



MCB-ARIF HABIB  
Savings and Investments Limited

# ANNUAL REPORT 2021

Funds Under Management of  
MCB-Arif Habib Savings and Investments Limited



# **MCB PAKISTAN SOVEREIGN FUND**

## TABLE OF CONTENTS

---

1	Fund's Information	116
2	Report of the Director of the Management Company	117
3	Report of the Fund Manager	128
4	Trustee Report to the Unit Holders	130
5	Independent Auditor's Report to the Unit Holders	131
6	Statement of Assets and Liabilities	135
7	Income Statement	136
8	Statement of Other Comprehensive Income	137
9	Statement of Movement in Unit Holder's Fund	138
10	Cash Flow Statement	139
11	Notes to and Forming Part of the Financial Statements	140
12	Pattern of Units Holding by Size	166
13	Performance Table	167

## 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>	MCB Bank Limited Bank Al Habib Limited Habib Bank Limited Allied Bank Limited Bank Alfalah Limited Faysal Bank Limited Habib Metropolitan Bank Limited United Bank Limited Zarai Taraqati Bank Limited Js Bank Limited National Bank Of Pakistan	
<b>Auditors</b>	<b>Yousuf Adil</b> Chartered Accountants Cavish Court, A-35, Block-7 & 8 KCHSU, Shahrah-e-Faisal, Karachi-753550	
<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>AM1</b> Asset Manager Rating assigned by PACRA	

# REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2021

---

**Dear Investor,**

On behalf of the Board of Directors, we are pleased to present **MCB Pakistan Sovereign Fund** accounts review for the year ended **June 30, 2021**.

## **Economy and Money Market Review**

Fiscal year 2021 has proven to be a positive year with respect to economic performance. Country registered a GDP growth rate of 3.94 per cent outpacing the original target of 2.1 per cent for the outgoing fiscal year. This better than expected recovery has been due to relatively lower and stable interest rates, supportive financing schemes from SBP, amnesty scheme to encourage construction sector, resumption in demand and strong inflow of remittances supporting the overall consumption growth.

The growth momentum remained strong throughout the year as reflected in the performance of various sectors. Cement sector saw an impressive comeback in local dispatches as they witnessed a growth of about 20 per cent over last year in FY21. Sales of 2 and 3 wheeler units also rose at an impressive rate of approx. 39 per cent over last year in FY21 reflecting the resilience of economy. Similarly, the demand of petrol and diesel also increased by about 12 per cent and 16 per cent respectively over last year indicating a broader recovery in economy. Overall, Large Scale Manufacturing Index (LSM) has grown by about 14.6 per cent in first eleven months of the current fiscal year led by the cyclical sectors.

On the external front, the country posted a current account deficit of USD 1.8 billion (-0.6 per cent of GDP) in the fiscal year 2021, a 58 per cent improvement when compared with last year deficit of USD 4.4 billion (-1.7 per cent of GDP). Despite a USD 30 billion deficit (about 23 per cent higher this year) on balance on trade in goods and services, current account deficit remained marginally negative due to strong inflow of workers' remittances. Remittances jumped to USD 29.4 billion, up by 27 per cent when compared with USD 23.1 billion a year back.

Inflation remained the chink in the armor for the government as rising food prices continued to create challenges for policy makers. Headline inflation represented by CPI averaged 8.9 per cent over last year, with food inflation averaging about 13 per cent during the period. The prices of perishable food items along with the price of wheat continued to advance higher as supply side disruptions and mismanagement caused the prices to soar. Nevertheless, core inflation as measured by Non Food Non Energy was still controlled and averaged 6.4 per cent for the period. Monetary Policy Committee maintained status quo throughout the year after successive cuts in previous meetings. While real interest rates remained negative, the central bank was cautious with regards to demand side pressures owing to Covid-19 as well as comfort drawn from better external position.

As the economy started to open up, tax collection also improved and grew by about 18 per cent during the fiscal year which exceeded the revised target by PKR 30 billion. Fiscal deficit for the first nine months of the period clocked in at 3.6 per cent of GDP, compared to 3.8 per cent of GDP last year. Primary balance was even better at a surplus of 1.0 per cent of GDP compared to last year surplus of 0.4 per cent of GDP.

Yield curve started to slope upward after inflation trajectory was observed to be on the rising trend. 3, 5 and 10 Year bonds saw a rise of 146 bps, 138 bps and 125 bps respectively during the period.

## **FUND PERFORMANCE**

During the period under review, the fund generated an annualized return of 5.67 per cent as against its benchmark return of 7.56 per cent. At period-end, the exposure in PIBs was 14.5 per cent.

The Net Assets of the Fund as at June 30, 2021 stood at Rs. 738 million as compared to Rs. 1,816 million as at June 30, 2020 registering a decline of 59.36 per cent.

The Net Asset Value (NAV) per unit as at June 30, 2021 was Rs. 53.32 as compared to opening NAV of Rs. 53.27 per unit as at June 30, 2020 registering an increase of Rs. 0.05 per unit.

SRB through its letter dated August 12, 2021 received on August 13, 2021 by MUFAP, has intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. On August 13, 2021, the management, in consultation with MUFAP and after

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2021

---

concurrence for prospective reversal of provision of SWWF from SECP, reversed the cumulative provision for SWWF recognized in the fund for the period from May 21, 2015 to August 12, 2021. Accordingly, going forward, no provision for SWWF would be recognized in the fund. This reversal of provision has contributed towards an unusual increase in NAV of the Fund on August 13, 2021. This is one-off event and is not likely to be repeated in the future. For further details, refer note 11.1 to the financial statements.

### **Economy & Market – Future Outlook**

Growth momentum is likely to continue in the coming year given the accommodative monetary and fiscal policies. Broader economy appears to be operating close to pre-covid levels gauged by LSM growth, cement sales, auto sales, etc. We expect GDP growth to improve further in FY-22 but likely remain slightly lower from government target of 4.8 per cent for FY-22. The recent surge in commodity prices poses challenges to both to Fiscal and External Accounts. On the fiscal side, targets for revenue and development expenditures are highly unlikely to be met.

With imports resuming momentum, Current Account Deficit is expected to reach near 2.8 per cent of GDP which is likely to weaken the exchange rate to near 170 against USD by year end. Commodity prices and weaker currency are also likely to keep average inflation persistent and it may remain near 8.5 per cent. We therefore expect tightening of monetary policy later in the year and expect interest to reach up to 9 per cent by the year end.

IMF program appears to remain on hold as government chooses to further pro-growth measures over austerity based conventional IMF reforms. Focus on growing exports and stimulate domestic demand through investment in construction and housing are the hallmarks of government pro-growth strategy. Enabling environment including stable interest rates, low cost financing schemes for housing and machinery imports and avoiding further increase in power tariffs are the key initiatives in this regard. Public Sector entities and in particular energy sector still remains a thorny issue in IMF talks and continue to remain a major challenge for the government despite recent steps taken to lessen the burden on public finances. A sharp deterioration in balance of payment account may force government to succumb to IMF policy framework and thus alter the economic growth trajectory.

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.

### **Mutual Fund Industry Review**

The Net Assets of the open end mutual fund industry increased by about 37.2 per cent to PKR 1,018 billion in this fiscal year. Money market funds and Fixed Income funds experienced an influx of investment as corporate liquidity swiftly moving towards mutual funds. Total money market funds grew by about 48 per cent during the period to PKR 467 billion. Within the money market sphere, the conventional funds dominated as they grew by about 39 per cent to PKR 285 billion. Equity and related funds surged rapidly by 33 per cent from PKR 224 billion to PKR 299 billion over the year. Most of the rise in equity and equity linked fund assets can be attributed to a positive uptick in the market that was up approx. 38 per cent YoY owing to favorable investor sentiments.

In terms of the segment share, Money Market funds were the leader with a share of around 46 per cent, followed by Equity and Equity related funds with a share of 30 per cent and Income funds having a share of 24 per cent as at the end of the fiscal year.

### **Mutual Fund Industry Outlook**

Record decline in interest rates have reinstated the confidence in risk asset classes. We expect liquidity to gear up towards equity and related funds. The sustainability of liquidity will however depend on how the economy transitions through this phase of pandemic. Our operations remained seamless and given our competitive edge due to aggressive investment in digital access and online customer experience, the environment provides an opportunity with growing number of investors available online.

### **Corporate Governance**

The Fund is committed to implement the highest standards of corporate governance. With four (4) Non-Executive Directors, three (3) Independent Directors and one (1) Executive Director on the Board, as governing body of the Management Company, the Board is accountable to the unit holders for good corporate governance. The Board consists of 1 female and 7 male directors. The details are as under:

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2021

Sr. No.	Name	Status	Membership in other Board Committees	
1.	Mr. Haroun Rashid	Non-Executive Director	None	
2.	Mr. Nasim Beg	Non-Executive Director	(i)	Audit Committee; and
3.	Mr. Ahmed Jahangir	Non-Executive Director	(ii)	HR&R* Committee
4.	Mr. Kashif A. Habib	Non-Executive Director	(i)	Audit Committee; and
5.	Syed Savail Meekal Hussain	Independent Director	(ii)	HR&R* Committee.
6.	Mirza Qamar Beg	Independent Director	(i)	Audit Committee
7.	Ms. Mavra Adil Khan	Independent Director	(ii)	HR&R* Committee (Chairman); and
8.	Mr. Muhammad Saqib Saleem	Executive Director	(i)	HR&R* Committee (Chairman).

\* HR&R stands for Human Resource and Remuneration

Management is continuing to comply with the provisions of best practices set out in the code of corporate governance particularly with regard to independence of non-executive directors. The Fund remains committed to conduct business in line with listing regulations of Pakistan Stock Exchange, which clearly defined the role and responsibilities of Board of Directors and Management.

The Board of Directors is pleased to report that:

- a. Financial statements present fairly its state of affairs, the results of operations, cash flows and changes in equity.
- b. Proper books of accounts of the Fund have been maintained.
- c. Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. International Financial Reporting Standards, as applicable in Pakistan , provisions of the Non-Banking Finance Companies (Establishment & Regulations) Rules, 2003, Non-Banking Finance Companies and Notified Entities Regulations, 2008, requirements of the respective Trust Deeds and directives issued by the Securities & Exchange Commission of Pakistan have been followed in the preparation of financial statements.
- e. The system of internal control is sound in design and has been effectively implemented and monitored with ongoing efforts to improve it further.
- f. There are no doubts what so ever upon the Fund's ability to continue as going concern.
- g. There has been no material departure from the best practices of Corporate Governance.
- h. Outstanding statutory payments on account of taxes, duties, levies and charges, if any have been fully disclosed in the financial statements.
- i. The statement as to the value of investments of provident/gratuity and pension fund is not applicable on the Fund but applies to the Management Company; hence no disclosure has been made in the Directors' Report.

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2021

- j. As at June 30, 2021, the Company is in compliance with the requirements of Directors' Training Program, as contained in Regulation No. 20 of the Code.
- k. The detailed pattern of unit holding, as required by NBFC Regulations are enclosed.
- l. The details of attendance of Board of Directors meeting is disclosed in financial statements. Below is the details of committee meetings held during the year ended June 30, 2021:

### 1. Meeting of the Audit Committee.

During the year, nine (9) meetings of the Audit Committee were held. The attendance of each participant is as follows:

Name of Persons	Number of meetings held	Number of meetings		
		Attendance required	Attended	Leave granted
1. Mirza Qamar Beg (Chairman)	9	9	9	-
2. Mr. Nasim Beg	9	9	9	-
3. Mr. Ahmed Jahangir	9	9	9	-
4. Mr. Kashif A. Habib	9	9	9	-
5. Syed Savail Meekal Hussain	9	9	9	-

### 2. Meeting of the Human Resource and Remuneration Committee.

During the year, four (4) meeting of the Human Resource and Remuneration Committee were held. The attendance of each participant is as follows:

Name of Persons	Number of meetings	Number of meetings		
		Attendance required	Attended	Leave
1. Mirza Qamar Beg (chairman)	4	4	4	-
2. Mr. Ahmed Jahangir	4	4	4	-
3. Mr. Nasim Beg	4	4	4	-
4. Ms. Mavra Adil Khan	4	4	3	1
5. Syed Savail Meekal Hussain	4	4	4	-
6. Mr. Muhammad Saqib Saleem (CEO)	4	4	4	-

- m. The trades in the Units of the Fund were carried out during the year by Directors, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Company Secretary, and Chief Internal Auditor of the Management Company and their spouses and minor children.



# REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2021

S. No.	Name	Designation	Investment	Redemption	Dividend Distribution
			(Number of Units)		
1	Mobin Ahmed Siddiqui	Chief Internal Auditor	7,540	4,690	30

## External Auditors

The fund's external auditors, **Yousuf Adil Chartered Accountants** have expressed their willingness to continue as the fund auditors for the ensuing year ending June 30, 2022. The audit committee of the Board has recommended reappointment of **Yousuf Adil Chartered Accountants** as auditors of the fund for the year ending June 30, 2022.

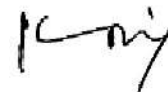
## ACKNOWLEDGMENT

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

On behalf of Directors,



**Muhammad Saqib Saleem**  
Chief Executive Officer  
September 15, 2021



**Kashif A. Habib**  
Director

## ڈائریکٹرز رپورٹ

اظہار تشکر

بورڈ آف ڈائریکٹرز فنڈ کے قابل قدر سرمایہ کاروں، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور فنڈ کے ٹرسٹیوں کی مسلسل معاونت اور حمایت کے لیے شکر گزار ہے۔ ڈائریکٹرز انتظامیہ ٹیم کی کاوشوں کو بھی خراج تحسین پیش کرتے ہیں۔

من جانب ڈائریکٹرز



محمد نadeem سلیم

چیف ایگزیکٹو آفیسر

15 ستمبر 2021ء



کاشف اے حبیب

ڈائریکٹر

## ڈائریکٹرز رپورٹ

۲۔ ہیومن ریسورس اینڈ میوزیشن کمیٹی کی میٹنگ

دوران سال ہیومن ریسورس اینڈ میوزیشن کمیٹی کی چار (4) میٹنگز منعقد ہوئیں۔ شرکاء کی حاضری درج ذیل ہے:

میٹنگز کی تعداد				
نام	منعقدہ میٹنگز کی تعداد	مطلوبہ حاضری	حاضری	منظور شدہ رخصت
۱۔ جناب مرزا قمر بیگ (چیرمین)	4	4	4	-
۳۔ جناب احمد جہانگیر	4	4	4	-
۴۔ جناب نسیم بیگ	4	4	4	-
۵۔ محترمہ ماوراء عادل خان	4	4	3	1
۶۔ سید ساویل میکان حسین	4	4	4	-
۷۔ جناب محمد ثاقب سلیم (سی ای او)	4	4	4	-

m. دوران سال مینجمنٹ کمپنی کے ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف آپریٹنگ آفیسر، چیف فنانس آفیسر، کمپنی سیکریٹری، اور چیف انٹرنل آڈیٹر اور ان کی اہلیہ/شوہر اور نابالغ بچوں نے فنڈ کے یونٹس میں تجارت کی۔

نمبر شمار	نام	عہدہ	سرمایہ کاری	واپسی	ڈیویڈنڈ کی تقسیم
یونٹس کی تعداد					
۱	مبین احمد صدیقی	چیف انٹرنل آڈیٹر	7,540	4,690	30

خارجی آڈیٹرز

فنڈ کے خارجی آڈیٹرز Yousuf Adil چارٹرڈ اکاؤنٹنٹس نے فنڈ کے آڈیٹرز برائے سال مختتمہ 30 جون 2022ء کے طور پر جاری رہنے کی رضامندی کا اظہار کیا ہے۔ بورڈ کی آڈٹ کمیٹی نے Yousuf Adil چارٹرڈ اکاؤنٹنٹس کی فنڈ کے آڈیٹرز برائے سال مختتمہ 30 جون 2022ء کے طور پر دوبارہ تقرری کی سفارش پیش کی ہے۔

## ڈائریکٹر رپورٹ

مطابق کاروبار کرنے پر کاربند ہے۔

بورڈ آف ڈائریکٹرز کی طرف سے پالمسٹ مطلع کیا جاتا ہے کہ:

a. مالیاتی گوشوارے کمپنی کے معاملات کی صورتحال، اس کی سرگرمیوں کے نتائج، نقد کی آمدورفت اور ایکوٹی میں تبدیلیوں کی منصفانہ عکاسی کرتے ہیں۔

b. کمپنی کی درست بکس آف اکاؤنٹس بنائی گئی ہیں؛

c. مالیاتی گوشواروں کی تیاری میں درست اکاؤنٹنگ پالیسیوں کا باقاعدگی کے ساتھ اطلاق کیا گیا ہے اور اکاؤنٹنگ تخمینے معقول اور محتاط اندازوں پر مبنی ہیں؛

d. مالیاتی گوشواروں کی تیاری میں پاکستان میں حشی الاطلاق بین الاقوامی مالیاتی رپورٹنگ کے معیارات، non بینکنگ فائننس کمپنیز (اسٹیبلشمنٹ اینڈ ریگولیشنز) رولز 2003، non بینکنگ فائننس کمپنیز اینڈ نوٹیفائیڈ اینٹیلیٹیز ریگولیشنز 2008، متعلقہ ٹرسٹ وڈیز کی ضروریات اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایات کی تعمیل کی گئی ہے؛

e. انٹرنل کنٹرول کا نظام مستحکم خطوط پر استوار اور مؤثر انداز میں نافذ کیا گیا ہے اور اس کی مؤثر نگرانی کی جاتی ہے، اور اسے مزید بہتر بنانے کی کوششیں جاری ہیں؛

f. فنڈ کے کاروبار جاری رکھنے کی صلاحیت میں کسی قسم کے کوئی شبہات نہیں ہیں؛

g. کارپوریٹ گورننس کی بہترین روایات سے کوئی قابل ذکر انحراف نہیں ہوا ہے؛

h. واجب الاداء ٹیکس، قانونی چارہ اور ڈیوٹیز (محصولات اور چنگی وغیرہ) کو (اگر کوئی ہیں تو) آڈٹ شدہ مالیاتی گوشواروں میں مکمل طور پر ظاہر کیا گیا ہے۔

i. پراویڈنٹ/گروپ جوئنٹی اور پینشن فنڈ کی سرمایہ کاریوں کی قدر کے بیان کا اطلاق فنڈ پر نہیں ہوتا لیکن مینجمنٹ کمپنی پر ہوتا ہے؛ چنانچہ ڈائریکٹر رپورٹ میں کوئی اظہار نہیں کیا گیا ہے۔

j. 30 جون 2021ء کو کمپنی، کوڈ کے ریگولیشن نمبر 20 کے مطابق ڈائریکٹرز ٹریننگ پروگرام کی شرائط پر عمل پیرا ہے۔

k. این بی ایف سی ریگولیشنز کے مطابق مطلوب یونٹ ہولڈنگ کا تفصیلی خاکہ منسلک ہے۔

ا. بورڈ آف ڈائریکٹرز میٹنگ کی حاضری کی تفصیلات مالیاتی گوشواروں میں ظاہر کردی گئی ہیں۔ سال مختتمہ 30 جون 2021ء کے دوران ہونے والی کمیٹی میٹنگز کی تفصیلات درج ذیل ہیں:

