9-Apr-2020	-	150,000	-	-	150,000	146,024	147,175	1,150	28.13%
Total as at June 30, 2020						260,790	261,976	1,185	
Total as at June 30, 2019						29,548	29,546	(2)	

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

## 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, 2020			Market value as % of net assets of sub-funds
		As at July 01, 2019	Purchased during the year	Sold during the year	As at June 30, 2020	Carrying Value	Unrealised (loss) / gain	
***** (Number of certificates) ***** (Rupees in '000') *****								
<b>Term finance certificates</b>								
Bank Alfalah Limited	20-Feb-13	3,000	-	3,000	-	-	-	0.00%
Habib Bank Limited	19-Feb-16	150	-	-	150	14,740	(81)	2.62%
The Bank of Punjab	23-Dec-16	50	-	-	50	4,944	(45)	0.88%
Askari Bank Limited - PPTFC-V	30-Sep-14	5,003	-	-	5,003	24,312	(577)	4.25%
Jahangir Siddiqui & Company Limited - 5th Issue	18-Jul-17	5,000	-	-	5,000	15,476	(202)	2.73%
<b>Sukuks</b>								
Aspin Pharma (Private) Limited	30-Nov-17	130	-	-	130	8,986	9,191	205
Dawood Hercules Corporation Limited	16-Nov-17	72	-	-	72	5,024	5,090	66
Meezan Bank Limited - 2nd Issue	9-Jan-20	-	35	-	35	35,000	35,386	386
<b>Total as at June 30, 2020</b>						<b>108,482</b>	<b>108,234</b>	<b>(248)</b>
<b>Total as at June 30, 2019</b>						99,793	98,656	(1,137)

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>							
Habib Bank Limited	150	100	15,000	6M KIBOR + 0.50%	19-Feb-26	Unsecured	AAA
The Bank of Punjab Limited	50	100	4,993	6M KIBOR + 1.00%	23-Dec-26	Unsecured	AA-
Askari Bank Limited - PPTFC-V	5,003	5	24,960	6M KIBOR + 1.20%	30-Sep-24	Unsecured	AA-
Jahangir Siddiqui & Company Limited - 5th Issue	5,000	3	15,625	6M KIBOR + 1.40%	18-Jul-22	Secured	AA+
Meezan Bank Limited	35	1,000	35,000	6M KIBOR + 0.50%	9-Jan-30	Unsecured	AA
<b>Listed</b>							
Dawood Hercules Corporation Limited	72	70	5,040	3M KIBOR + 1.00%	16-Nov-22	Secured	AA
Aspin Pharma (Private) Limited	130	70	9,100	3M KIBOR + 1.50%	30-Nov-23	Unsecured	A

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

Name of security	Issue date	Number of certificates			Balance as at June 30, 2020	
		As at July 01, 2019	Purchased during the year	Matured / Sold during the year		As at June 30, 2020
						Market value (Rupees in '000')
<b>Debt Sub-Fund</b>						
K-K-Electric Limited - ICP 2	1-Mar-19	40,000	-	40,000	-	
K-K-Electric Limited - ICP 6	26-Feb-20	-	41,000	1,000	39,165	
K-K-Electric Limited - ICP 7	10-Mar-20	-	43,000	-	41,934	
					81,099	
<b>Total as at June 30, 2019</b>					39,234	
<b>Money Market Sub-Fund</b>						
K-K-Electric Limited - ICP 2	1-Mar-19	10,000	-	10,000	-	
K-K-Electric Limited - ICP 6	26-Feb-20	-	21,000	-	20,560	
K-K-Electric Limited - ICP 7	10-Mar-20	-	22,000	-	21,454	
					42,014	
<b>Total as at June 30, 2019</b>					9,809	

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	as a % of net assets of sub-funds
<b>Debt Sub-Fund</b>				
K-Electric Limited - ICP 6	14.64%	26-Feb-20	26-Aug-20	7.01%
K-Electric Limited - ICP 7	14.00%	10-Mar-20	10-Sep-20	7.01%
<b>Money Market Sub-Fund</b>				
K-Electric Limited - ICP 6	14.64%	26-Feb-20	26-Aug-20	4.10%
K-Electric Limited - ICP 7	13.64%	10-Mar-20	10-Sep-20	4.10%

## 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, 2019	Purchased during the year		
</							

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

June 30, 2020			
Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000')			
<b>7. INTEREST RECEIVABLE</b>			
Mark-up on:			
- Pakistan investment bonds	-	70	70
- Term finance certificates	-	5,153	5,153
- Deposit accounts	179	566	2,030
	179	5,789	7,253

June 30, 2019			
Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000')			
Mark-up on:			
- Pakistan investment bonds	-	70	70
- Term finance certificates	-	3,503	3,503
- Deposit accounts	208	1,864	3,446
- Term deposit receipt	-	411	411
	208	5,437	7,430

June 30, 2020			
Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000')			
<b>8. ADVANCES, DEPOSITS AND OTHER RECEIVABLES</b>			
Receivable against:			
- National Clearing Company of Pakistan Limited (NCCPL)	2,500	551	3,051
- Central Depository Company of Pakistan Limited (CDC)	200	200	600
Advance tax	301	160	511
Others	34	17	68
	3,035	928	4,230

June 30, 2019			
Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000')			
Receivable against:			
- National Clearing Company of Pakistan Limited (NCCPL)	2,500	551	3,051
- Central Depository Company of Pakistan Limited (CDC)	200	200	600
Advance tax	283	158	486
Others	31	17	64
	3,014	926	4,201

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

June 30, 2020				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Note	(Rupees in '000')			
<b>9. PAYABLE TO THE PENSION FUND MANAGER</b>				
Remuneration payable to the pension fund manager	779	677	631	2,087
Sindh sales tax payable on remuneration of pension fund manager	101	88	82	271
	<b>880</b>	<b>765</b>	<b>713</b>	<b>2,358</b>

June 30, 2019				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Note	(Rupees in '000')			
Remuneration payable to the pension fund manager	903	637	378	1,918
Sindh sales tax payable on remuneration of pension fund manager	117	82	49	248
	<b>1,020</b>	<b>719</b>	<b>427</b>	<b>2,166</b>

**9.1** The Pension Fund Manager has charged remuneration at the rate of 1.5% (2019: 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% (2019: 13%).

June 30, 2020				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Note	(Rupees in '000')			
<b>10. PAYABLE TO TRUSTEE</b>				
Remuneration payable	67	58	54	179
Sales tax on remuneration payable	9	8	7	24
	<b>76</b>	<b>66</b>	<b>61</b>	<b>203</b>

June 30, 2019				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Note	(Rupees in '000')			
Remuneration payable	80	56	33	169
Sales tax on remuneration payable	10	8	5	23
	<b>90</b>	<b>64</b>	<b>38</b>	<b>192</b>



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

**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% (2019: 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 twenty-fifth of one percent (2019: one thirtieth of one percent) of average annual net assets of each sub-fund.

		June 30, 2020			
12. ACCRUED EXPENSES AND OTHER LIABILITIES	Note	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
		(Rupees in '000')			
Provision for Sindh Workers' Welfare Fund	12.1	3,993	3,928	1,661	9,582
Provision for Federal Excise Duty on remuneration of Pension Fund Manager	12.2	2,420	2,405	1,151	5,976
Brokerage payable		183	3	1	187
Withholding tax payable		872	870	43	1,785
Auditors' remuneration		144	132	102	378
Payable against redemption of units		3,207	2,706	22	5,935
Others		-	117	22	139
		<b>10,819</b>	<b>10,161</b>	<b>3,002</b>	<b>23,982</b>