ا۔ آڈٹ کمیٹی کی میٹنگ

دوران سال آڈٹ کمیٹی کی نو (9) میٹنگز منعقد ہوئیں۔ شرکاء کی حاضری درج ذیل ہے:

میٹنگز کی تعداد			منعقدہ میٹنگز کی تعداد	نام
منظور شدہ رخصت	حاضری	مطلوبہ حاضری		
-	9	9	9	۲۔ مرزا محمد قریب (چیرمین)
-	9	9	9	۳۔ جناب نسیم بیگ
-	9	9	9	۴۔ جناب احمد جہانگیر
-	9	9	9	۵۔ جناب کاشف اے حبیب
-	9	9	9	۶۔ سید ساویل میکال حسین

## ڈائریکٹر رپورٹ

### میوچل فنڈ صنعت کا جائزہ

اپن end میوچل فنڈ صنعت کے net اثاثہ جات اس مالی سال میں تقریباً 37.2 فیصد بڑھ کر 1,018 بلین روپے ہو گئے۔ منی مارکیٹ فنڈز اور فکسڈ انکم فنڈز میں خطیر سرمایہ کاری ہوئی کیونکہ کارپوریٹ نقدیت تیزی سے میوچل فنڈز کی جانب بڑھ رہی ہے۔ منی مارکیٹ کے مجموعی فنڈز دوران مدت تقریباً 48 فیصد بڑھ کر 467 بلین روپے ہو گئے۔ منی مارکیٹ کے دائرہ کار میں روایتی فنڈز حاوی رہے اور تقریباً 39 فیصد بڑھ کر 285 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز میں دوران سال 33 فیصد کا بھرپور اضافہ ہوا اور وہ 224 بلین روپے سے 299 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز کے اثاثہ جات میں اضافے کا بڑا سبب سرمایہ کاروں کے مثبت جذبات کی بدولت مارکیٹ میں 38 فیصد سال در سال (YoY) ترقی کو قرار دیا جاسکتا ہے۔

شعبہ جاتی حصے کے اعتبار سے مالی سال کے اختتام پر منی مارکیٹ فنڈز تقریباً 46 فیصد حصے کے ساتھ سب سے آگے تھے، جبکہ ایکویٹی اور متعلقہ فنڈز تقریباً 30 فیصد، اور انکم فنڈز تقریباً 24 فیصد کے حامل تھے۔

### میوچل فنڈ صنعت کے مستقبل کا منظر

سود کی شرحوں میں اب تک کی سب سے زیادہ کمی کی بدولت خطرات کے حامل اثاثہ جات میں اعتماد بحال ہوا ہے۔ ہم امید کرتے ہیں کہ ایکویٹی اور متعلقہ فنڈز کے شعبے میں نقدیت کی صورتحال بہتر ہوگی۔ تاہم نقدیت کی پائیداری کا انحصار اس بات پر ہوگا کہ معیشت اس وباء کے مرحلے سے کس طرح گزرتی ہے۔ ہمارے آپریشنز بلا رکاوٹ جاری رہے، اور ڈیجیٹل رسائی اور آن لائن سہولیات میں بھرپور سرمایہ کاری کے نتیجے میں ہمیں جو سہولت حاصل ہے اس کی بدولت ہم آن لائن دستیاب سرمایہ کاروں کی بڑھتی ہوئی تعداد سے استفادہ کر سکے۔

### کارپوریٹ گورننس

فنڈ کارپوریٹ گورننس کے اعلیٰ ترین معیار نافذ کرنے کے لیے پرعزم ہے۔ چار (4) نان ایگزیکٹو ڈائریکٹرز، تین (3) خود مختار ڈائریکٹرز اور ایک (1) ایگزیکٹو ڈائریکٹر پر مشتمل بورڈ، مینجمنٹ کمپنی کی گورننگ باڈی کی حیثیت سے یونٹ حاملین کو عمدہ کارپوریٹ گورننس کے لیے جوابدہ ہے۔ بورڈ میں 1 خاتون اور 7 حضرات ڈائریکٹرز شامل ہیں۔ تفصیلات درج ذیل ہیں:

نمبر شمار	نام	عہدہ	دیگر بورڈ کمیٹیوں میں رکنیت
1.	جناب ہارون راشد	نان ایگزیکٹو ڈائریکٹر	کوئی نہیں
2.	جناب نسیم بیگ	نان ایگزیکٹو ڈائریکٹر	(i) آڈٹ کمیٹی؛ اور (ii) ایچ آر اینڈ آر کمیٹی *
3.	جناب احمد جہانگیر	نان ایگزیکٹو ڈائریکٹر	(i) آڈٹ کمیٹی؛ اور (ii) ایچ آر اینڈ آر کمیٹی *
4.	جناب کاشف اے حبیب	نان ایگزیکٹو ڈائریکٹر	آڈٹ کمیٹی
5.	سید ساویل میکان حسین	خود مختار ڈائریکٹر	(i) آڈٹ کمیٹی؛ اور (ii) ایچ آر اینڈ آر کمیٹی *
6.	جناب مرزا قمر بیگ	خود مختار ڈائریکٹر	(i) آڈٹ کمیٹی (چیئر مین)؛ اور (ii) ایچ آر اینڈ آر کمیٹی * (چیئر مین)
7.	محترمہ ماوراء عادل خان	خود مختار ڈائریکٹر	ایچ آر اینڈ آر کمیٹی *
8.	جناب محمد شاقب سلیم	ایگزیکٹو ڈائریکٹر	ایچ آر اینڈ آر کمیٹی *

\* ایچ آر اینڈ آر: ہیومن ریسورس اینڈ میوزیشن

مینجمنٹ کوڈ آف کارپوریٹ گورننس میں متعین کردہ بہترین روایات کی دفعات، خصوصاً نان ایگزیکٹو ڈائریکٹرز کی خود مختاری کے حوالے سے، کی تعمیل جاری رکھے ہوئے ہے۔ فنڈ پاکستان اسٹاک ایکسچینج کی لسٹنگ ریگولیشنز، جن میں بورڈ آف ڈائریکٹرز اور مینجمنٹ کے کردار اور ذمہ داریوں کو واضح کیا گیا ہے، کے

## فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ کا ایک سال پر محیط منافع 5.67 فیصد تھا، جبکہ مقررہ معیار کا منافع 7.56 فیصد تھا۔ اختتام مدت پر پاکستان انویسٹمنٹ بانڈز (پی آئی بی) میں شمولیت 14.5 فیصد تھی۔

30 جون 2021ء کو فنڈ کے net اثاثہ جات 738 ملین روپے تھے جو 30 جون 2020ء کی سطح 1,816 ملین روپے کے مقابلے میں 59.36 فیصد کمی ہے۔

30 جون 2021ء کو net اثاثہ جاتی قدر (این اے وی) فی یونٹ 53.32 روپے تھی جو 30 جون 2020ء کو ابتدائی این اے وی 53.27 روپے فی یونٹ کے مقابلے میں 0.05 روپے فی یونٹ اضافہ ہے۔

ایس آر بی نے اپنے خط مؤرخہ 12 اگست 2021ء کے ذریعے، جو MUFAP کو 13 اگست 2021ء کو موصول ہوا، MUFAP کو مطلع کر دیا ہے کہ میوچل فنڈز مالیاتی اداروں / صنعتی اسٹیبلشمنٹس کے طور پر اہل نہیں ہیں اور چنانچہ SWWF کے شراکتی حصے ان پر واجب الاداء نہیں ہیں۔ 13 اگست 2021ء کو انتظامیہ نے MUFAP سے مشورے کے بعد اور ایس ای سی پی سے SWWF کے پراویژن کی متوقع تقلیب پر اتفاق رائے کے بعد فنڈ میں 21 مئی 2015ء تا 12 اگست 2021ء کی مدت تک کے لیے کیے گئے SWWF کے مجموعی پراویژن کی تقلیب کردی ہے۔ چنانچہ آئندہ فنڈ میں SWWF کے لیے کوئی پراویژن نہیں کیا جائے گا۔ پراویژن کی تقلیب کے باعث 13 اگست 2021ء کو فنڈ کی net اثاثہ جاتی قدر (این اے وی) میں غیر معمولی اضافہ ہوا۔ یہ واقعہ صرف ایک مرتبہ ہوا ہے اور اس کے دوبارہ ہونے کا امکان نہیں ہے۔ مزید تفصیلات کے لیے مالیاتی گوشواروں کا نوٹ 11.1 ملاحظہ فرمائیے۔

## معیشت اور بازار - مستقبل کا منظر

سہل مالیاتی پالیسیوں کے سبب آنے والے سال میں ترقی کی رفتار جاری رہنے کا امکان ہے۔ وسیع تر معیشت قبل از کووڈ سطحوں کے قریب چلتی ہوئی نظر آرہی ہے جس کی پیمائش ایل ایس ایم میں ترقی، سیمنٹ کی فروخت، گاڑیوں کی فروخت وغیرہ سے ہوتی ہے۔ ہم امید کرتے ہیں کہ جی ڈی پی میں مالی سال 2022ء میں مزید ترقی ہوگی لیکن حکومتی ہدف 4.8 فیصد سے کچھ کم رہے گی۔ اشیاء کی قیمتوں میں حالیہ اضافے نے مالیاتی اور خارجی، دونوں اکاؤنٹس کے لیے مشکلات پیدا کی ہیں۔ مالیاتی جہت میں آمدنی اور ترقیاتی اخراجات کے اہداف کا پورا ہونا بہت مشکل ہے۔

درآمدات کی رفتار میں بحالی سے کرنٹ اکاؤنٹ خسارہ جی ڈی پی کے تقریباً 2.8 فیصد پہنچ جانے کی امید ہے جس کے باعث اختتام سال تک زرمبادلہ کی شرح کمزور ہو کر تقریباً 170 ڈالر ہونے کا امکان ہے۔ اشیاء کی قیمتیں اور کمزور روپیہ بھی اوسط افراط زر کو برقرار رکھنے کا سبب بن سکتے ہیں جو تقریباً 8.5 فیصد ہو سکتی ہے۔ چنانچہ دوران سال آگے چل کر مالیاتی پالیسی میں سختی متوقع ہے اور اختتام سال تک سود کے 9 فیصد تک پہنچ جانے کا امکان ہے۔

آئی ایم ایف پروگرام بظاہر تعطل کا شکار ہے کیونکہ حکومت کفایت شعاری پر مبنی روایتی آئی ایم ایف اصلاحات پر ترقی پسندانہ اقدامات میں توسیع کو ترجیح دے رہی ہے۔ تعمیرات اور رہائش کے شعبوں میں سرمایہ کاری کے ذریعے برآمدات میں اضافے اور مقامی طلب کو متحرک کرنے پر توجہ کا ارتکاز حکومت کی ترقی پسندانہ حکمت عملی کے سنگ میل ہیں۔ اس ضمن میں کلیدی اقدامات میں سازگار ماحول بشمول سود کی مستحکم شرحیں، رہائش اور مشینوں کی درآمدات کے لیے رقم مہیا کرنے کی کم لاگت اسکیمیں، اور بجلی کی محصولات میں مزید اضافے سے احتراز شامل ہیں۔ پبلک سیکٹر میں رقوم کی فراہمی پر بوجھ میں کمی کے حالیہ حکومتی اقدامات کے باوجود پبلک سیکٹر کے ادارے اور خاص طور پر توانائی کا شعبہ تاحال آئی ایم ایف مذاکرات میں ایک تلخ مسئلہ اور حکومت کے لیے ایک بڑا چیلنج بنا ہوا ہے۔ ادائیگی کے توازن کے اکاؤنٹ میں تیزی سے ہونے والا بگاڑ حکومت کو آئی ایم ایف پالیسی کے ڈھانچے کے سامنے ہتھیار ڈالنے پر مجبور کر سکتا ہے جس کے نتیجے میں معاشی ترقی کی رفتار میں تبدیلی آ سکتی ہے۔

قرض حاملین کے لیے ہم توقع کرتے ہیں کہ بازار زر کے فنڈ سال بھر بلار کاوٹ پالیسی شرحوں کی عکاسی جاری رکھیں گے۔ دوسری جانب حکومتی بانڈز متوقع پیداواری خم میں شامل ہو 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۔



بورڈ آف ڈائریکٹرز کی جانب سے ایم سی بی پاکستان Sovereign فنڈ کے گوشواروں مختتمہ 30 جون 2021ء کا جائزہ پیش خدمت ہے۔

## معیشت اور بازار کا جائزہ

مالی سال 2021ء معاشی کارکردگی کے اعتبار سے مثبت سال ثابت ہوا ہے۔ مجموعی ملکی پیداوار (جی ڈی پی) اس سال کے ہدف (2.1 فیصد) سے سبقت لے گئی اور اس میں 3.94 فیصد ترقی ہوئی۔ اس توقع سے بہتر کارکردگی کے اسباب سود کی نسبتاً کم اور مستحکم شرحیں، اسٹیٹ بینک آف پاکستان (ایس بی پی) کی معاونتی مالیاتی اسکیمیں، شعبہ تعمیرات کی حوصلہ افزائی کے لیے ایمسنٹی اسکیم، طلب میں بحالی اور کھپت میں مجموعی ترقی کے لیے معاون ثابت ہونے والی ترسیلات کی مضبوط آمد ہیں۔

ترقی کی رفتار سال بھر تیز رہی جس کی عکاسی مختلف شعبوں کی کارکردگی کے ذریعے ہوتی ہے۔ سیمنٹ کے شعبے میں مقامی ترسیلات میں متاثر کن بحالی ہوئی اور ان میں سال گزشتہ کے مقابلے میں تقریباً 20 فیصد ترقی ہوئی۔ 2 اور 3 پہیوں والی گاڑیوں کی فروخت میں بھی تقریباً 39 فیصد کا متاثر کن ترقی ہوئی جس سے معیشت میں لچک کی عکاسی ہوتی ہے۔ اسی طرح، پٹرول اور ڈیزل کی طلب میں سال گزشتہ کے مقابلے میں بالترتیب 12 فیصد اور 16 فیصد اضافہ ہوا جس سے معیشت میں وسیع تر بحالی کی نشاندہی ہوتی ہے۔ مجموعی طور پر بڑے پیمانے پر ہونے والی مینوفیکچرنگ (ایل ایس ایم) کے انڈیکس میں گزشتہ شعبوں کی بدولت موجودہ مالی سال کے پہلے گیارہ ماہ میں تقریباً 14.6 فیصد ترقی ہوئی ہے۔

خارجی میدان میں مالی سال 2021ء میں کرنٹ اکاؤنٹ کا خسارہ 1.8 بلین ڈالر (جی ڈی پی کا 0.6- فیصد) تھا جو گزشتہ سال کے خسارے 4.4 بلین ڈالر (جی ڈی پی کے 1.7- فیصد) کے مقابلے میں 58 فیصد بہتری ہے۔ اشیاء اور خدمات میں تجارت پر بقایا پر 30 بلین ڈالر خسارے (اس سال تقریباً 23 فیصد زیادہ) کے باوجود کارکنان کی ترسیلات کی مضبوط آمد کے سبب کرنٹ اکاؤنٹ خسارہ معمولی منفی رہا۔ ترسیلات بڑھ کر 29.4 بلین ڈالر ہو گئیں جو سال گزشتہ کی سطح 23.1 بلین ڈالر کے مقابلے میں 27 فیصد اضافہ ہے۔

افراط زر حکومت کی ڈھکتی رگ بنی رہی کیونکہ اشیائے خورد و نوش کی بڑھتی ہوئی قیمتوں کے باعث پالیسی ساز مشکلات کا شکار رہے۔ مجموعی افراط زر، جس کی ترجمانی صارفین کی قیمت کے انڈیکس (سی پی آئی) سے ہوتی ہے، کا اوسط سال گزشتہ سے 8.9 فیصد زیادہ تھا، جبکہ اشیائے خورد و نوش کے افراط زر کا اوسط دوران مدت 13 فیصد تھا۔ رسد کی جہت میں مسائل اور بدانتظامی کے باعث جلد خراب ہو جانے والی اشیائے خورد و نوش اور گندم کی قیمتوں میں اضافہ جاری رہا۔ اس کے باوجود بنیادی افراط زر، جس کی پیمائش اشیائے خورد و نوش اور توانائی کے علاوہ سے ہوتی ہے، قابو میں تھی اور اس کا اوسط برائے مدت 6.4 فیصد تھا۔ مانیٹری پالیسی کمیٹی (ایم پی سی) نے گزشتہ اجلاسوں میں پے در پے کٹوتیوں کے بعد صورتحال کو برقرار رکھا۔ اگرچہ حقیقی سود کی شرح منفی رہی لیکن مرکزی بینک کو وڈ کے باعث طلب کی جہت پر پڑنے والے دباؤ اور بہتر خارجی صورتحال کی بدولت پیدا ہونے والی سہولت کے حوالے سے محتاط تھا۔ معیشت کے مستحکم ہونے کے آغاز کے ساتھ ٹیکس وصولی بھی بہتر ہوئی اور اس میں دوران مالی سال 18 فیصد اضافہ ہوا جو نظر ثانی شدہ ہدف سے 30 بلین روپے زیادہ تھا۔ ابتدائی نو ماہ کا مالیاتی خسارہ جی ڈی پی کا 3.6 فیصد تھا جبکہ سال گزشتہ جی ڈی پی کا 3.8 فیصد تھا۔ بنیادی توازن جی ڈی پی کے 1.0 فیصد زائد کے ساتھ مزید بہتر رہا جبکہ سال گزشتہ جی ڈی پی کا 0.4 فیصد تھا۔

افراط زر میں اضافے کے رجحان کے سبب پیداواری خم بلندی کی طرف جانا شروع ہو گیا۔ دوران مدت تین، پانچ اور دس سالہ بانڈز میں بالترتیب 146، 138 اور 125 بیسیس پوائنٹس (بی پی ایس) کا اضافہ ہوا۔

## REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2021

### Fund Type and Category

MCB Pakistan Sovereign Fund (MSF) is an open end fund, which invests in bonds and debt securities issued by the Government of Pakistan as well as Reverse Repurchase transactions (Reverse-REPOs) against government securities. MSF is a long only fund and does not undertake leveraged investments. Under the NBFC Rules, it is only allowed to borrow up to 15% of net assets for up to 90 days to meet redemption needs.