		June 30, 2019			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
		(Rupees in '000')			
Provision for Sindh Workers' Welfare Fund	12.1	3,767	2,239	682	6,688
Provision for Federal Excise Duty on remuneration of Pension Fund Manager	12.2	2,420	2,405	1,151	5,976
Brokerage payable		120	20	-	140
Withholding tax payable		189	123	27	339
Auditors' remuneration		148	86	36	270
Payable against redemption of units		-	-	22	22
Others		-	20	-	20
		<b>6,644</b>	<b>4,893</b>	<b>1,918</b>	<b>13,455</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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### 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.2.74 (2019: Rs.2.26) per unit in respect of equity sub-fund, Rs. 2.10 (2019: Re.0.83 ) per unit in respect of debt sub-fund and Rs.0.84 (2019: Rs.0.36 ) 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 01, 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 (2019: Rs.2.42 million, Rs.2.40 (2019: Rs.2.40) million and Rs.1.15 (2019: 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, 2019 would have been higher by Rs.1.66 (2019: Rs.1.45) per unit, Rs.1.29 (2019: Rs.1.19) per unit and Rs.0.58 (2019: Rs.0.86) per unit respectively.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**13. NUMBER OF UNITS IN ISSUE**

	June 30, 2020			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Units) -----			
Total units outstanding at beginning of the year	1,668,870	2,022,000	1,339,095	5,029,965
Add: Units issued during the year	455,429	938,985	1,095,899	2,490,313
Less: Units redeemed during the year	(668,438)	(1,088,839)	(462,855)	(2,220,132)
Total units in issue at the end of the year	1,455,861	1,872,146	1,972,139	5,300,146

**14. CONTRIBUTION TABLE**

	June 30, 2020					
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund		Total	
	Units	(Rupees'000)	Units	(Rupees'000)	(Rupees)	
Opening balance	1,668,870	721,519	2,022,000	520,240	316,830	1,558,589
Issue of units	455,429	201,054	938,985	256,738	274,106	731,898
Redemption of units	(668,438)	(295,692)	(1,088,839)	(301,258)	(115,820)	(712,770)
Closing balance	1,455,861	626,881	1,872,146	475,720	475,116	1,577,717

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

## 15. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2020 and June 30, 2019.

## 16. AUDITORS' REMUNERATION

	June 30, 2020			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)			
Annual audit fee	118	97	73	288
Half yearly review fee	51	42	32	125
Out of pocket expenses	43	35	26	104
Sales tax	17	14	10	41
	<b>229</b>	<b>188</b>	<b>141</b>	<b>558</b>

	June 30, 2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)			
Annual audit fee	125	88	38	251
Half yearly review fee	62	44	19	125
Sales tax	15	11	5	31
Out of pocket expenses	17	13	8	38
	<b>219</b>	<b>156</b>	<b>70</b>	<b>445</b>

## 17. Cash and cash equivalents

		June 30, 2020			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
		(Rupees in '000)			
Bank balances	5.1	26,748	141,852	221,543	390,143
Treasury Bill maturing within 3 months	6.2	-	-	114,801	114,801
Commercial Paper	6.4	-	81,099	42,014	123,113
		<b>26,748</b>	<b>222,951</b>	<b>378,358</b>	<b>628,057</b>

		June 30, 2019			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
		(Rupees in '000)			
Bank balances		52,881	377,221	188,773	618,875
Treasury Bill maturing within 3 months		-	221,624	29,546	251,170
Term Deposit Receipts		-	-	109,000	109,000
Commercial Paper		-	39,234	9,809	49,043
		<b>52,881</b>	<b>638,079</b>	<b>337,128</b>	<b>1,028,088</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

## 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:

	June 30, 2020			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	----- (Rupees) -----			
<b>19.1 Transactions during the year</b>				
<b>MCB Arif Habib Savings and Investments Limited - Pension Fund Manager</b>				
Remuneration of Pension Fund Manager	10,290	8,310	6,329	24,929
Sales tax on remuneration of Pension Fund Manager	1,338	1,080	823	3,241
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
Remuneration of Central Depository Company Limited - Trustee	892	721	549	2,162
Sales tax on remuneration of Trustee	116	94	71	281
Settlement charges	58	7	7	72
<b>Group / Associated companies</b>				
<b>MCB Bank Limited</b>				
Mark-up earned	73	102	72	247
Bank charges	4	4	-	8
<b>Silk Bank</b>				
Mark-up earned	-	1,330	-	1,330
Bank charges	-	4	-	4
<b>Arif Habib Limited - Brokerage House</b>				
Brokerage expense*	127	1	-	128
<b>Next Capital Limited - Brokerage House</b>				
Brokerage expense*	6	-	-	6

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

	June 30, 2019			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	11,699	8,209	3,528	23,436
Sales tax on remuneration of Pension Fund Manager	1,521	1,067	459	3,047
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
Remuneration of Central Depository Company Limited - Trustee	1,030	722	311	2,063
Sales tax on remuneration of Trustee	134	94	40	268
Settlement charges	52	8	8	68
<b>Group / Associated companies</b>				
<b>MCB Bank Limited</b>				
Mark-up earned	49	5	6	60
Bank charges	3	2	-	5
<b>Silk Bank</b>				
Mark-up earned	-	6,373	-	6,373
Bank charges	-	20	-	20
<b>Arif Habib Limited - Brokerage House</b>				
Brokerage expense*	111	1	2	114
<b>Next Capital Limited - Brokerage House</b>				
Brokerage expense*	51	-	-	51
	June 30, 2020			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000')			

**19.2 Balances outstanding at year end:**

<b>MCB Arif Habib Savings and Investments Limited - Pension Fund Manager</b>				
Remuneration payable	779	677	631	2,087
Sindh sales tax payable on remuneration	101	88	82	271
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
Remuneration payable	67	58	54	179
Sindh sales tax payable on remuneration	9	8	7	24
Security deposit	200	200	200	600

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	June 30, 2020			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in'000')			
<b>Group / Associated companies</b>				
<b>MCB Bank Limited</b>				
Bank balance	16	868	1,261	2,145
Profit receivable	16	-	-	16
<b>Silk Bank**</b>				
Bank balance	-	10	-	10
Profit receivable	-	-	-	-
<b>MCB Islamic Bank Limited</b>				
Bank balance	-	6	-	6
<b>Arif Habib Limited - Brokerage House</b>				
Brokerage payable*	27	-	-	27
	June 30, 2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in'000')			
<b>MCB Arif Habib Savings and Investments Limited - Pension Fund Manager</b>				
Remuneration payable	903	637	378	1,918
Sindh sales tax payable on remuneration	117	83	49	249
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
Remuneration payable	80	56	33	169
Sindh sales tax payable on remuneration	10	7	4	21
Security deposit	200	200	200	600
<b>Group / Associated companies</b>				
<b>MCB Bank Limited</b>				
Bank balance	101	103	107	311
Profit receivable	-	-	-	-
<b>Silk Bank</b>				
Bank balance	-	100,028	-	100,028
Profit receivable	-	196	-	196
<b>MCB Islamic Bank Limited</b>				
Bank balance	-	8	-	8

\* 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.

\*\* This is not a related party with effect from 05 September 2019.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

## 19.3 Participant Fund

For the year ended June 30, 2020

	As at July 01, 2019	Issued for cash	Redeemed	As at June 30, 2020	As at July 01, 2019	Issued for cash	Redeemed	As at June 30, 2020
	----- (Units) -----		----- (Rupees'000) -----		----- (Rupees'000) -----		----- (Rupees'000) -----	
<b>MCB Arif Habib Savings and Investments Limited -</b>								
<b>Pension Fund Manager *</b>								
- Pakistan Pension Fund - Equity	252,196	-	-	252,196	109,024	-	-	111,135
- Pakistan Pension Fund - Debt	253,109	-	-	253,109	65,158	-	-	111,538
- Pakistan Pension Fund - Money Market	300,000	-	-	300,000	71,022	-	-	132,201
<b>Key management personnel</b>								
- Pakistan Pension Fund - Equity	7,700	30,878	(24,612)	63,190	3,329	13,046	(10,769)	27,846
- Pakistan Pension Fund - Debt	2,281	4,770	(8,824)	15,875	587	1,047	(1,938)	4,736
- Pakistan Pension Fund - Money Market	45	10,285	(8,731)	19,061	11	2,009	(1,710)	5,057