### Fund Benchmark

The benchmark for MSF is 6 month PKRV rates.

### Investment Objective

The objective of the fund is to deliver income primarily from investment in Government securities.

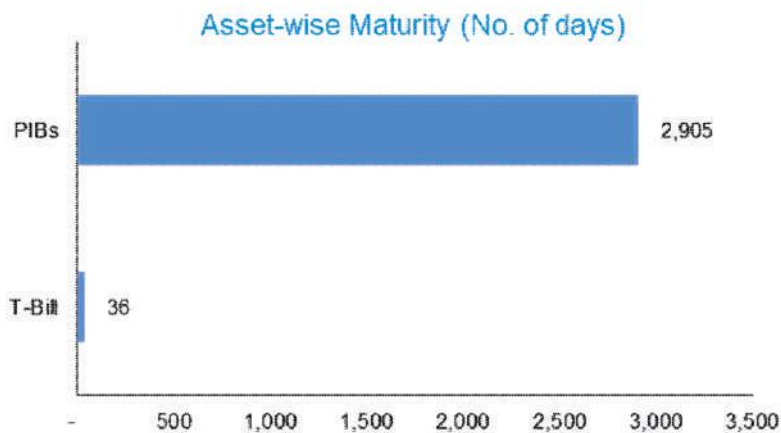
### Investment Strategy

The Fund through active management will aim to provide optimum returns for its Unit Holders by investing in bonds and debt securities issued by the Government of Pakistan as well as Reverse Repurchase transactions (Reverse-REPOs) against government securities. MSF is a long only fund and does not undertake leveraged investments. Under the NBFC Rules, it is only allowed to borrow up to 15% of net assets for up to 90 days to meet redemption needs.

### Manager's Review

During the period under review, the fund generated an annualized return of 5.67% as against its benchmark return of 7.56%. At period-end, the fund was invested 27.5% in T-Bills and 14.5% PIBs.

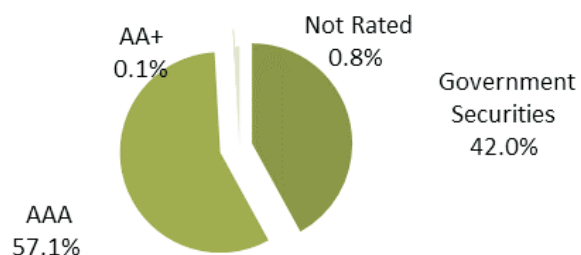
The Net Assets of the Fund as at June 30, 2021 stood at Rs. 738 million as compared to Rs. 1,816 million as at June 30, 2020 registering a decrease of 59.4%. The Net Asset Value (NAV) per unit as at June 30, 2021 was Rs. 53.32 as compared to opening NAV of Rs. 53.27 per unit as at June 30, 2020 registering an increase of Rs. 0.05 per unit.





## REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2021

### Asset Quality as of June 30, 2021 (% of total assets)



### Asset Allocation as of June 30, 2021 (%age of Total Assets)

Asset Allocation (%age of Total Assets)	Jun-21
Cash	57.2%
T-Bills	27.5%
PIBs	14.5%
Others including Receivables	0.8%

Mr. Saad Ahmed  
Fund Manager

## TRUSTEE REPORT TO THE UNIT HOLDERS

### CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

#### Head Office:

CDC House, 99-B, Block 'B'  
S.M.C.H.S., Main Shakra-e-Faisal  
Karachi - 74400, Pakistan.

Tel : (92-21) 111-111-500

Fax: (92-21) 34326021 - 23

URL: www.cdcpakistan.com

Email: info@cdcpak.com



### TRUSTEE REPORT TO THE UNIT HOLDERS

#### MCB PAKISTAN SOVEREIGN FUND

#### Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of MCB Pakistan Sovereign Fund (the Fund) are of the opinion that MCB-Arif Habib Savings and Investments Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2021 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

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

Karachi: September 09, 2021



# INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



Yousuf Adil  
Chartered Accountants

Cavish Court, A-35, Block 7 & 8  
KCHSU, Shahrah-e-Faisal  
Karachi-75350  
Pakistan

Tel: +92 (0) 21 3454 6494-7  
Fax: +92 (0) 21- 3454 1314  
www.yousufadil.com

## INDEPENDENT AUDITOR'S REPORT

To The Unit Holders of MCB Pakistan Sovereign Fund

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of **MCB Pakistan Sovereign Fund** (the Fund), which comprise the statement of assets and liabilities as at June 30, 2021, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2021, and of its financial performance and its cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

#### Basis for Opinion

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

#### Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matter.

S. No.	Key audit matter	How the matter was addressed in our audit
1	<b>Valuation and existence of investments</b>  As disclosed in note 5 to the financial statements, investments held at fair value through profit or loss (FVTPL) amounted to Rs. 569 million as at June 30, 2021, consisting of Pakistan Investment Bonds and Market Treasury Bills, which represent	We performed the following procedures during our audit of investments: <ul style="list-style-type: none"><li>evaluated design and implementation of controls in place related to purchases and sales of investments;</li></ul>



# INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



Yousuf Adil  
Chartered Accountants

S. No.	Key audit matter	How the matter was addressed in our audit
	<p>significant item of the statement of assets and liabilities of the Fund.</p> <p>Henceforth, we have identified the existence and valuation as the significant areas during our audit due to which we have considered this as a Key Audit Matter.</p>	<ul style="list-style-type: none"><li>independently tested valuations to ensure that the investments are valued as per the valuation methodology disclosed in the accounting policies;</li><li>independently matched securities held by the Fund with the securities appearing in the Investor Portfolio Securities account statement;</li><li>tested purchases and sales on a sample basis to obtain evidence regarding movement of the securities.</li></ul>

## Information Other than the Financial Statements and Auditor's Report Thereon

Management Company is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

## Responsibilities of Management Company and Those Charged with Governance for the Financial Statements

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

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

Those Charged with Governance of the Management Company are responsible for overseeing the Fund's financial reporting process.

Independent Correspondent Firm to  
Deloitte Touche Tohmatsu Limited

# INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



Yousuf Adil  
Chartered Accountants

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also provide Those Charged with Governance of the Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Those Charged with Governance of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Correspondent Firm to  
Deloitte Touche Tohmatsu Limited

## INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS

---



Yousuf Adil  
Chartered Accountants

### Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is Hena Sadiq.

  
Chartered Accountants

Place: Karachi

Date: September 20, 2021

# STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2021

		June 30, 2021	June 30, 2020
	Note	----- (Rupees in '000) -----	
<b>ASSETS</b>			
Bank balances	4	776,052	76,025
Investments	5	569,132	1,780,496
Profit receivable	6	7,790	7,924
Advances, prepayments and other receivables	7	3,024	4,754
<b>Total assets</b>		<b>1,355,998</b>	<b>1,869,199</b>
<b>LIABILITIES</b>			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	8	1,018	2,800
Payable to Central Depository Company of Pakistan Limited - Trustee	9	47	157
Payable to the Securities and Exchange Commission of Pakistan	10	252	445
Payable against purchase of investments		569,468	-
Dividend payable		1	-
Accrued expenses and other liabilities	11	47,282	49,407
<b>Total liabilities</b>		<b>618,068</b>	<b>52,809</b>
<b>NET ASSETS</b>		<b>737,930</b>	<b>1,816,390</b>
<b>UNIT HOLDER'S FUND (AS PER STATEMENT ATTACHED)</b>		<b>737,930</b>	<b>1,816,390</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	12		
		----- (Number of units) -----	
<b>NUMBER OF UNITS IN ISSUE</b>		<b>13,838,923</b>	<b>34,096,262</b>
		----- (Rupees) -----	
<b>NET ASSETS VALUE PER UNIT</b>		<b>53.3200</b>	<b>53.2700</b>

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

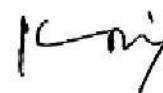
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director



# INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2021

		June 30, 2021	June 30, 2020
	Note	----- (Rupees in '000) -----	
<b>INCOME</b>			
(Loss) / gain on sale of investments - net		(13,815)	126,793
Income from Government securities		93,476	223,636
Markup on deposits with banks		7,148	38,571
Unrealised appreciation / (diminution) on re-measurement of investments at fair value through profit or loss - net	5.3	5	1,034
Other income		-	-
<b>Total income</b>		<b>86,814</b>	<b>390,034</b>
<b>EXPENSES</b>			
Remuneration of MCB-Arif Habib Savings and Investments Limited - Management Company	8.1	11,723	45,513
Sindh sales tax on remuneration of Management Company	8.2	1,524	5,917
Allocated expense and related taxes	8.3	1,262	2,155
Marketing and selling expense	8.4	1,767	3,014
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	821	1,444
Sindh Sales Tax on remuneration of Trustee	9.2	107	188
Annual fee of Securities and Exchange Commission of Pakistan	10	252	445
Provision against Sindh Workers' Welfare Fund	11.1	1,349	6,558
Auditors' remuneration	13	549	585
Brokerage, printing and bank charges		687	2,390
Legal and other professional charges		674	493
<b>Total expenses</b>		<b>20,715</b>	<b>68,702</b>
<b>Net income for the year from operating activities</b>		<b>66,099</b>	<b>321,332</b>
Taxation	14	-	-
<b>Net income for the year after taxation</b>		<b>66,099</b>	<b>321,332</b>
<b>Allocation of net income for the year:</b>			
Net income for the year after taxation		66,099	321,332
Income already paid on units redeemed		(26,656)	(135,874)
		<b>39,443</b>	<b>185,458</b>
<b>Accounting income available for distribution:</b>			
Relating to capital gains		-	43,847
Excluding capital gains		39,443	141,611
		<b>39,443</b>	<b>185,458</b>
<b>Earnings per unit</b>	3.15		

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

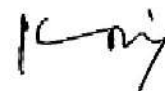
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director



# STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2021

	June 30, 2021 ----- (Rupees in '000) -----	June 30, 2020
Net income for the year after taxation	66,099	321,332
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>66,099</b>	<b>321,332</b>

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

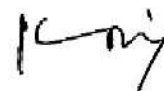
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

# STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS FOR THE YEAR ENDED JUNE 30, 2021

	For year ended June 30,					
	2021			2020		
	Capital Value	Accumulated loss	Total	Capital Value	Accumulated loss	Total
----- (Rupees in '000) -----						
Net assets at beginning of the year	2,523,996	(707,606)	1,816,390	1,382,425	(752,781)	629,644
Issue of 5,970,854 units (2020: 162,462,618 units):						
- Capital value (at net asset value per unit at the beginning of the year)	318,067	-	318,067	8,631,639	-	8,631,639
- Element of income	6,936	-	6,936	702,461	-	702,461
	325,003	-	325,003	9,334,100	-	9,334,100
Redemption of 26,228,193 units (2020: 140,217,102 units):						
- Capital value (at net asset value per unit at the beginning of the year)	(1,397,176)	-	(1,397,176)	(7,449,735)	-	(7,449,735)
- Amount paid out of element of income	(5,545)	(26,656)	(32,201)	(627,787)	(135,874)	(763,661)
- Relating to 'Net income for the period after taxation'	(1,402,721)	(26,656)	(1,429,377)	(8,077,522)	(135,874)	(8,213,396)
Final distributions for the year ended June 30, 2020 (including additional units) at the rate of Rs. 4.13 per unit (Declared on June 27, 2019)	-	-	-	(115,007)	(140,283)	(255,290)
Total comprehensive income for the year	-	66,099	66,099	-	321,332	321,332
Final distributions for the year ended June 30, 2021 (including additional units) at the rate of Rs. 2.97 per unit (Declared on June 25, 2021)	(705)	(39,480)	(40,185)	-	-	-
Net (loss) / income for the year less distribution	(705)	26,619	25,914	(115,007)	181,049	66,042
<b>Net assets as at the end of the year</b>	<b>1,445,573</b>	<b>(707,643)</b>	<b>737,930</b>	<b>2,523,996</b>	<b>(707,606)</b>	<b>1,816,390</b>
Undistributed loss brought forward						
- Realised		(708,640)			(752,018)	
- Unrealised		1,034			(763)	
		(707,606)			(752,781)	
Accounting income available for distribution						
- Relating to capital gains		-			43,847	
- Excluding capital gains		39,443			141,611	
		39,443			185,458	
Distributions during the year		(39,480)			(140,283)	
<b>Undistributed loss carried forward</b>		<b>(707,643)</b>			<b>(707,606)</b>	
Undistributed loss carried forward						
- Realised		(707,648)			(708,640)	
- Unrealised		5			1,034	
		(707,643)			(707,606)	
	---	(Rupees) ---		---	(Rupees) ---	
Net assets value per unit as at beginning of the year		53.27			53.13	
Net assets value per unit as at end of the year		53.32			53.27	

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

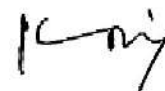
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

# CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2021

	June 30, 2021	June 30, 2020
Note	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year before taxation	66,099	321,332
Adjustments for:		
Unrealised (appreciation) / diminution on re-measurement of investments at fair value through profit or loss - net	(5)	(1,034)
Provision against Sindh Workers' Welfare Fund	1,349	6,558
	67,443	326,856
<b>(Increase) / decrease in assets</b>		
Investments - net	306,966	(497,908)
Profit receivable	134	(5,102)
Advances, prepayments and other receivables	1,730	(1,660)
	308,830	(504,670)
<b>Increase / (decrease) in liabilities</b>		
Payable to the Management Company	(1,783)	1,912
Payable to the Trustee	(110)	61
Payable to the Securities and Exchange Commission of Pakistan	(193)	(46)
Payable against purchase of investments	569,468	(467,813)
Dividend payable	1	(3,965)
Accrued expenses and other liabilities	(3,474)	3,506
	563,910	(466,345)
<b>Net cash generated / (used in) from operating activities</b>	940,183	(644,159)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Amount received against issuance of units	324,298	9,219,093
Amount paid against redemption of units	(1,429,377)	(8,213,396)
Distribution made during the year	(39,480)	(140,283)
<b>Net cash (used in) / generated from financing activities</b>	(1,144,559)	865,414
<b>Net increase in cash and cash equivalents during the year</b>	(204,377)	221,255
Cash and cash equivalents at beginning of the year	1,352,825	1,131,570
<b>Cash and cash equivalents at end of the year</b>	1,148,449	1,352,825

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

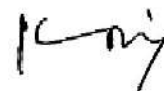
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## 1. LEGAL STATUS AND NATURE OF BUSINESS

MCB Pakistan Sovereign Fund (the Fund) was established under a Trust Deed executed between Arif Habib Investments Limited as Management Company and Habib Metropolitan Bank Limited as Trustee. Pursuant to the merger of MCB Asset Management Limited and Arif Habib Investment Limited, the name of the Management Company has been changed from Arif Habib Investments Limited to MCB–Arif Habib Savings and Investments Limited with effect from June 27, 2011. During the year ended June 30, 2010, Habib Metropolitan Bank Limited retired as the Trustee of the Scheme and Central Depository Company of Pakistan Limited (CDC) was appointed as the new Trustee with effect from November 23, 2009. The Trust Deed was executed on December 24, 2002 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on January 07, 2003 in accordance with the Asset Management Companies Rules, 1995, [repealed by the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules)].

- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through certificate of registration issued by SECP. The registered office of the Management Company situated at 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi, Pakistan.
- 1.3 The Board of Directors have approved that the Fund should be categorised as 'Income Scheme' as per the categories defined by the Securities and Exchange Commission of Pakistan Circular 7 of 2009 dated March 06, 2009. The Fund is an open ended mutual fund and offers units for public subscription on a continuous basis. The units of the Fund can be transferred to / from the Funds managed by the Management Company and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.
- 1.4 MCB Pakistan Sovereign Fund has a policy of investing in Pakistani rupee denominated debt securities issued by the Government of Pakistan, reverse repurchase transaction in government securities and any otherwise un-invested funds in deposits with banks and financial institutions. In addition, the Fund can also invest in sub-scheme of the Fund.
- 1.5 The Pakistan Credit Rating Agency Limited (PACRA) has maintained an asset manager rating of 'AM1' dated October 06, 2020 to the Management Company and stability rating of 'AA-(f)' dated March 09, 2021 to the Fund.
- 1.6 The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited, as the Trustee of the Fund.
- 1.7 During the year, the Trust Act, 1882 has been repealed due to promulgation of Provincial Trust Act "Sindh Act 2020" as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Various new requirements including registration under the Trust Act have been introduced. The Management Company after fulfilling the requirement for registration of Trust Deed under Sindh Act 2020, has submitted Collective Investment Scheme Trust Deed to Registrar acting under Sindh Act 2020 for registration.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting 'Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984;
- The Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## 2.2 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2021

The following standards, amendments and interpretations are effective for the year ended June 30, 2021. These standards, amendments and interpretations are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

	<b>Effective from accounting period beginning on or after:</b>
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions	June 01, 2020
Amendments to the conceptual framework for financial reporting, including amendments to references to the conceptual framework in IFRS	January 01, 2020
Amendments to IFRS 3 'Business Combinations' - Definition of a business	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of material	January 01, 2020
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - Interest rate benchmark reform	January 01, 2020

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

## 2.3 New accounting standards, amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	<b>Effective from Accounting period beginning on or after</b>
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021	April 01, 2021
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

---

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

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

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

## **2.4 Critical accounting estimates and judgements**

The preparation of the financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in the application of its accounting policies. The estimates, judgments and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis.

The areas involving a degree of judgment or complexity, or areas where estimates and assumptions are significant to the financial statements are as follows:

- Classification and valuation of financial assets (notes 3.1.1 and 5)
- Impairment of financial assets (note 3.1.1.3)
- Taxation (notes 3.4 and 16)
- Classification and measurement of financial liabilities (notes 3.1.2)

The revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

## **2.5 Basis of measurement**

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

## **2.6 Functional and presentation currency**

Items included in these financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency. Amounts presented in the financial statements have been rounded off to the nearest thousand rupees, unless otherwise stated.

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

The accounting policies set out below have been applied consistently to all periods presented in the se financial statements.

### **3.1 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised in the Fund's statement of assets and liabilities when the Fund becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the income statement.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## 3.1.1 Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

### 3.1.1.1 Classification and measurement of financial assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the entity's business model for managing them.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. For purposes of subsequent measurement, financial assets are classified in following categories:

#### **Financial assets at amortised cost (debt instruments)**

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in the income statement when the asset is derecognised, modified or impaired.

#### **Financial assets at fair value through other comprehensive income (debt instruments)**

For debt instruments at fair value through other comprehensive income (OCI), interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the income statement and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is reclassified to the income statement.

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

Debt instruments that do not meet the amortised cost criteria or the fair value through other comprehensive income criteria are classified as at fair value through profit or loss. In addition, debt instruments that meet either the amortised cost criteria or the fair value through other comprehensive income criteria may be designated as at fair value through profit or loss upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

### 3.1.1.2 Fair value measurement principles

The fair value of financial instruments is determined as follows:

#### **Basis of valuation of government securities:**

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

#### **Basis of valuation of debt securities:**

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

Circular No. 33 of 2012 issued by Securities and Exchange Commission of Pakistan (SECP). In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The aforementioned circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

### 3.1.1.3 Impairment of financial assets

The Fund assesses at each reporting date whether there is objective evidence that the Fund's financial assets or a group of financial assets are impaired. If any such indication exists, the recoverable amount of such assets is estimated. An impairment loss is recognised whenever the carrying value of an asset exceeds its recoverable amount.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

The SECP/Commission has through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore, the Fund will not be subject to the impairment provisions of IFRS 9.

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

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

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

## 3.1.1.4 Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Fund's statement of assets and liabilities) when:

- the rights to receive cash flows from the asset have expired; or
- the Fund has transferred its rights to receive cash flows from the asset and substantially all the risks and rewards of the asset;

## 3.1.2 Financial liabilities

### 3.1.2.1 Classification and measurement of financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at fair value through profit or loss.

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

### 3.1.2.2 Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

### 3.1.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

The Fund assesses at each reporting date whether there is an objective evidence that the financial assets or a group of financial assets are impaired. The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

## 3.2 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, which are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

---

## 3.3 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 the obligation can be made. Provisions, if any, are regularly reviewed and adjusted to reflect the current best estimate.

## 3.4 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend.

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

## 3.5 Dividend distribution and appropriations

Dividend distributions and appropriations are recorded in the period in which these are approved by the Board of Directors of the Management Company. Based on the Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Regulation 63 of the NBFC Regulations requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders.

Distributions declared subsequent to the year end / reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared and approved by the Board of Directors of the Management Company.

## 3.6 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that date. The offer price represents the net asset value per unit 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 investment facilitators, distributors and the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load, any duties, taxes, and charges on redemption, if applicable.

Element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

## 3.7 Net asset value per unit

The Net Asset Value (NAV) per unit as disclosed in the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

## 3.8 Revenue recognition

- Gain or loss on sale of investment is accounted for in the income statement in the period in which it arises.
- Unrealised appreciation / diminution 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.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

- Income from investments in government securities is recognised on a time proportionate basis using effective interest rate method.
- Profit on bank balances is recognised on a time proportionate basis using bank's approved rates.
- Dividend income from equity securities is recognised when the right to receive dividend is established.

### 3.9 Expenses

All expenses chargeable to the Fund including remuneration of the Management Company, Trustee fee and annual fee of the SECP are recognised in the Income Statement on an accrual basis.

### 3.10 Earnings per unit

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

	Note	June 30, 2021 ----- (Rupees in '000) -----	June 30, 2020
<b>4. BANK BALANCES</b>			
In savings accounts	4.1	775,093	67,316
In current accounts	4.2	959	8,709
		<b>776,052</b>	<b>76,025</b>

**4.1** These carry mark-up at rates ranging between 5.50% to 11.25% (2020: 5.50% to 7.83%) per annum and include Rs 0.025 million (2020: Rs. 1.45 million) maintained with MCB Bank Limited (a related party) which carries profit at the rate of 5.5% (2020: 5.5%) per annum.

**4.2** These represents a balance of Rs. 0.95 million (2020: Rs. 8.704) million held with MCB Bank Limited (a related party).

	Note	June 30, 2021 ----- (Rupees in '000) -----	June 30, 2020
<b>5. INVESTMENTS</b>			
<b>Financial assets 'at fair value through profit or loss'</b>			
<b>Government Securities</b>			
Pakistan investment bonds	5.1.1	5,643	5,874
Pakistan investment bonds - Floating Rate Bond (FRB)	5.1.2	191,092	466,253
Market treasury bills	5.1.3	372,397	1,308,369
		<b>569,132</b>	<b>1,780,496</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## 5.1 Financial assets 'at fair value through profit or loss'

### 5.1.1 Government securities - Pakistan Investment Bonds

Name of security	Date of issue	Face value				As at June 30, 2021			Market value	
		As at July 01, 2020	Purchased during the year	Sold / matured during the year	As at June 30, 2021	Carrying value	Market value	Appreciation / (diminution)	As a percentage of net assets	As a percentage of total investments
		(Rupees in '000)								
Pakistan Investment Bonds - 20 years *	10-Jun-04	5,500	-	-	5,500	5,779	5,643	(136)	0.76	0.99
Pakistan Investment Bonds - 5 years	12-Jul-18	-	650,000	650,000	-	-	-	-	-	-
	19-Sep-19	-	1,150,000	1,150,000	-	-	-	-	-	-
	15-Oct-20	-	525,000	525,000	-	-	-	-	-	-
Pakistan Investment Bonds - 3 years	19-Sep-19	-	750,000	750,000	-	-	-	-	-	-
	20-Aug-20	-	350,000	350,000	-	-	-	-	-	-
As at June 30, 2021						5,779	5,643	(136)		
As at June 30, 2020						4,905	5,874	969		

\* This carry mark-up at the rate 10% (June 30, 2020: 10%) per annum and will mature within 20 years.

### 5.1.2 Government securities - Pakistan Investment Bonds FRB

Name of security	Date of issue	Face value			As at June 30, 2021			Market value		
		As at July 01, 2020	Purchased during the year	Sold / matured during the year	As at June 30, 2021	Carrying value	Market value	Appreciation / (diminution)	As a percentage of net assets	As a percentage of total investments
		(Rupees in '000)								%
Pakistan Investment Bonds FRB - 10 years *	25-Jul-19	-	500,000	400,000	100,000	100,510	100,570	60	13.63	17.67
Pakistan Investment Bonds FRB - 10 years *	22-Aug-19	90,000	270,000	270,000	90,000	90,459	90,522	63	12.27	15.91
Pakistan Investment Bonds FRB - 3 years	18-Jun-20	375,000	2,550,000	2,925,000	-	-	-	-	-	-
Pakistan Investment Bonds FRB - 3 years	22-Oct-20	-	900,000	900,000	-	-	-	-	-	-
Pakistan Investment Bonds FRB - 2 years	5-Nov-20	-	500,000	500,000	-	-	-	-	-	-
<b>As at June 30, 2021</b>					<b>190,969</b>	<b>191,092</b>	<b>123</b>			
As at June 30, 2020					467,252	466,253	(999)			

\* These carry mark-up ranging from 7.94% to 8.21% (June 30, 2020: 8.26% to 14.05%) per annum and will mature within 10 years.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## 5.1.3 Government securities - Market Treasury Bills

Name of security	Date of issue	Face value			As at June 30, 2021			Market value	
		As at July 01, 2020	Purchased during the year	Sold / matured during the year	As at June 30, 2021	Carrying value	Market value	As a percentage of net assets	As a percentage of total investments
					(Rupees in '000)				%
Market Treasury Bills - 03 Months	4-Jun-20	750,000	-	-	750,000	-	-	-	-
Market Treasury Bills - 03 Months	4-Jun-20	500,000	-	-	500,000	-	-	-	-
Market Treasury Bills - 12 Months	7-Nov-19	41,500	-	-	41,500	-	-	-	-
Market Treasury Bills - 12 Months	19-Dec-19	32,600	-	-	32,600	-	-	-	-
Market Treasury Bills - 03 Months	2-Jul-20	-	75,000	-	75,000	-	-	-	-
Market Treasury Bills - 06 Months	2-Jul-20	-	75,000	-	75,000	-	-	-	-
Market Treasury Bills - 06 Months	18-Jun-20	-	150,000	-	150,000	-	-	-	-
Market Treasury Bills - 06 Months	18-Jun-20	-	200,000	-	200,000	-	-	-	-
Market Treasury Bills - 06 Months	18-Jun-20	-	900,000	-	900,000	-	-	-	-
Market Treasury Bills - 03 Months	23-Apr-20	-	175,000	-	175,000	-	-	-	-
Market Treasury Bills - 03 Months	16-Jul-20	-	75,000	-	75,000	-	-	-	-
Market Treasury Bills - 06 Months	16-Jul-20	-	75,000	-	75,000	-	-	-	-
Market Treasury Bills - 12 Months	19-Dec-19	-	1,000,000	-	1,000,000	-	-	-	-
Market Treasury Bills - 03 Months	16-Jul-20	-	3,000,000	-	3,000,000	-	-	-	-
Market Treasury Bills - 06 Months	16-Jul-20	-	500,000	-	500,000	-	-	-	-
Market Treasury Bills - 06 Months	16-Jul-20	-	1,250,000	-	1,250,000	-	-	-	-
Market Treasury Bills - 06 Months	16-Jul-20	-	2,575,000	-	2,575,000	-	-	-	-
Market Treasury Bills - 06 Months	16-Jul-20	-	900,000	-	900,000	-	-	-	-
Market Treasury Bills - 12 Months	19-Dec-19	-	1,400,000	-	1,400,000	-	-	-	-
Market Treasury Bills - 12 Months	29-Aug-19	-	175,000	-	175,000	-	-	-	-
Market Treasury Bills - 12 Months	29-Aug-19	-	100,000	-	100,000	-	-	-	-
Market Treasury Bills - 12 Months	12-Sep-19	-	175,000	-	175,000	-	-	-	-
Market Treasury Bills - 06 Months	26-Mar-20	-	175,000	-	175,000	-	-	-	-
Market Treasury Bills - 06 Months	23-Apr-20	-	500,000	-	500,000	-	-	-	-
Market Treasury Bills - 06 Months	26-Mar-20	-	150,000	-	150,000	-	-	-	-
Market Treasury Bills - 12 Months	10-Oct-19	-	75,000	-	75,000	-	-	-	-
Market Treasury Bills - 12 Months	10-Oct-19	-	325,000	-	325,000	-	-	-	-
Market Treasury Bills - 06 Months	10-Sep-20	-	600,000	-	600,000	-	-	-	-
Market Treasury Bills - 06 Months	9-Apr-20	-	100,000	-	100,000	-	-	-	-
Market Treasury Bills - 06 Months	16-Jul-20	-	500,000	-	500,000	-	-	-	-
Market Treasury Bills - 06 Months	18-Jun-20	-	400,000	-	400,000	-	-	-	-
Market Treasury Bills - 12 Months	10-Oct-19	-	325,000	-	325,000	-	-	-	-
Market Treasury Bills - 06 Months	23-Apr-20	-	50,000	-	50,000	-	-	-	-
Market Treasury Bills - 06 Months	23-Apr-20	-	250,000	-	250,000	-	-	-	-
Market Treasury Bills - 03 Months	8-Oct-20	-	150,000	-	150,000	-	-	-	-
Market Treasury Bills - 03 Months	8-Oct-20	-	20,000	-	20,000	-	-	-	-
Market Treasury Bills - 03 Months	8-Oct-20	-	300,000	-	300,000	-	-	-	-
Market Treasury Bills - 03 Months	8-Oct-20	-	100,000	-	100,000	-	-	-	-
Market Treasury Bills - 03 Months	27-Aug-20	-	2,500,000	-	2,500,000	-	-	-	-
Market Treasury Bills - 12 Months	5-Dec-19	-	1,000,000	-	1,000,000	-	-	-	-
Market Treasury Bills - 03 Months	5-Nov-20	-	250,000	-	250,000	-	-	-	-
Market Treasury Bills - 03 Months	8-Oct-20	-	25,000	-	25,000	-	-	-	-
Market Treasury Bills - 03 Months	8-Oct-20	-	75,000	-	75,000	-	-	-	-
Market Treasury Bills - 03 Months	27-Aug-20	-	75,000	-	75,000	-	-	-	-
Market Treasury Bills - 03 Months	8-Oct-20	-	150,000	-	150,000	-	-	-	-

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Name of security	Date of issue	Face value			As at June 30, 2021			Market value	
		As at July 01, 2020	Purchased during the year	Sold / matured during the year	As at June 30, 2021	Carrying value	Market value	As a percentage of net assets	As a percentage of total investments
					(Rupees in '000)			%	
Market Treasury Bills - 03 Months	19-Nov-20	-	250,000	-	250,000	-	-	-	-
Market Treasury Bills - 03 Months	8-Oct-20	-	125,000	-	125,000	-	-	-	-
Market Treasury Bills - 03 Months	8-Oct-20	-	25,000	-	25,000	-	-	-	-
Market Treasury Bills - 03 Months	24-Sep-20	-	100,000	-	100,000	-	-	-	-
Market Treasury Bills - 03 Months	3-Dec-20	-	200,000	-	200,000	-	-	-	-
Market Treasury Bills - 03 Months	17-Dec-20	-	500,000	-	500,000	-	-	-	-
Market Treasury Bills - 03 Months	8-Oct-20	-	150,000	-	150,000	-	-	-	-
Market Treasury Bills - 03 Months	8-Oct-20	-	25,000	-	25,000	-	-	-	-
Market Treasury Bills - 03 Months	8-Oct-20	-	25,000	-	25,000	-	-	-	-
Market Treasury Bills - 03 Months	31-Dec-20	-	1,500,000	-	1,500,000	-	-	-	-
Market Treasury Bills - 03 Months	19-Nov-20	-	149,000	-	149,000	-	-	-	-
Market Treasury Bills - 03 Months	5-Nov-20	-	150,000	-	150,000	-	-	-	-
Market Treasury Bills - 12 Months	30-Jan-20	-	5,000	-	5,000	-	-	-	-
Market Treasury Bills - 12 Months	30-Jan-20	-	5,000	-	5,000	-	-	-	-
Market Treasury Bills - 12 Months	30-Jan-20	-	30,000	-	30,000	-	-	-	-
Market Treasury Bills - 03 Months	14-Jan-21	-	500,000	-	500,000	-	-	-	-
Market Treasury Bills - 12 Months	13-Feb-20	-	225,000	-	225,000	-	-	-	-
Market Treasury Bills - 12 Months	13-Feb-20	-	210,000	-	210,000	-	-	-	-
Market Treasury Bills - 03 Months	5-Nov-20	-	80,000	-	80,000	-	-	-	-
Market Treasury Bills - 03 Months	3-Dec-20	-	1,500,000	-	1,500,000	-	-	-	-
Market Treasury Bills - 03 Months	3-Dec-20	-	200,000	-	200,000	-	-	-	-
Market Treasury Bills - 12 Months	27-Feb-20	-	150,000	-	150,000	-	-	-	-
Market Treasury Bills - 12 Months	27-Feb-20	-	60,000	-	60,000	-	-	-	-
Market Treasury Bills - 12 Months	27-Feb-20	-	90,000	-	90,000	-	-	-	-
Market Treasury Bills - 03 Months	25-Feb-21	-	150,000	-	150,000	-	-	-	-
Market Treasury Bills - 03 Months	31-Dec-20	-	25,000	-	25,000	-	-	-	-
Market Treasury Bills - 03 Months	28-Jan-21	-	500,000	-	500,000	-	-	-	-
Market Treasury Bills - 03 Months	25-Feb-21	-	500,000	-	500,000	-	-	-	-
Market Treasury Bills - 06 Months	8-Oct-20	-	75,000	-	75,000	-	-	-	-
Market Treasury Bills - 03 Months	28-Jan-21	-	75,000	-	75,000	-	-	-	-
Market Treasury Bills - 03 Months	8-Apr-21	-	500,000	-	500,000	-	-	-	-
Market Treasury Bills - 12 Months	23-Apr-20	-	75,000	-	75,000	-	-	-	-
Market Treasury Bills - 12 Months	23-Apr-20	-	75,000	-	75,000	-	-	-	-
Market Treasury Bills - 12 Months	7-May-20	-	75,000	-	75,000	-	-	-	-
Market Treasury Bills - 03 Months	11-Feb-21	-	75,000	-	75,000	-	-	-	-
Market Treasury Bills - 03 Months	22-Apr-21	-	500,000	-	500,000	-	-	-	-
Market Treasury Bills - 03 Months	6-May-21	-	500,000	-	500,000	-	-	-	-
Market Treasury Bills - 06 Months	6-May-21	-	500,000	-	500,000	-	-	-	-
Market Treasury Bills - 03 Months	20-May-21	-	500,000	-	500,000	-	-	-	-
Market Treasury Bills - 06 Months	23-Apr-20	-	800,000	-	800,000	-	-	-	-
Market Treasury Bills - 06 Months	9-Apr-20	-	100,000	-	100,000	-	-	-	-
Market Treasury Bills - 03 Months	8-Oct-20	-	150,000	-	150,000	-	-	-	-
Market Treasury Bills - 03 Months	8-Oct-20	-	25,000	-	25,000	-	-	-	-
Market Treasury Bills - 03 Months	8-Oct-20	-	25,000	-	25,000	-	-	-	-
Market Treasury Bills - 03 Months	24-Sep-20	-	100,000	-	100,000	-	-	-	-
Market Treasury Bills - 12 Months	27-Feb-20	-	150,000	-	150,000	-	-	-	-