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	Redeemed	As at June 30, 2019
	----- (Units) -----		----- (Rupees'000) -----		----- (Rupees'000) -----		----- (Rupees'000) -----	
<b>MCB Arif Habib Savings and Investments Limited -</b>								
<b>Pension Fund Manager</b>								
- Pakistan Pension Fund - Equity	252,196	-	-	252,196	129,087	-	-	109,024
- Pakistan Pension Fund - Debt	253,109	-	-	253,109	60,663	-	-	65,158
- Pakistan Pension Fund - Money Market	300,000	-	-	300,000	65,826	-	-	71,022
<b>Key management personnel</b>								
- Pakistan Pension Fund - Equity	14,449	4,957	11,706	7,700	7,396	2,331	5,370	3,329
- Pakistan Pension Fund - Debt	3,950	1,327	2,996	2,281	947	327	742	587
- Pakistan Pension Fund - Money Market	199	127	281	45	44	29	64	11

\* 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, 2020

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, 2020 and net income for the year then ended would have been higher / lower by Rs.1.08 million (2019: Rs.0.99 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, 2020 and net income for the year then ended would have been higher / lower by Rs.3.90 million (2019: Rs.6.19 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, 2020, 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.0.06 million (2019: Rs.0.05 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, 2020, 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.4.88 million (2019: Rs.2.51 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, 2020, 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.Nil (2019: 1.09 million).

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, 2020, 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.1.23 million (2019: Rs.0.49 million).

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, 2020 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, 2020

Yield / effective interest rate (%)	June 30, 2020									
	Equity Sub-Fund					Debt 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		
	Upto three months	More than three months and up to one year	Upto three months	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	More than one year
	(Rupees in '000')									
<b>On-balance sheet financial instruments</b>										
<b>Financial assets</b>										
Balances with banks	390,143	26,748	-	-	-	141,852	-	-	221,543	-
Investments	1,362,274	-	-	-	637,124	-	307,272	113,888	114,801	189,189
Dividend receivable	-	-	-	-	-	-	-	-	-	-
Interest receivable	7,253	179	-	-	-	5,789	-	-	1,285	-
Deposits and other receivables	3,719	-	-	-	2,734	-	-	-	-	-
	1,763,389	26,927	-	-	639,858	147,641	307,272	113,888	337,629	189,189
<b>Financial liabilities</b>										
Payable to the Pension Fund Manager	2,087	-	-	-	779	-	-	-	-	-
Payable to the Trustee	179	-	-	-	67	-	-	-	-	-
Payable against purchase of investments	13,558	-	-	-	13,558	-	-	-	-	-
Accrued and other liabilities	6,639	-	-	-	3,534	-	-	-	-	-
	22,463	-	-	-	17,938	-	-	-	-	-
<b>On-balance sheet gap</b>	1,740,926	26,927	-	-	621,920	147,641	307,272	113,888	337,629	189,189
								(2,925)		(615)

There is no off-balance sheet financial instrument that exist as at year ended June 30, 2020.

Yield / effective interest rate (%)	June 30, 2019									
	Equity Sub-Fund					Debt 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		
	Upto three months	More than three months and up to one year	Upto three months	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	More than one year
	(Rupees in '000')									
<b>On-balance sheet financial instruments</b>										
<b>Financial assets</b>										
Balances with banks	618,875	52,881	-	-	-	377,221	-	-	188,773	-
Investments	1,183,242	-	-	-	670,488	221,624	39,234	103,541	29,546	118,809
Dividend receivable	-	-	-	-	2,876	-	-	-	-	-
Interest receivable	7,430	208	-	-	-	5,437	-	-	1,785	-
Deposits and other receivables	3,716	-	-	-	2,732	-	-	-	-	-
	1,816,139	53,089	-	-	676,096	604,282	39,234	103,541	220,104	118,809
<b>Financial liabilities</b>										
Payable to the Pension Fund Manager	1,918	-	-	-	903	-	-	-	-	-
Payable to the Trustee	169	-	-	-	80	-	-	-	-	-
Payable against purchase of investments	241,293	-	-	-	-	-	-	221,596	-	-
Accrued and other liabilities	452	-	-	-	267	-	-	126	-	-
	243,832	-	-	-	1,250	-	-	222,415	-	-
<b>On-balance sheet gap</b>	1,572,307	53,089	-	-	674,846	604,282	39,234	103,541	220,104	118,809
								-221,648		-19,950

There is no off-balance sheet financial instrument that exist as at year ended June 30, 2019.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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### 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, 2020, the net assets relating to the Equity Sub-Fund and total net assets of the Fund would increase / decrease by Rs.31.86 million (2019: Rs.33.52 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, 2020 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. Risk attributable to investment in government securities is limited as these are guaranties by the Federal Government.