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Name of security	Date of issue	Face value			As at June 30, 2021			Market value	
		As at July 01, 2020	Purchased during the year	Sold / matured during the year	As at June 30, 2021	Carrying value	Market value	As a percentage of net assets	As a percentage of total investments
Market Treasury Bills - 03 Months	31-Dec-20	-	25,000	-	-	-	-	-	-
Market Treasury Bills - 03 Months	31-Dec-20	-	25,000	-	-	-	-	-	-
Market Treasury Bills - 03 Months	31-Dec-20	-	70,000	-	-	-	-	-	-
Market Treasury Bills - 03 Months	25-Feb-21	-	75,000	-	-	-	-	-	-
Market Treasury Bills - 03 Months	11-Mar-21	-	200,000	-	-	-	-	-	-
Market Treasury Bills - 03 Months	22-Apr-21	-	175,000	-	-	-	-	-	-
Market Treasury Bills - 03 Months	25-Mar-21	-	75,000	-	-	-	-	-	-
Market Treasury Bills - 03 Months	3-Jun-21	-	500,000	-	-	-	-	-	-
Market Treasury Bills - 06 Months	8-Apr-21	-	1,275,000	-	-	-	-	-	-
Market Treasury Bills - 03 Months	3-Jun-21	-	200,000	-	-	-	-	-	-
Market Treasury Bills - 03 Months	17-Jun-21	-	500,000	-	-	-	-	-	-
Market Treasury Bills - 03 Months *	22-Apr-21	-	175,000	-	175,000	174,554	174,556	23.65	30.67
Market Treasury Bills - 03 Months *	3-Jun-21	-	200,000	-	200,000	197,825	197,841	26.81	34.76
<b>As at June 30, 2021</b>						<b>372,379</b>	<b>372,397</b>	<b>18</b>	
As at June 30, 2020						1,307,305	1,308,369	1,064	

\* These carry effective yield ranging from 7.19% to 7.29% (2020: 7.25% to 13.19%) per annum and will mature within 3 months.

## 5.1.4 Listed debt securities - Sukuk certificates

Certificates have a face value of Rs 100,000 each

Name of investee company	As at June 30, 2021			As at June 30, 2021			Market value as a percentage of total investments	
	As at July 1, 2020	Purchased during the year	Sold / matured during the year	As at June 30, 2021	Carrying value	Market value	Unrealised appreciation / (diminution)	Investment as a percentage of total issue size
GoP Ijarah Sukuks	-	312,500	312,500	-	-	-	-	-
<b>Total as at June 30, 2021</b>								
Total as at June 30, 2020								

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

		June 30, 2021	June 30, 2020
	Note	----- (Rupees in '000) -----	
<b>5.2</b>	<b>Net unrealised appreciation in value of investments at fair value through profit or loss</b>		
Market value as at June 30	5.1.1 & 5.1.3	569,132	1,780,496
Carrying value as at June 30	5.1.1 & 5.1.3	(569,127)	(1,779,462)
		<u>5</u>	<u>1,034</u>
<b>6.</b>	<b>PROFIT RECEIVABLE</b>		
Profit receivable on:			
Deposits with banks		1,642	2,275
Government securities		6,148	5,649
		<u>7,790</u>	<u>7,924</u>
<b>7.</b>	<b>ADVANCE, PREPAYMENTS AND OTHER RECEIVABLES</b>		
Advance tax		2,843	2,835
Prepayment		181	202
Other receivables		-	1,717
		<u>3,024</u>	<u>4,754</u>
<b>8.</b>	<b>PAYABLE TO MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED - MANAGEMENT COMPANY</b>		
Management remuneration payable	8.1	588	1,223
Sindh Sales Tax on management remuneration payable	8.2	76	159
Payable against allocated expenses	8.3	63	146
Payable against marketing and selling expenses	8.4	291	911
Sales load Payable		-	361
		<u>1,018</u>	<u>2,800</u>
<b>8.1</b>	As per amendment in the offering document, the management company with effect from August 08, 2019 charged management fee at the rate of up to 10% of the gross earnings of the scheme, calculated on a daily basis. Provided that fund is subject to a minimum fee of 0.5% of the average daily net asset of the scheme.		
<b>8.2</b>	Sales tax on management remuneration has been charged at the rate of 13% (2020: 13%).		
<b>8.3</b>	In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).		
	Till June 19, 2019 there was a maximum cap of 0.1% of the average annual net assets of the scheme or actual whichever is less, for allocation of such expense to the Fund. However, the SECP vide its SRO 639 dated June 20, 2019 removed the maximum cap of 0.1%.		
	The Management Company has allocated expenses to the Fund based on its discretion subject to not being higher than actual expense which has also been approved by the Board of Directors of the Management Company.		
<b>8.4</b>	The SECP has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) initially for a period of three years (i.e. from January 1, 2017 till December 31, 2019). The maximum cap of selling and marketing expense was 0.4% per annum of the net assets of the Fund or actual expenses whichever is lower.		

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

During the year, the SECP through its circular 11 dated July 5, 2019 has revised the conditions for charging of selling and marketing expenses to a Fund. As per the revised guidelines, the maximum cap of 0.4% per annum has been lifted and now the asset management company is required to set a maximum limit for charging of such expense to the Fund and the same should be approved by the Board of Directors of the Asset management company (BOD) as part of annual plan. Furthermore, the time limit of three years has also been removed in the revised conditions.

The Management Company has charged selling and marketing expenses to the Fund based on its discretion subject to not being higher than actual expense, which has also been approved by the BOD of the Management Company.

	Note	June 30, 2021 ----- (Rupees in '000) -----	June 30, 2020
<b>9. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>			
Trustee remuneration payable	9.1	42	139
Sindh Sales Tax on remuneration of the trustee	9.2	5	18
		<u>47</u>	<u>157</u>
<b>9.1</b>	Trustee is entitled to a remuneration at the rate of 0.065% per annum of the net assets to be paid monthly in arrears.		
<b>9.2</b>	Sales tax on remuneration of the Trustee has been charged at the rate of 13% (2020: 13%).		
	Note	June 30, 2021 ----- (Rupees in '000) -----	June 30, 2020
<b>10. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>			
Annual fee payable to the SECP	10.1	<u>252</u>	<u>445</u>
<b>10.1</b>	The Fund has charged SECP Fee at the rate of 0.02% of net assets during the current period.		
	Note	June 30, 2021 ----- (Rupees in '000) -----	June 30, 2020
<b>11. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Provision against Sindh Workers' Welfare Fund	11.1	13,419	12,070
Provision for Federal Excise Duty and related tax on			
- Management fee	11.2	29,028	29,028
- Sales load		4,170	4,170
Withholding tax payable		167	3,519
Auditors' remuneration		382	382
Brokerage		12	152
Others		104	86
		<u>47,282</u>	<u>49,407</u>



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## 11.1 Provision for Sindh Workers' Welfare Fund (SWWF)

The Supreme Court of Pakistan passed a judgment on November 10, 2016, which upheld the view of Lahore High Court, declaring the Insertion of amendments through Finance Acts 2006 and 2008 pertaining to Workers' Welfare Fund (WWF) as unlawful and thereby striking down the amendments introduced through these Finance Acts. The Federal Board of Revenue has filed a petition in the Supreme Court against the said judgment, which is pending hearing.

Mutual Fund Association of Pakistan (MUFAP), on behalf of all Asset Management Companies (AMCs) obtained a legal opinion dated December 5, 2016 on the matter, according to which there is no longer any basis in law to claim WWF payments from the mutual funds under the WWF Ordinance. After deliberating the position, MUFAP decided that the provision for WWF held for the period from January 1, 2013 to June 30, 2015 be reversed effective January 12, 2017.

Furthermore, the Sindh Revenue Board (SRB) had written to mutual funds in January 2016 to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after December 31, 2013. MUFAP reviewed the issue and based on an opinion dated August 2016 decided that SWWF is not applicable on mutual funds as they are not Financial Institutions as required by SWWF act, 2014. MUFAP wrote to SRB that mutual funds are not establishments and are pass through vehicles hence, they do not have any worker and no SWWF is payable by them. SRB on November 11, 2016 responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, SWWF is payable by them. MUFAP has taken up the matter with the Sindh Finance Ministry to have mutual funds excluded from SWWF.

MUFAP has also obtained a legal opinion that SWWF, if applicable, can only be applied from the date of enactment of SWWF Act, 2014, i.e. May 21, 2015. Accordingly, on January 12, 2017, MUFAP instructed to provide for SWWF with effect from May 21, 2015, while the efforts to exclude mutual funds for SWWF continue. The aggregate balance of SWWF provision in the book of accounts of the Fund as on June 30, 2021 is Rs. 13.42 million (June 30, 2020: Rs. 12.07 million).

The SECP has also concurred with the directions issued by MUFAP through its letter no SCD/AMCW/MUFAP/2017 - 405 dated February 01, 2017.

Subsequent to the year ended June 30, 2021, SRB through its letter dated August 12, 2021 received on August 13, 2021 by MUFAP, has intimated MUFAP that the mutual funds do not qualify as Financial institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level on August 13, 2021 and was also taken up with the SECP and all the Asset Management Companies, in consultation with SECP, reversed the cumulative provision for SWWF recognized in the financial statements of the Funds, for the period from May 21, 2015 to 12, 2021, on August 13, 2021. Furthermore, SECP through its letter dated August 30, 2021 has also given its concurrence for prospective reversal of provision of SWWF. Accordingly, going forward, no provision for SWWF would be recognized in the financial statements of the Fund. Had the provision for SWWF been reversed in the financial statements of the fund for the year ended June 30, 2021, the net asset value of the Fund as at June 30, 2021 would have been higher by Re 0.97 (2020: Re 0.35) per unit.

## 11.2 Federal Excise Duty and related tax payable

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 4, 2013, a Constitutional Petition was filed in the Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED.

On July 16, 2016, 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 1, 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 Management Company and sales load with effect from July 1, 2016. However, the provision for FED made prior to this period has been maintained by the Fund which at June 30, 2021 aggregates to Rs. 29.028 (June 30, 2020: Rs. 29.028) million. Had the provision for FED not been recorded in the financial statements of the Fund, the net assets value of the Fund as at June 30, 2021 would have been higher by Rs. 2.1 (June 30, 2020: Rs. 0.85) per unit.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## 12. CONTINGENCIES AND COMMITMENTS

### 12.1 CONTINGENCIES

During the year, an ex-parte income tax order was passed for tax year 2015 through which a tax demand of Rs. 309,896,010 was raised by the concerned Additional Commissioner Inland Revenue (ACIR) of Federal Board of Revenue (FBR) by rejecting the Fund's claim for income tax exemption under clause (99) contained in Part I of the Second Schedule to the Income Tax Ordinance, 2001. The order was passed by misconstruing that the Fund allegedly distributed less than 90% of its income to its unitholders which is the sole criterion for income tax exemption claim under clause (99). Whilst reaching this conclusion the ACIR neither considered element of loss nor excluded Capital gains (realized or unrealized) while calculating income available for distribution.

The Fund has already obtained stay from the Commissioner Inland Revenue – Appeals (CIRA) against recovery of impugned tax demand and the appeal filed with the CIRA against the order is presently pending. Based on the abovereferred facts, it is apparent that the order passed by the ACIR is against the facts of the case and the Management is confident that the ultimate outcome of appeal will be in favour of the Fund. For this reason, no provisioning in this regard is recommended to be made in the financial statements.

	June 30, 2021	June 30, 2020
	----- (Rupees in '000) -----	
<b>13. AUDITORS' REMUNERATION</b>		
Annual audit fee	270	270
Half yearly review fee	142	142
Income certification	50	50
	<u>462</u>	<u>462</u>
Sales tax	37	37
Out of pocket expenses	50	86
	<u>549</u>	<u>585</u>

### 14. TAXATION

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income available for distribution for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders by way of cash dividend. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008, the Fund is required to distribute 90% of the net accounting income available for distribution other than capital gains to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the management has distributed the income available for distribution by the Fund to the unit holders in cash in the manner as explained above. Accordingly, no provision for taxation has been made in these financial statements.

### 15. TOTAL EXPENSE RATIO

Total Expense Ratio of the Fund is 1.64% as on June 30, 2021 (June 30, 2020: 3.09%) and this includes 0.26% (June 30, 2020: 0.60%) representing Government Levy, Sindh Worker's Welfare Fund and SECP Fee. This ratio is within the maximum limit of 2.50% (June 30, 2020: 2.50%) prescribed under the NBFC Regulation 60 (5) for a collective investment scheme categorised as an income scheme.

		June 30, 2021	June 30, 2020
		----- (Rupees in '000) -----	
<b>16. CASH AND CASH EQUIVALENTS</b>	<b>Note</b>		
Bank balances	4	776,052	76,025
Government securities - Market Treasury bill	5.1.3	372,397	1,276,800
		<u>1,148,449</u>	<u>1,352,825</u>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

---

### 17. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Related parties / connected persons of the Fund include MCB-Arif Habib Savings and Investments Limited (being the Management Company) and its related entities, the Central Depository Company of Pakistan Limited (being the Trustee of the Fund), other collective investment schemes and pension schemes managed by the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or trust beneficially owning (directly or indirectly) ten percent or more of the capital of the Management Company or the net assets of the Fund and directors and their close family members, key management personnel and officers of the Management Company.

Transactions with related parties / connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

Remuneration of the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed respectively.

The details of transactions carried out by the Fund with connected persons / related parties and balances with them at the year end are as follows:

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## 17.1 Transactions during the year with connected persons / related parties in units of the Fund:

	For the year ended June 30, 2021							
	As at July 01, 2020	Issued for cash	Redeemed	As at June 30, 2021	As at July 01, 2020	Issued for cash	Redeemed	As at June 30, 2021
	(Units)				(Rupees in '000)			
DG Khan Cement company Limited	8	-	1	7	-	-	-	-
MCB Arif Habib Savings And Investments Limited	-	10,956	10,956	-	-	590	591	-
Security General Insurance Co. Ltd. Employees Provident Fund Trust	100,244	5,589	-	105,833	5,340	298	-	5,643
Mandate under discretionary portfolio services	-	7,970	5,121	2,849	-	425	273	152
Key management personnel	-	767,981	767,981	-	-	41,077	41,283	-
Unitholders holding 10% or more	1,973,817	93,540	-	2,067,358	105,145	4,983	-	110,232
	(Units)				(Rupees in '000)			
	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
DG Khan Cement company Limited	7	1	-	8	-	-	-	-
MCB Arif Habib Savings And Investments Limited	-	8,242,168	8,242,168	-	-	450,216	455,932	-
Mandate under discretionary portfolio services	1	26,373,985	26,373,985	1	-	1,489,736	1,513,712	-
Security General Insurance Co. Ltd. Employees Provident Fund Trust	-	100,244	-	100,244	-	25,678	-	5,340
Key management personnel	-	628,951	625,758	3,193	-	35,285	35,477	170
Unitholders holding 10% or more	1,871,421	3,742,411	1,871,421	3,742,411	99,691	211,879	-	199,358

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	June 30, 2021	June 30, 2020
	----- (Rupees in '000) -----	
<b>17.2 Details of transactions other than units of the fund with related parties / connected persons during the year</b>		
<b>MCB Arif Habib Savings and Investment Limited - Management Company</b>		
Remuneration including indirect taxes	13,247	51,430
Expense allocated by the Management Company	1,262	2,155
Marketing and selling expense	1,767	3,014
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration including indirect taxes	928	1,632
<b>MCB Bank Limited - Parent of the Management Company</b>		
Profit on bank deposits	47	425
Bank charges	56	25
Sale of securities having face value of Nil (2020: Rs. 700 million)	-	612,972
Purchase of securities having face value of Rs. 1,250 million (2020: 550 million)	1,213,999	504,096
<b>Arif Habib Limited - Subsidiary of Associated Company</b>		
Brokerage and settlement charges*	-	104
<b>17.3 Balances outstanding at year end:</b>		
<b>MCB-Arif Habib Savings and Investments Limited - Management Company</b>		
Management remuneration payable	588	1,223
Sindh Sales Tax on management remuneration payable	76	159
Payable against allocated expenses	63	146
Payable against marketing and selling expenses	291	911
Sales load payable	-	361
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee remuneration payable	42	139
Sindh Sales Tax on remuneration of the trustee	5	18
<b>MCB Bank Limited - Parent of the Management Company</b>		
Bank balances	975	10,156
Profit receivable on bank deposits	-	-
Sales load payable	-	25

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## 18. 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 close of trading i.e. period end date. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value as these are short term in

The following table shows financial instruments recognized at fair value 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).