The Fund's maximum exposure to credit risk related to receivables at June 30, 2020 and June 30, 2019 is the carrying amounts of following financial assets.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	June 30, 2020		
	Equity Sub-Fund	Debt Sub-Fund	Market Sub-Fund
	(Rupees in '000')		
			Total
Balances with banks	26,748	141,852	221,543
Investments	637,124	421,160	303,990
Interest receivable	179	5,789	1,285
Deposits and other receivables	2,734	768	217
	<b>666,785</b>	<b>569,569</b>	<b>527,035</b>
			<b>1,763,389</b>

	June 30, 2019		
	Equity Sub-Fund	Debt Sub-Fund	Market Sub-Fund
	(Rupees in '000')		
			Total
Balances with banks	52,881	377,221	188,773
Investments	670,488	364,399	148,355
Dividend receivable	2,876	-	-
Interest receivable	208	5,437	1,785
Deposits and other receivables	2,732	767	217
	<b>729,185</b>	<b>747,824</b>	<b>339,130</b>
			<b>1,816,139</b>

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

The analysis below summarizes the credit rating quality of the Fund's financial assets as at June 30, 2020 and June 30, 2019.

	June 30, 2020	June 30, 2019
	(%)	
<b>Bank balances by rating category</b>		
A-/A2	0.00%	16.16%
AA/A1+	0.02%	25.94%
AA-/A1+	0.00%	0.03%
AA+/A1+	15.70%	10.69%
AAA/A1+	84.28%	47.18%
<b>Term Finance Certificates by rating category</b>		
A	8.49%	9.15%
AA	37.40%	38.58%
AA-	26.46%	23.44%
AA+	14.11%	17.11%
AAA	13.54%	11.72%
<b>Commercial papers by rating category</b>		
A1	0.00%	100.00%
AA	100.00%	0.00%

The maximum exposure to credit risk before any credit enhancement as at June 30, 2020 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, 2020

## 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, 2020							
	Equity Sub-Fund				Debt 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	
<b>Financial Liabilities</b>								
Payable to the Pension Fund Manager	2,087	779	-	-	677	-	-	631
Payable to the Trustee	179	67	-	-	58	-	-	54
Payable against purchase of investments	13,558	13,558	-	-	-	-	-	-
Accrued and other liabilities	6,639	3,534	-	-	2,958	-	-	147
<b>Total</b>	<b>22,463</b>	<b>17,938</b>	<b>-</b>	<b>-</b>	<b>3,693</b>	<b>-</b>	<b>-</b>	<b>832</b>

	As at June 30, 2019							
	Equity Sub-Fund				Debt 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	
<b>Financial Liabilities</b>								
Payable to the Pension Fund Manager	1,918	903	-	-	637	-	-	378
Payable to the Trustee	169	80	-	-	56	-	-	33
Payable against purchase of investments	241,293	-	-	-	221,596	-	-	19,697
Accrued and other liabilities	452	267	-	-	126	-	-	59
<b>Total</b>	<b>243,832</b>	<b>1,250</b>	<b>-</b>	<b>-</b>	<b>222,415</b>	<b>-</b>	<b>-</b>	<b>20,167</b>

## 20.4 Financial instruments by category

**Financial Assets**  
Balances with banks  
Investments  
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**  
Balances with banks  
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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

## 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, 2020 and June 30, 2019, the Fund held the following instruments measured at fair values:

	Note	Level 1 -----	Level 2 (Rupees)	Level 3 -----	Total
<b>June 30, 2020</b>					
<b>Equity Sub-Fund</b>					
Listed equity securities		637,124	-	-	637,124
<b>Debt Sub-Fund</b>					
Government Securities -					
Pakistan Investment Bonds	21.1.1	-	5,654	-	5,654
Government Securities -					
Treasury bills	21.1.1	-	226,173	-	226,173
Term Finance Certificates / Sukuks	21.1.2	14,010	94,472	-	108,482
Commercial Paper	21.1.3	-	81,099	-	81,099
<b>Money Market Sub-Fund</b>					
Government Securities -					
Treasury bills	21.1.1	-	261,976	-	261,976
Commercial Paper	21.1.3	-	42,014	-	42,014
		651,134	711,388	-	1,362,522

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	Level 1	Level 2	Level 3	Total
	-----	(Rupees)	-----	-----
<b>June 30, 2019</b>				
<b>Equity Sub-Fund</b>				
Listed equity securities	670,488	-	-	670,488
<b>Debt Sub-Fund</b>				
Government Securities -				
Pakistan Investment Bonds	-	4,885	-	4,885
Government Securities -				
Treasury bills	-	221,624	-	221,624
Term Finance Certificates / Sukuks	-	98,656	-	98,656
Commercial Paper	-	39,234	-	39,234
<b>Money Market Sub-Fund</b>				
Government Securities -				
Treasury bills	-	29,546	-	29,546
Commercial Paper	-	9,809	-	9,809
Term deposit receipt	-	-	109,000	109,000
	<u>670,488</u>	<u>393,945</u>	<u>109,000</u>	<u>1,183,242</u>

## 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.

**21.1.3** 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** 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, 2020

## 22. PERFORMANCE TABLE

Performance Information	Equity Sub-Fund				
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
	(Rupees)				
Net (loss) / income after taxation	11,105	(42,542)	7,373	137,972	28,896
Realised capital gains / (losses)	38,542	(18,954)	(14,536)	127,798	16,701
Unrealised (losses) / gains	(47,263)	(135,278)	(24,557)	49,290	30,555
Impairment loss on available-for-sale investment	-	-	9,472	-	(11,100)
Dividend income and profit income	39,121	42,259	31,939	32,150	23,051
Net assets value per unit	440.67	432.30	511.85	565.00	416.00
Transactions in securities					
- Purchases	526,257	490,089	831,574	1,230,526	572,998
- Sales	554,981	355,293	756,886	1,161,750	489,682
Total contribution received	201,054	267,653	139,725	261,066	151,586

Performance Information	Debt Sub-Fund				
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
	(Rupees)				
Net income / (loss) after taxation	78,069	(25,702)	54,733	20,469	31,712
Realised capital gains / (losses)	22,355	(888)	(59)	215	4,961
Unrealised gains / (losses)	2,927	(1,701)	(1,131)	1,094	(1,720)
Profit income	13,434	19,190	17,185	27,262	32,968
Net assets value per unit	298.36	257.43	239.67	230.00	220.00
Transactions in securities					
- Purchases	14,550,423	2,498,103	2,533,724	2,974,096	1,228,311
- Sales	14,378,002	2,850,047	2,598,903	4,102,297	1,480,050
Total contribution received	256,738	163,502	131,016	214,694	123,900

Performance Information	Money Market Sub-Fund				
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
	(Rupees)				
Net income after taxation	56,849	52,645	41,315	5,781	6,680
Realised capital gains / (losses)	3,274	(170)	85	(1,399)	(21)
Unrealised gains / (losses)	1,184	(2)	10	1,210	39
Profit income	15,827	14,488	7,007	10,099	6,849
Net assets value per unit	265.29	236.74	219.42	210.00	202.00
Transactions in securities					
- Purchases	12,154,631	1,037,416	1,053,663	1,158,343	496,254
- Sales	11,517,601	1,506,798	1,085,808	1,360,071	482,243
Total contribution received	274,106	205,975	79,574	55,515	37,890

### 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)					
343.25	545.29	257.57	298.86	236.87	265.29

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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### 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

Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

### 25. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 18, 2020 by the Board of Directors of the Pension Fund Manager.

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



Chief Executive Officer



Director

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