The following table show the carrying amount and fair values of financial assets and financial liabilities including the levels in the fair value hierarchy.

June 30, 2021							
Carrying amount			Fair value				
Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total	
(Rupees in '000)							
<b>Financial assets measured at fair value</b>							
Market treasury bills	372,397	-	372,397	-	372,397	-	372,397
Pakistan investment bonds FRB	191,092	-	191,092	-	191,092	-	191,092
Pakistan investment bonds	5,643	-	5,643	-	5,643	-	5,643
	<u>569,132</u>	<u>-</u>	<u>569,132</u>	<u>-</u>	<u>569,132</u>	<u>-</u>	<u>569,132</u>
<b>Financial assets not measured at fair value</b>							
Bank balances	-	776,052	776,052				
Profit receivable	-	7,790	7,790				
	<u>-</u>	<u>783,842</u>	<u>783,842</u>				
<b>Financial liabilities not measured at fair value</b>							
Payable to the Management Company	-	942	942				
Payable to the Trustee	-	42	42				
Accrued and other liabilities	-	498	498				
	<u>-</u>	<u>1,482</u>	<u>1,482</u>				

June 30, 2020							
Carrying amount			Fair value				
Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total	
(Rupees in '000)							
<b>Financial assets measured at fair value</b>							
Market treasury bills	1,308,369	-	1,308,369	-	1,308,369	-	1,308,369
Pakistan investment bonds FRB	466,253	-	466,253	-	466,253	-	466,253
Pakistan investment bonds	5,874	-	5,874	-	5,874	-	5,874
	<u>1,780,496</u>	<u>-</u>	<u>1,780,496</u>	<u>-</u>	<u>1,780,496</u>	<u>-</u>	<u>1,780,496</u>
<b>Financial assets not measured at fair value</b>							
Bank balances	-	76,025	76,025				
Profit receivable	-	7,924	7,924				
Other receivables	-	1,717	1,717				
	<u>-</u>	<u>85,666</u>	<u>85,666</u>				
<b>Financial liabilities not measured at fair value</b>							
Payable to the Management Company	-	2,641	2,641				
Payable to the Trustee	-	139	139				
Payable against purchase of investments	-	-	-				
Accrued and other liabilities	-	620	620				
	<u>-</u>	<u>3,400</u>	<u>3,400</u>				

During the year ended June 30, 2021, there were no transfers between levels of fair value measurements, and no transfer into and out of level 3 fair value measurements.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## 19. FINANCIAL RISK MANAGEMENT

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

### 19.1 Market risk

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

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Board and the regulations laid down by the SECP, the NBFC regulations and the NBFC rules.

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

#### 19.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. At present, the Fund is not exposed to currency risk as all the transactions are carried out in Pakistani Rupees.

#### 19.1.2 Yield / Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2021, the Fund is exposed to such risks on bank balances and investments in government securities. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

As of June 30, 2021 details of Fund's interest bearing financial instruments were as follows:

	Note	June 30, 2021 ----- (Rupees in '000) -----	June 30, 2020
<b>Variable rate instruments (financial asset)</b>			
Bank balance	4	775,093	67,316
Pakistan investment bonds (FRB)	5.1.2	191,092	466,253
		<u>966,185</u>	<u>533,569</u>
<b>Fixed rate instruments (financial assets)</b>			
Pakistan investment bonds	5.1.1	5,643	5,874
Market treasury bills	5.1.3	372,397	1,308,369
		<u>378,040</u>	<u>1,314,243</u>

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

Presently, the Fund holds Government securities which are variable rate instruments exposing the fund to cash flow interest rate risk. In case of 100 basis points increase/decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher/lower by Rs 9.66 million (2020: Rs 5.34 million).

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## b) Sensitivity analysis for fixed rate instruments

As at June 30, 2021, the Fund holds Market Treasury Bill and Pakistan Investment Bond (FRB) exposing the Fund to fair value interest rate risk. In case of 100 basis points increase / decrease in rates announced by the Financial Market Association of Pakistan (FMAP) on June 30, 2021, the net income for the year and net assets would be lower / higher by Rs. 5.63 million (June 30, 2020: Rs. 13.14 million).

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date. The composition of the Fund investment may change over time. Accordingly, the sensitivity analysis prepared as at June 30, 2021 is not necessarily indicative of the impact on the Fund's net assets of further movements in interest rates.

Particulars	As at June 30, 2021					
	Effective yield / rate	Exposed to yield / interest risk			Not exposed to yield rate risk	Total
		Upto three months	More than three months and up to one year	More than one year		
	%	(Rupees in '000)				

(Rupees in '000)

### On-balance sheet financial instruments

#### Financial assets

Bank balances	5.5 to 11.25	775,093	-	-	959	776,052
Investments	6.30 to 14.06	-	-	196,735	372,397	569,132
Profit receivable		-	-	-	7,790	7,790
Other receivables		-	-	-	-	-
<b>Sub total</b>		<b>775,093</b>	<b>-</b>	<b>196,735</b>	<b>381,146</b>	<b>1,352,974</b>

#### Financial liabilities

Payable to the Management Company		-	-	-	942	942
Payable to the Trustee		-	-	-	42	42
Payable against purchase of investments		-	-	-	569,468	569,468
Accrued expenses and other liabilities		-	-	-	498	498
<b>Sub total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>570,950</b>	<b>570,950</b>

### On-balance sheet gap

<b>775,093</b>	<b>-</b>	<b>196,735</b>	<b>(189,804)</b>	<b>782,024</b>
----------------	----------	----------------	------------------	----------------

### Total profit rate sensitivity gap

<b>775,093</b>	<b>-</b>	<b>196,735</b>	<b>(189,804)</b>	<b>782,024</b>
----------------	----------	----------------	------------------	----------------

### Cumulative profit rate sensitivity gap

<b>775,093</b>	<b>775,093</b>	<b>971,828</b>
----------------	----------------	----------------

Particulars	As at June 30, 2020					Total
	Effective yield / rate	Exposed to yield / interest risk			Not exposed to yield rate risk	
		Upto three months	More than three months and up to one year	More than one year		
	%					

(Rupees in '000)

### On-balance sheet financial instruments

#### Financial assets

Bank balances	5.5 to 7.83	67,316	-	-	8,709	76,025
Investments	7.25 to 14.05	1,236,294	72,075	472,127	-	1,780,496
Profit receivable		-	-	-	7,924	7,924
Other receivables		-	-	-	1,717	1,717
<b>Sub total</b>		<b>1,303,610</b>	<b>72,075</b>	<b>472,127</b>	<b>18,350</b>	<b>1,866,162</b>

#### Financial liabilities

Payable to the Management Company		-	-	-	2,641	2,641
Payable to the Trustee		-	-	-	139	139
Payable against purchase of investments		-	-	-	-	-
Accrued expenses and other liabilities		-	-	-	620	620
<b>Sub Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>3,400</b>	<b>3,400</b>

### On-balance sheet gap

<b>1,303,610</b>	<b>72,075</b>	<b>472,127</b>	<b>14,950</b>	<b>1,862,762</b>
------------------	---------------	----------------	---------------	------------------

### Total profit rate sensitivity gap

<b>1,303,610</b>	<b>72,075</b>	<b>472,127</b>	<b>14,950</b>	<b>1,862,762</b>
------------------	---------------	----------------	---------------	------------------

### Cumulative profit rate sensitivity gap

<b>1,303,610</b>	<b>1,375,685</b>	<b>1,847,812</b>
------------------	------------------	------------------



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## 19.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Since the Fund is not allowed to invest in equity securities, hence it is not exposed to equity price risk.

## 19.2 Credit risk

Credit risk represents the risk of loss if counterparties fail to perform as contracted. The Fund is exposed to counter party credit risks on bank balances and other financial assets at amortised cost. The credit risk on the fund is limited because the counterparties are financial institutions with reasonably high credit ratings. Investments in Pakistan investment bond and market treasury bills are government backed and hence considered as secured.

The Fund has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. This 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 customers. 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 in accordance with the Fund's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are approved by the Board of Directors. The limits are set to minimise the concentration of risk and therefore mitigate financial loss through potential counterparty failure.

The Fund's maximum exposure to credit risk is the carrying amounts of following financial assets.

	June 30, 2021		June 30, 2020	
	Balance as per statement of assets and liabilities	Maximum exposure	Balance as per statement of assets and liabilities	Maximum exposure
	(Rupees in '000)			
Bank balances	776,052	776,052	76,025	76,025
Investments	569,132	-	1,780,496	-
Profit receivable	7,790	1,642	7,924	2,275
Other receivables	-	-	1,717	1,717
	<b>1,352,974</b>	<b>777,694</b>	<b>1,866,162</b>	<b>80,017</b>

Difference in the balance as per the statement of assets and liabilities and maximum exposure is due to the fact that investments in Government securities of Rs. 569,132 (June 30, 2020: Rs. 1,780.496 million) and profit receivable on government securities of Rs. 6.148 million (June 30, 2020: Rs. 0.032 million)

The analysis below summaries the credit rating quality of the Fund's financial assets with banks as at June 30, 2021.

### Bank Balances by rating category

Rating	June 30, 2021		June 30, 2020	
	Rupees in '000	%	Rupees in '000	%
AAA	774,601	99.81	71,282	93.76
AA+	1,343	0.17	4,710	6.20
AA-	26	-	11	0.01
AA	82	0.01	22	0.03
	<b>776,052</b>	<b>100</b>	<b>76,025</b>	<b>100</b>

Above ratings are on the basis of available ratings assigned by PACRA and VIS Credit Rating Company Limited (Formerly JCR-VIS Credit Rating Company Limited) as of June 30, 2021.

### Investment in fixed income securities

Investments in market treasury bills and Pakistan investment bonds do not expose the Fund to credit risk as the counter party to the investment is the Government of Pakistan and management does not expect to incur any credit loss on such investment.

### Concentration of credit risk

Concentration is the relative sensitivity of the Fund's performance to developments affecting a particular industry or geographical location. Concentration of risks arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For the vast majority of transactions the Fund mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

## 19.3 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its obligations arising from its financial liabilities that are settled by delivering cash or other financial assets or that such obligations will have to be settled in a manner disadvantageous to the Funds. Liquidity risk also arises because of the possibility that the Fund could be required to pay its liabilities earlier than expected. The Fund is exposed to cash redemptions of its units on a regular basis. Units are redeemable at the holder's option based on the Fund's applicable redemption price calculated in accordance with the Fund's constitutive documents and guidelines laid down by the SECP.

Units of the Fund are redeemable on demand at the holder's option, however, the Fund does not anticipate significant redemption of units.

The table below analyses the Fund's financial assets and 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.

2021	Within 1 month	Over 1 to 3 months	Over 3 to 12 months	Over 1 to 5 years	More than 5 years	Total
	----- (Rupees in '000') -----					

### Financial assets

Bank balances	776,052	-	-	-	-	776,052
Investments	-	372,397	-	5,643	191,092	569,132
Profit receivable	7,790	-	-	-	-	7,790
Other receivables	-	-	-	-	-	-
	783,842	372,397	-	5,643	191,092	1,352,974

### Financial liabilities

Payable to the Management Company	942	-	-	-	-	942
Payable to the Trustee	42	-	-	-	-	42
Payable against purchase of investments	-	-	-	-	-	-
Accrued expenses and other liabilities	498	-	-	-	-	498
	1,482	-	-	-	-	1,482
	782,360	372,397	-	5,643	191,092	1,351,492

2020	Within 1 month	Over 1 to 3 months	Over 3 to 12 months	Over 1 to 5 years	Over 1 to 5 years	Total
	----- (Rupees in '000') -----					

### Financial assets

Bank balances	76,025	-	-	-	-	76,025
Investments	-	1,236,294	72,075	381,362	90,765	1,780,496
Profit receivable	7,924	-	-	-	-	7,924
Other receivables	1,717	-	-	-	-	1,717
	85,666	1,236,294	72,075	381,362	90,765	1,866,162

### Financial liabilities

Payable to the Management Company	2,641	-	-	-	-	2,641
Payable to the Trustee	139	-	-	-	-	139
Payable against purchase of investments	-	-	-	-	-	-
Accrued expenses and other liabilities	620	-	-	-	-	620
	3,400	-	-	-	-	3,400
	82,266	1,236,294	72,075	381,362	90,765	1,862,762

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### 20. PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

Details of members of the Investment Committee of the Fund are as follows:

Name	Designation	Qualification	Experience in years
Muhammad Saqib Saleem	Chief Executive Officer	FCA & FCCA	22.5
Muhammad Asim	Chief Investment Officer	MBA & CFA	17
Awais Abdul Sattar	Head of Research	MBA & CFA	11
Jawad Naeem	Head of Islamic Equity	MBA & CFA	12
Muhammad Aitazaz Farooqi	Senior Analyst	MBA & CFA	13
Saad Ahmed	Head of Fixed Income	MBA	16
Syed Abid Ali	Head of Equities	MBA	13
Usama Iqbal	Fund Manager	B.Com	17

#### 20.1 Mr. Saad Ahmed is the fund manager. Details of the other funds being managed by him are as follows:

- Alhamra Daily Dividend Fund;
- MCB Cash Management Optimizer Fund;
- Pakistan Cash Management Fund;
- MCB DCF Income Fund; and
- Pakistan Income Enhancement Fund.

### 21. TOP BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID

	June 30, 2021 (Percentage)
1 Continental Exchange (Private) Limited	49.27%
2 Invest One Markets (Private) Limited	11.01%
3 C And M Management (Private) Limited	9.19%
4 Paramount Capital (Private) Limited	8.99%
5 Bipl Securities Limited	7.73%
6 Pearl Securities Limited	3.68%
7 Bright Capital (Private) Limited	2.48%
8 Js Global Capital Limited	2.48%
9 Optimas Capital Management	2.48%
10 Magenta Capital Limited	1.65%
	June 30, 2020 (Percentage)
1 Continental Exchange (Private) Limited	31.01%
2 Invest One Markets (Private) Limited	19.36%
3 C and M Management (Private) Limited	7.43%
4 Paramount Capital (Private) Limited	6.59%
5 Arif Habib Limited	6.29%
6 Bright Capital (Private) Limited	5.36%
7 ICON Securities (Private) Limited	5.34%
8 Js Global Capital Limited	2.90%
9 Optimas Capital Management	2.88%
10 Currency Market Associate	2.37%

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### 22. PATTERN OF UNIT HOLDINGS

As at June 30, 2021				
	Number of unit holders	Number of units	Investment amount	Percentage investment
			(Rupees in '000)	%
Foreign Individual	1	2	-	0.00%
Other Corporates	5	704,526	37,567	5.09%
Retirement Fund	16	3,792,542	202,229	27.40%
Associated Company	2	105,840	5,644	0.76%
Others	6	274,087	14,615	1.98%
Individual	784	8,961,926	477,875	64.77%
	<b>814</b>	<b>13,838,923</b>	<b>737,930</b>	<b>100.00%</b>

As at June 30, 2020				
	Number of unit holders	Number of units	Investment amount	Percentage investment
			(Rupees in '000)	%
Individuals	889	24,546,381	1,307,645	71.99%
Associated company	2	100,252	5,340	0.30%
Insurance Companies	2	248,750	13,252	0.73%
Retirement funds	25	6,306,059	335,939	18.49%
Others	19	2,894,820	154,214	8.49%
	<b>937</b>	<b>34,096,262</b>	<b>1,816,390</b>	<b>100.00%</b>

### 23. ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 157th, 158th, 159th, 160th, 161st, 162nd, 163rd, 164th, 165th 166th and 167th meeting of the Board of Directors were held on July 27, 2020, August 10, 2020, August 18, 2020, October 23, 2020, November 17, 2020, December 14, 2020, February 08, 2021, April 16, 2021, May 04, 2021, June 02, 2021 and June 28, 2021 respectively. Information in respect of attendance by the directors and other persons in the meetings is given below:

Name of persons attending the meetings	Designation	Number of Meetings Held	Number of meetings			Meetings Not Attended
			Attendance required	Attended	Leave Granted	
Mr. Haroun Rashid	Chairman	11	11	11	-	-
Mr. Nasim Beg	Director	11	11	11	-	-
Mr. Ahmed Jahangir	Director	11	11	11	-	-
Mr. Mirza Qamar Beg	Director	11	11	11	-	-
Syed Savail Meekal Hussain	Director	11	11	11	-	-
Mr. Kashif A. Habib	Director	11	11	10	1	165
Ms. Mavra Adil Khan	Director	11	11	8	3	159,163 & 167
Mr. Muhammad Saqib Saleem	Chief Executive Officer	11	11	11	-	-

### 24. UNIT HOLDERS' FUND RISK MANAGEMENT

The Fund's capital is represented by redeemable units. The Fund is required by the NBFC Regulations, to maintain a minimum fund size of Rs.100 million, to be maintained all the time during the life of the scheme. The units issued by the Fund provides an investor with the right to require redemption for cash at a value proportionate to the unit holder's share in the Fund's net assets at the redemption date.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

---

The Fund's objective in managing the unit holders' fund is to ensure a stable base to maximise returns to all investors and to manage liquidity risk arising from redemption. In accordance with the risk management policies, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption, such liquidity being augmented by disposal of investments.

### 25 IMPACT OF COVID-19

A novel strain of coronavirus (COVID-19) was classified as a pandemic by the World Health Organization on March 11, 2020, impacting countries globally. Measures taken to contain the spread of the virus, including lock-downs, travel bans, quarantines, social distancing, and closures of non-essential services and factories triggered significant disruptions to businesses worldwide and in Pakistan, resulting in an economic slowdown. During the lockdown that lasted from March to May 2020, the funds continued their activity, as the Pakistan Stock Exchange and the money markets continued trading. Management Company is of the view that while COVID-19 and its resulting containment measures have affected the economy, investors' confidence and adequate steps from the government and regulators have spearheaded recovery and subsequent events reflect that in due course, things would be normalised.

### 26 DATE OF AUTHORISATION FOR ISSUE

These Financial Statements were authorized for issue on by the Board of Directors on August 09, 2021 and amended on September 15, 2021 to incorporate the subsequent event as disclosed in note 11.1 to these financial statements.

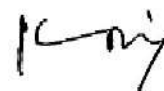
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**PATTERN OF UNITS HOLDING BY SIZE  
FOR THE YEAR ENDED JUNE 30, 2021**

No. of Unit Holders	Unit Holdings	Total Units Held
380	001-10,000	13,726
157	10,001 – 100,000	117,799
141	100,001 – 1,000,000	1,208,386
136	1,000,001+	12,498,950
<b>814</b>		<b>13,838,923</b>

## PERFORMANCE TABLE FOR THE YEAR ENDED JUNE 30, 2021

Performance Information	2021	2020	2019	2018	2017
Total Net Assets Value – Rs. in million	737.9300	1,816.3907	630.0000	585.0000	1,351.0000
Net Assets value per unit – Rupees	53.3200	53.2700	53.1300	55.8300	53.1300
Closing Offer Price	54.2200	54.1700	54.0300	56.7800	54.0300
Closing Repurchase Price	51.5100	51.4600	51.3300	55.8300	53.1300
Highest offer price per unit	57.2100	62.8500	58.1800	56.7800	57.2000
Lowest offer price per unit	54.1800	54.0700	53.3400	54.0300	53.9600
Highest Redemption price per unit	56.2600	61.8000	57.2100	55.8300	56.2500
Lowest Redemption price per unit	53.2800	53.1700	53.1000	53.1300	53.0600
Distribution per unit – Rs. *	2.9700	8.5558	6.8800	-	3.2000
<b>Average Annual Return - %</b>					
One year	5.67	16.39	7.88	5.08	5.89
Two year	11.03	12.14	6.48	5.49	6.60
Three year	9.98	9.78	6.28	6.09	9.92
Net Income for the year – Rs. in million	66.0990	321.3320	48.9000	48.8546	56.9680
Distribution made during the year – Rs. in million	66.1360	276.1570	74.3600	-	62.2130
Accumulated Capital Growth – Rs. in million	(0.0370)	45.1750	(25.4600)	48.8546	(5.2450)
Weighted average Portfolio Duration (days)	803.0000	438.0000	47.0000	123.0000	65.0000

\* Date of Distribution

2021	
Date	Rate
June 25, 2021	2.97

2020	
Date	Rate
June 26, 2020	8.5558

2019	
Date	Rate
July 04, 2018	2.75
June 27, 2019	4.13

2018	
Date	Rate
Nil	

2017	
Date	Rate
June 21, 2017	3.20

### Disclaimer

The past performance is not necessarily indicative of future performance and unit prices and investments and returns may go down, as well as up.



**MCB-Arif Habib Savings and Investments Limited**

**Head Office:** 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi

UAN: (+92-21) 11-11-62224 (11-11-MCB-AH)

URL: [www.mcbah.com](http://www.mcbah.com), Email: [info@mcbah.com](mailto:info@mcbah.com)



MCB-ARIF HABIB  
Savings and Investments Limited

# ANNUAL REPORT 2021

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



# **PAKISTAN PENSION FUND**

## **TABLE OF CONTENTS**

---

<b>1</b>	<b>Vision, Mission and Core Values</b>	<b>03</b>
<b>2</b>	<b>Fund's Information</b>	<b>04</b>
<b>3</b>	<b>Report of the Director of the Pension Fund Manager</b>	<b>05</b>
<b>4</b>	<b>Report of the Pension Fund Manager</b>	<b>14</b>
<b>5</b>	<b>Trustee Report to the Participants</b>	<b>16</b>
<b>6</b>	<b>Independent Auditor's Report to the Participants</b>	<b>17</b>
<b>7</b>	<b>Statement of Assets and Liabilities</b>	<b>18</b>
<b>8</b>	<b>Income Statement</b>	<b>19</b>
<b>9</b>	<b>Statement of Other Comprehensive Income</b>	<b>20</b>
<b>10</b>	<b>Cash Flow Statement</b>	<b>21</b>
<b>11</b>	<b>Statement of Movement in Participants Funds</b>	<b>22</b>
<b>14</b>	<b>Notes to and Forming Part of the Financial Statements</b>	<b>23</b>

---

---

# **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 Faysal Bank Limited Silk Bank Limited Habib Bank Limited MCB Bank Limited Bank Al Habib Limited Soneri 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>AM1</b> Asset Manager Rating assigned by PACRA	

# REPORT OF THE DIRECTOR OF THE PENSION FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2021

---

**Dear Investor,**

On behalf of the Board of Directors, I am pleased to present **Pakistan Pension Fund** accounts review for the year ended **June 30, 2021**.

## **Economy and Money Market Review**

Fiscal year 2021 has proven to be a positive year with respect to economic performance. Country registered a GDP growth rate of 3.94 per cent outpacing the original target of 2.1 per cent for the outgoing fiscal year. This better than expected recovery has been due to relatively lower and stable interest rates, supportive financing schemes from SBP, amnesty scheme to encourage construction sector, resumption in demand and strong inflow of remittances supporting the overall consumption growth.

The growth momentum remained strong throughout the year as reflected in the performance of various sectors. Cement sector saw an impressive comeback in local dispatches as they witnessed a growth of about 20 per cent over last year in FY21. Sales of 2 and 3 wheeler units also rose at an impressive rate of approx. 39 per cent over last year in FY21 reflecting the resilience of economy. Similarly, the demand of petrol and diesel also increased by about 12 per cent and 16 per cent respectively over last year indicating a broader recovery in economy. Overall, Large Scale Manufacturing Index (LSM) has grown by about 14.6 per cent in first eleven months of the current fiscal year led by the cyclical sectors.

On the external front, the country posted a current account deficit of USD 1.8 billion (-0.6 per cent of GDP) in the fiscal year 2021, a 58 per cent improvement when compared with last year deficit of USD 4.4 billion (-1.7 per cent of GDP). Despite a USD 30 billion deficit (about 23 per cent higher this year) on balance on trade in goods and services, current account deficit remained marginally negative due to strong inflow of workers' remittances. Remittances jumped to USD 29.4 billion, up by 27 per cent when compared with USD 23.1 billion a year back.

Inflation remained the chink in the armor for the government as rising food prices continued to create challenges for policy makers. Headline inflation represented by CPI averaged 8.9 per cent over last year, with food inflation averaging about 13 per cent during the period. The prices of perishable food items along with the price of wheat continued to advance higher as supply side disruptions and mismanagement caused the prices to soar. Nevertheless, core inflation as measured by Non Food Non Energy was still controlled and averaged 6.4 per cent for the period. Monetary Policy Committee maintained status quo throughout the year after successive cuts in previous meetings. While real interest rates remained negative, the central bank was cautious with regards to demand side pressures owing to Covid-19 as well as comfort drawn from better external position.

As the economy started to open up, tax collection also improved and grew by about 18 per cent during the fiscal year which exceeded the revised target by PKR 30 billion. Fiscal deficit for the first nine months of the period clocked in at 3.6 per cent of GDP, compared to 3.8 per cent of GDP last year. Primary balance was even better at a surplus of 1.0 per cent of GDP compared to last year surplus of 0.4 per cent of GDP.

Yield curve started to slope upward after inflation trajectory was observed to be on the rising trend. 3, 5 and 10 Year bonds saw a rise of 146 bps, 138 bps and 125 bps respectively during the period.

## **Equity Market Review**

KSE-100 Index posted a 38 per cent return for FY21, gaining 12,934 points to end the year at 47,356 points. This was the highest yearly return since FY14, when index achieved 41 per cent return during the year. Market's resilience during the year was tested by re-emergence of covid wave II (October 2020) and III (February 2021), political unrest caused by opposition rallies and senate election. However, stronger than expected economic recovery and central bank's initiatives (TERF, RDA and mandatory housing financing by banks) kept the positive momentum of the market intact.

Major positive contributors to the index remained Technology (385 per cent), Banks (36 per cent) and Cements (77 per cent) whereas despite 83 per cent jump in crude oil prices, index heavy E&Ps remained a Laggard with 11 per cent return. Market remained fairly liquid through the year with average daily traded volume jumped by 169 per cent to 528 million shares compared to 196 million shares changing hands in FY20. Whereas average value traded also jumped by 163 per cent YoY to USD 120 million compared to USD 46 million a year back.



## REPORT OF THE DIRECTOR OF THE PENSION FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2021

Foreign investors continued their selling spree in FY21 as well with net selling of USD 387 million compared to USD 285 million a year back. Whereas most of this selling was countered by individuals and companies with net buying of USD 332 million and USD 138 million, respectively.

### FUND PERFORMANCE

#### *Debt Fund*

The debt sub-fund generated an annualized return of 6.35 per cent during the period under review. The fund's exposure towards PIBs stood at 10.2 per cent and exposure in cash was 57.4 per cent at period end.

The Net Assets of the Fund as at June 30, 2021 stood at Rs. 495.01 million as compared to Rs. 558.58 million as at June 30, 2020 registering a decrease of 11.38 per cent.

The Net Asset Value (NAV) per unit as at June 30, 2021 was Rs. 317.31 as compared to opening NAV of Rs. 298.36 per unit as at June 30, 2020 registering an increase of Rs. 18.95 per unit.

#### *Money Market Fund*

The money market sub-fund generated a return of 5.55 per cent during the period. The fund's exposure in T-bills was 0 per cent while exposure in cash was 99.4 per cent.

The Net Assets of the Fund as at June 30, 2021 stood at Rs. 533.36 million as compared to Rs. 523.19 million as at June 30, 2020 registering an increase of 1.94 per cent.

The Net Asset Value (NAV) per unit as at June 30, 2021 was Rs. 280.02 as compared to opening NAV of Rs. 265.29 per unit as at June 30, 2020 registering an increase of Rs. 14.73 per unit.

#### *Equity Fund*

The Equity sub-fund generated a return of 32.77 per cent against the KSE-100 return of 37.58 per cent. The sub-fund slightly decreased its overall equity exposure to 95.4 per cent. Sector-wise, the sub-fund mainly held exposure in Commercial Banks and Cement.

The Net Assets of the Fund as at June 30, 2021 stood at Rs. 904.78 million as compared to Rs. 641.56 million as at June 30, 2020 registering an increase of 41.03 per cent.

The Net Asset Value (NAV) per unit as at June 30, 2021 was Rs. 585.07 as compared to opening NAV of Rs. 440.67 per unit as at June 30, 2020 registering an increase of Rs. 144.40 per unit.

### Equity, Debt and Money Market Fund

SRB through its letter dated August 12, 2021 received on August 13, 2021 by MUFAP, has intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. On August 13, 2021 the management in consultation with MUFAP and after concurrence for prospective reversal of provision of SWWF from SECP, reversed the cumulative provision for SWWF recognized in the fund for the period from May 21, 2015 to August 12, 2021. Accordingly, going forward, no provision for SWWF would be recognized in the fund. This reversal of provision has contributed towards an unusual increase in NAV of the Fund on August 13, 2021. This is one-off event and is not likely to be repeated in the future. For further details, refer note 12.1 to the financial statements.

### Economy & Market – Future Outlook

Growth momentum is likely to continue in the coming year given the accommodative monetary and fiscal policies. Broader economy appears to be operating close to pre-covid levels gauged by LSM growth, cement sales, auto sales, etc. We expect GDP growth to improve further in FY-22 but likely remain slightly lower from government target of 4.8 per cent for FY-22. The recent surge in commodity prices poses challenges to both to Fiscal and External Accounts. On the fiscal side, targets for revenue and development expenditures are highly unlikely to be met.

With imports resuming momentum, Current Account Deficit is expected to reach near 2.8 per cent of GDP which is likely to weaken the exchange rate to near 170 against USD by year end. Commodity prices and weaker currency are also likely to keep average inflation persistent and it may remain near 8.5 per cent. We therefore expect tightening of monetary policy later in the year and expect interest to reach up to 9 per cent by the year end.

## REPORT OF THE DIRECTOR OF THE PENSION FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2021

---

IMF program appears to remain on hold as government chooses to further pro-growth measures over austerity based conventional IMF reforms. Focus on growing exports and stimulate domestic demand through investment in construction and housing are the hallmarks of government pro-growth strategy. Enabling environment including stable interest rates, low cost financing schemes for housing and machinery imports and avoiding further increase in power tariffs are the key initiatives in this regard. Public Sector entities and in particular energy sector still remains a thorny issue in IMF talks and continue to remain a major challenge for the government despite recent steps taken to lessen the burden on public finances. A sharp deterioration in balance of payment account may force government to succumb to IMF policy framework and thus alter the economic growth trajectory.

From capital market perspective, particularly equities, markets are watchful of the 4<sup>th</sup> wave of Covid cases which do pose risks in the near term. As growth momentum continues, equities have potential to provide decent returns to investors. Risk premiums vis a vis 10-year bonds is right now at 3.6 per cent, compared to historical average of 1.3 per cent suggesting some upside due to re-rating would be possible. Earnings growth will be a key driver for the next few years. We therefore expect stronger returns from equity market to continue. Recent announcement about reclassification of PSX from MSCI Emerging Market Index to MSCI Frontier Market Index is to remain marginally positive thus local investors are likely to drive the market momentum.

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.

### Mutual Fund Industry Review

The Net Assets of the open end mutual fund industry increased by about 37.2 per cent to PKR 1,018 billion in this fiscal year. Money market funds and Fixed Income funds experienced an influx of investment as corporate liquidity swiftly moving towards mutual funds. Total money market funds grew by about 48 per cent during the period to PKR 467 billion. Within the money market sphere, the conventional funds dominated as they grew by about 39 per cent to PKR 285 billion. Equity and related funds surged rapidly by 33 per cent from PKR 224 billion to PKR 299 billion over the year. Most of the rise in equity and equity linked fund assets can be attributed to a positive uptick in the market that was up approx. 38 per cent YoY owing to favorable investor sentiments.

In terms of the segment share, Money Market funds were the leader with a share of around 46 per cent, followed by Equity and Equity related funds with a share of 30 per cent and Income funds having a share of 24 per cent as at the end of the fiscal year.

### Mutual Fund Industry Outlook

Record decline in interest rates have reinstated the confidence in risk asset classes. We expect liquidity to gear up towards equity and related funds. The sustainability of liquidity will however depend on how the economy transitions through this phase of pandemic. Our operations remained seamless and given our competitive edge due to aggressive investment in digital access and online customer experience, the environment provides an opportunity with growing number of investors available online.

### External Auditors

The fund's external auditors, **Ernst & Young Ford Rhodes Chartered Accountants** have retired during the year & **Yousuf Adil Chartered Accountants** have been appointed as an external auditors of the fund for financial year ending June 30, 2022. **Yousuf Adil Chartered Accountants** has also expressed their willingness to act as the fund auditors.

## REPORT OF THE DIRECTOR OF THE PENSION FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2021

---

### ACKNOWLEDGMENT

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

On behalf of Directors,



---

**Muhammad Saqib Saleem**  
Chief Executive Officer  
September 15, 2021

خارجی آڈیٹرز

فنڈ کے خارجی آڈیٹرز کے Ernst & Young Ford Rhodes چارٹرڈ اکاؤنٹنٹس، دوران سال ریٹائر ہو گئے ہیں اور Yousf Adil چارٹرڈ اکاؤنٹنٹس، کو فنڈ کے خارجی آڈیٹرز برائے سال مختتمہ 30 جون 2022ء مقرر کر دیا گیا ہے۔  
Yousf Adil چارٹرڈ اکاؤنٹنٹس نے بھی فنڈ کے آڈیٹرز کے طور پر کام کرنے کے لیے اپنی رضامندی کا اظہار کر دیا ہے۔

اظہار تشکر

بورڈ آف ڈائریکٹرز فنڈ کے قابل قدر سرمایہ کاروں، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور فنڈ کے ٹرسٹیز کی مسلسل معاونت اور حمایت کے لیے شکر گزار ہے۔ ڈائریکٹرز انتظامیہ ٹیم کی کاوشوں کو بھی خراج تحسین پیش کرتے ہیں۔

من جانب ڈائریکٹرز



محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

15 ستمبر 2021ء

لیے ایک بڑا چیلنج بنا ہوا ہے۔ ادائیگی کے توازن کے اکاؤنٹ میں تیزی سے ہونے والا بگاڑ حکومت کو آئی ایم ایف پالیسی کے ڈھانچے کے سامنے ہتھیار ڈالنے پر مجبور کر سکتا ہے جس کے نتیجے میں معاشی ترقی کی رفتار میں تبدیلی آ سکتی ہے۔

کیپیٹل مارکیٹ کے نقطہ نظر سے، خصوصاً ایکویٹیز کے تناظر میں، بازار کو وڈ کی چوتھی لہر کے حوالے سے گہری نظر رکھے ہوئے ہیں جس سے مدت قریب میں خطرات لاحق ہیں۔ ترقی کی رفتار جاری رہنے کے تناظر میں ایکویٹیز سرمایہ کاروں کو اچھا منافع دینے کی استعداد کی حامل ہے۔ دس سالہ بانڈز سے متعلق خطرات کے پریمیم فی الوقت 3.6 فیصد پر ہیں، اور قدیم اوسط 1.3 فیصد کے ساتھ تقابل سے پتہ چلتا ہے کہ شرح کے دوبارہ تعین کی بدولت کچھ فائدہ ممکن ہے۔ آمدنیوں میں اضافہ اگلے کچھ برسوں کے لیے کلیدی محرک ہوگا۔ چنانچہ ایکویٹی مارکیٹ سے مضبوط تر منافع جات جاری رہنے کی توقع کی جاسکتی ہے۔ حال ہی میں پاکستان اسٹاک ایکسچینج کی درجہ بندی کی ایم ایس سی آئی (موگرن اسٹینڈی کیپیٹل انٹرنیشنل) امرجنگ مارکیٹ انڈیکس سے ایم ایس سی آئی فرنٹیر مارکیٹ انڈیکس میں تبدیلی سے متعلق اعلان معمولی حد تک مثبت رہے گا، چنانچہ مقامی سرمایہ کار ممکنہ طور پر بازار کی رفتار میں کردار ادا کریں گے۔

قرض حاملین کے لیے ہم توقع کرتے ہیں کہ بازار زر کے فنڈ سال بھر بلار کاوٹ پالیسی شرحوں کی عکاسی جاری رکھیں گے۔ دوسری جانب حکومتی بانڈز متوقع پیداواری ختم میں شامل ہو 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۔

### میوچل فنڈ صنعت کا جائزہ

اوپن end میوچل فنڈ صنعت کے net اثاثہ جات اس مالی سال میں تقریباً 37.2 فیصد بڑھ کر 1,018 بلین روپے ہو گئے۔ منی مارکیٹ فنڈز اور فیکسڈ انکم فنڈز میں خطیر سرمایہ کاری ہوئی کیونکہ کارپوریٹ نقدیت تیزی سے میوچل فنڈز کی جانب بڑھ رہی ہے۔ منی مارکیٹ کے مجموعی فنڈز دوران مدت تقریباً 48 فیصد بڑھ کر 467 بلین روپے ہو گئے۔ منی مارکیٹ کے دائرہ کار میں روایتی فنڈز حاوی رہے اور تقریباً 39 فیصد بڑھ کر 285 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز میں دوران سال 33 فیصد کا بھرپور اضافہ ہوا اور وہ 224 بلین روپے سے 299 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز کے اثاثہ جات میں اضافے کا بڑا سبب سرمایہ کاروں کے مثبت جذبات کی بدولت مارکیٹ میں 38 فیصد سال در سال (YoY) ترقی کو قرار دیا جاسکتا ہے۔

شعبہ جاتی حصے کے اعتبار سے مالی سال کے اختتام پر منی مارکیٹ فنڈز تقریباً 46 فیصد حصے کے ساتھ سب سے آگے تھے، جبکہ ایکویٹی اور متعلقہ فنڈز تقریباً 30 فیصد، اور انکم فنڈز تقریباً 24 فیصد کے حامل تھے۔

### میوچل فنڈ صنعت کے مستقبل کا منظر

سود کی شرحوں میں اب تک کی سب سے زیادہ کمی کی بدولت خطرات کے حامل اثاثہ جات میں اعتماد بحال ہوا ہے۔ ہم امید کرتے ہیں کہ ایکویٹی اور متعلقہ فنڈز کے شعبے میں نقدیت کی صورتحال بہتر ہوگی۔ تاہم نقدیت کی پائیداری کا انحصار اس بات پر ہوگا کہ معیشت اس وباء کے مرحلے سے کس طرح گزرتی ہے۔ ہمارے آپریشنز بلار کاوٹ جاری رہے، اور ڈیجیٹل رسانی اور آن لائن سہولیات میں بھرپور سرمایہ کاری کے نتیجے میں ہمیں جو سہولت حاصل ہے اس کی بدولت ہم آن لائن دستیاب سرمایہ کاروں کی بڑھتی ہوئی تعداد سے استفادہ کر سکیں گے۔

## ایکویٹی، Debt اور منی مارکیٹ فنڈ

ایس آر بی نے اپنے خط مؤرخہ 12 اگست 2021ء کے ذریعے، جو MUFAP کو 13 اگست 2021ء کو موصول ہوا، MUFAP کو مطلع کر دیا ہے کہ میوچل فنڈز مالیاتی اداروں / صنعتی اسٹیبلشمنٹس کے طور پر اہل نہیں ہیں اور چنانچہ SWWF کے شراکتی حصے ان پر واجب الاداء نہیں ہیں۔ 13 اگست 2021ء کو انتظامیہ نے MUFAP سے مشورے کے بعد اور ایس ای سی پی سے SWWF کے پراویژن کی متوقع تقلیب پر اتفاق رائے کے بعد فنڈ میں 21 مئی 2015ء تا 12 اگست 2021ء کی مدت کے لیے کیے گئے SWWF کے مجموعی پراویژن کی تقلیب کر دی ہے۔ چنانچہ آئندہ فنڈ میں SWWF کے لیے کوئی پراویژن نہیں کیا جائے گا۔ پراویژن کی تقلیب کے باعث 13 اگست 2021ء کو فنڈ کی net اثاثہ جاتی قدر (این اے وی) میں غیر معمولی اضافہ ہوا۔ یہ واقعہ صرف ایک مرتبہ ہوا ہے اور اس کے دوبارہ ہونے کا امکان نہیں ہے۔ مزید تفصیلات کے لیے مالیاتی گوشواروں کا نوٹ 12.1 ملاحظہ فرمائیے۔

## ایکویٹی فنڈ

ایکویٹی مارکیٹ ذیلی فنڈ نے 32.77 فیصد منافع حاصل کیا جبکہ کراچی اسٹاک ایکسچینج (کے ایس ای) 100 کا منافع 37.58 فیصد منافع تھا۔ ذیلی فنڈ نے ایکویٹیز میں اپنی مجموعی شمولیت، معمولی کمی کی بعد 95.4 فیصد تک کردی شعبہ جاتی اعتبار سے ذیلی فنڈ نے زیادہ تر شمولیت کمرشل بینکوں اور سیمنٹ کے شعبے میں رکھی۔

30 جون 2021ء کو فنڈ کے net اثاثہ جات 904.78 ملین روپے تھے جو 30 جون 2020ء کی سطح 641.56 ملین روپے کے مقابلے میں 41.03 فیصد اضافہ ہے۔

30 جون 2021ء کو net اثاثہ جاتی قدر (این اے وی) فی یونٹ 585.07 روپے تھی جو 30 جون 2020ء کو ابتدائی این اے وی 440.67 روپے فی یونٹ کے مقابلے میں 144.40 روپے فی یونٹ اضافہ ہے۔

## معیشت اور بازار - مستقبل کا منظر

سہل مالیاتی پالیسیوں کے سبب آنے والے سال میں ترقی کی رفتار جاری رہنے کا امکان ہے۔ وسیع تر معیشت قبل از کووڈ سطحوں کے قریب چلتی ہوئی نظر آرہی ہے جس کی پیمائش ایل ایس ایم میں ترقی، سیمنٹ کی فروخت، گاڑیوں کی فروخت وغیرہ سے ہوتی ہے۔ ہم امید کرتے ہیں کہ جی ڈی پی میں مالی سال 2022ء میں مزید ترقی ہوگی لیکن حکومتی ہدف 4.8 فیصد سے کچھ کم رہے گی۔ اشیاء کی قیمتوں میں حالیہ اضافے نے مالیاتی اور خارجی، دونوں اکاؤنٹس کے لیے مشکلات پیدا کی ہیں۔ مالیاتی جہت میں آمدنی اور ترقیاتی اخراجات کے اہداف کا پورا ہونا بہت مشکل ہے۔

درآمدات کی رفتار میں بحالی سے کرنٹ اکاؤنٹ خسارہ جی ڈی پی کے تقریباً 2.8 فیصد پہنچ جانے کی امید ہے جس کے باعث اختتام سال تک زرمبادلہ کی شرح کمزور ہو کر تقریباً 170 ڈالر ہونے کا امکان ہے۔ اشیاء کی قیمتیں اور کمزور تر روپیہ بھی اوسط افراط زر کو برقرار رکھنے کا سبب بن سکتے ہیں جو تقریباً 8.5 فیصد ہو سکتی ہے۔ چنانچہ دوران سال آگے چل کر مالیاتی پالیسی میں سختی متوقع ہے اور اختتام سال تک سود کے 9 فیصد تک پہنچ جانے کا امکان ہے۔

آئی ایم ایف پروگرام بظاہر تعطل کا شکار ہے کیونکہ حکومت کفایت شعاری پر مبنی روایتی آئی ایم ایف اصلاحات پر ترقی پسندانہ اقدامات میں توسیع کو ترجیح دے رہی ہے۔ تعمیرات اور رہائش کے شعبوں میں سرمایہ کاری کے ذریعے برآمدات میں اضافے اور مقامی طلب کو متحرک کرنے پر توجہ کا ارتکاز حکومت کی ترقی پسندانہ حکمت عملی کے سنگ میل ہیں۔ اس ضمن میں کلیدی اقدامات میں سازگار ماحول بشمول سود کی مستحکم شرحیں، رہائش اور مشینوں کی درآمدات کے لیے رقم مہیا کرنے کی کم لاگت اسکیمیں، اور بجلی کی محصولات میں مزید اضافے سے احتراز شامل ہیں۔ پبلک سیکٹر میں رقوم کی فراہمی پر بوجھ میں کمی کے حالیہ حکومتی اقدامات کے باوجود پبلک سیکٹر کے ادارے اور خاص طور پر توانائی کا شعبہ تا حال آئی ایم ایف مذاکرات میں ایک تلخ مسئلہ اور حکومت کے



## ایکویٹی مارکیٹ کا جائزہ

کراچی اسٹاک ایکسچینج - 100 انڈیکس نے مالی سال 2021ء کے لیے 38 فیصد منافع پوسٹ کیا اور اختتام سال پر 12,934 پوائنٹس کا اضافہ حاصل کر کے 47,356 پوائنٹس پر پہنچ گیا۔ یہ مالی سال 2014ء سے لے کر اب تک کا بلند ترین منافع تھا جب انڈیکس نے دوران سال 41 فیصد منافع حاصل کیا۔ دوران سال کو وڈ کی دوسری لہر (اکتوبر 2020ء) اور تیسری لہر (فروری 2021ء) کے ظہور نو اور حزب اختلاف کی ریلیوں اور سیٹھ کے انتخابات کے باعث پیدا ہونے والی سیاسی بد امنی کے باعث بازار کی چلک متاثر ہوئی۔ البتہ متوقع سے مضبوط تر معاشی بحالی اور مرکزی بینک کے اقدامات (TERF، RDA اور بینکوں کی جانب سے گھر کے لیے رقم کی لازمی فراہمی) کی بدولت بازار کی مثبت رفتار جاری رہی۔

انڈیکس میں اہم مثبت کردار ادا کرنے والے شعبے ٹیکنالوجی (385 فیصد)، بینک (36 فیصد) اور سیمنٹ (77 فیصد) رہے، جبکہ خام تیل کی قیمتوں میں 83 فیصد اضافے کے باوجود دریافت اور پیداوار (ای اینڈ پی) کا شعبہ 11 فیصد منافع کے ساتھ سست روی کا شکار رہا۔ بازار میں نقدیت کی صورتحال سال بھر ٹھیک ٹھاک رہی اور اوسط یومیہ حجم 169 فیصد بڑھ کر 528 ملین حصص ہو گیا جبکہ مالی سال 2020ء میں 196 ملین حصص تھا۔ علاوہ ازیں، تجارت کردہ اوسط قدر بھی 163 فیصد سال در سال (YoY) بڑھ کر 120 ملین ڈالر ہو گئی جو ایک سال قبل 46 ملین ڈالر تھی۔

غیر ملکی سرمایہ کاروں میں فروخت کا جوش مالی سال 2021ء کے دوران بھی برقرار رہا اور 387 ملین ڈالر کی خالص منافع ہوا جبکہ سال گزشتہ 285 ملین ڈالر تھی۔ لیکن اس فروخت کا اکثر حجم افراد اور کمپنیوں کی جانب سے کی گئی فروخت، بالترتیب 332 ملین ڈالر اور 138 ملین ڈالر، کے ذریعے زائل ہو گیا۔

## فنانس کی کارکردگی

### Debt فنڈ

زیر جائزہ مدت کے دوران Debt ذیلی فنڈ کا ایک سال پر محیط منافع 6.35 فیصد تھا۔ فنڈ کی پاکستان انویسٹمنٹ بانڈز (پی آئی بی) میں شمولیت 10.2 فیصد تھی جبکہ نقد میں شمولیت 57.4 فیصد تھی۔

30 جون 2021ء کو فنڈ کے net اثاثہ جات 495.01 ملین روپے تھے جو 30 جون 2020ء کی سطح 558.58 ملین روپے کے مقابلے میں 11.38 فیصد کمی ہے۔

30 جون 2021ء کو net اثاثہ جاتی قدر (این اے وی) فی یونٹ 317.31 روپے تھی جو 30 جون 2020ء کو ابتدائی این اے وی 298.36 روپے فی یونٹ کے مقابلے میں 18.95 روپے فی یونٹ اضافہ ہے۔

### منی مارکیٹ فنڈ

دوران مدت منی مارکیٹ ذیلی فنڈ نے 5.55 فیصد منافع حاصل کیا۔ فنڈ کی ٹریڈری بلنز (ٹی بلنز) میں شمولیت 0 فیصد تھی جبکہ نقد میں شمولیت 99.4 فیصد تھی۔

30 جون 2021ء کو فنڈ کے net اثاثہ جات 533.36 ملین روپے تھے جو 30 جون 2020ء کی سطح 523.19 ملین روپے کے مقابلے میں 1.94 فیصد اضافہ ہے۔

30 جون 2021ء کو net اثاثہ جاتی قدر (این اے وی) فی یونٹ 280.02 روپے تھی جو 30 جون 2020ء کو ابتدائی این اے وی 265.29 روپے فی یونٹ کے مقابلے میں 14.73 روپے فی یونٹ اضافہ ہے۔



بورڈ آف ڈائریکٹرز کی جانب سے پاکستان پنشن فنڈ کے گوشواروں مختتمہ 30 جون 2021ء کا جائزہ پیش خدمت ہے۔

## معیشت اور بازار کا جائزہ

مالی سال 2021ء معاشی کارکردگی کے اعتبار سے مثبت سال ثابت ہوا ہے۔ مجموعی ملکی پیداوار (جی ڈی پی) اس سال کے ہدف (2.1 فیصد) سے سبقت لے گئی اور اس میں 3.94 فیصد ترقی ہوئی۔ اس توقع سے بہتر کارکردگی کے اسباب سود کی نسبتاً کم اور مستحکم شرحیں، اسٹیٹ بینک آف پاکستان (ایس بی پی) کی معاونتی مالیاتی اسکیمیں، شعبہ تعمیرات کی حوصلہ افزائی کے لیے ایمنسٹی اسکیم، طلب میں بحالی اور کھپت میں مجموعی ترقی کے لیے معاون ثابت ہونے والی ترسیلات کی مضبوط آمد ہیں۔

ترقی کی رفتار سال بھر تیز رہی جس کی عکاسی مختلف شعبوں کی کارکردگی کے ذریعے ہوتی ہے۔ سیمنٹ کے شعبے میں مقامی ترسیلات میں متاثر کن بحالی ہوئی اور ان میں سال گزشتہ کے مقابلے میں تقریباً 20 فیصد ترقی ہوئی۔ 2 اور 3 پھیوں والی گاڑیوں کی فروخت میں بھی تقریباً 39 فیصد کا متاثر کن ترقی ہوئی جس سے معیشت میں پلک کی عکاسی ہوتی ہے۔ اسی طرح، پٹرول اور ڈیزل کی طلب میں سال گزشتہ کے مقابلے میں بالترتیب 12 فیصد اور 16 فیصد اضافہ ہوا جس سے معیشت میں وسیع تر بحالی کی نشاندہی ہوتی ہے۔ مجموعی طور پر بڑے پیمانے پر ہونے والی مینوفیکچرنگ (ایل ایس ایم) کے انڈیکس میں گزشتہ شعبوں کی بدولت موجودہ مالی سال کے پہلے گیارہ ماہ میں تقریباً 14.6 فیصد ترقی ہوئی ہے۔

خارجی میدان میں مالی سال 2021ء میں کرنٹ اکاؤنٹ کا خسارہ 1.8 بلین ڈالر (جی ڈی پی کا 0.6 فیصد) تھا جو گزشتہ سال کے خسارے 4.4 بلین ڈالر (جی ڈی پی کے 1.7 فیصد) کے مقابلے میں 58 فیصد بہتری ہے۔ اشیاء اور خدمات میں تجارت پر بقایا پر 30 بلین ڈالر خسارے (اس سال تقریباً 23 فیصد زیادہ) کے باوجود کارکنان کی ترسیلات کی مضبوط آمد کے سبب کرنٹ اکاؤنٹ خسارہ معمولی منفی رہا۔ ترسیلات بڑھ کر 29.4 بلین ڈالر ہو گئیں جو سال گزشتہ کی سطح 23.1 بلین ڈالر کے مقابلے میں 27 فیصد اضافہ ہے۔

افراط زر حکومت کی دھتکی رگ بنی رہی کیونکہ اشیائے خورد و نوش کی بڑھتی ہوئی قیمتوں کے باعث پالیسی ساز مشکلات کا شکار رہے۔ مجموعی افراط زر، جس کی ترجمانی صارفی قیمت کے انڈیکس (سی پی آئی) سے ہوتی ہے، کا اوسط سال گزشتہ سے 8.9 فیصد زیادہ تھا، جبکہ اشیائے خورد و نوش کے افراط زر کا اوسط دوران مدت 13 فیصد تھا۔ رسد کی جہت میں مسائل اور بد انتظامی کے باعث جلد خراب ہو جانے والی اشیائے خورد و نوش اور گندم کی قیمتوں میں اضافہ جاری رہا۔ اس کے باوجود بنیادی افراط زر، جس کی پیمائش اشیائے خورد و نوش اور توانائی کے علاوہ سے ہوتی ہے، قابو میں تھی اور اس کا اوسط برائے مدت 6.4 فیصد تھا۔ مانیٹری پالیسی کمیٹی (ایم پی سی) نے گزشتہ اجلاسوں میں پے در پے کٹوتیوں کے بعد صورتحال کو برقرار رکھا۔ اگرچہ حقیقی سود کی شرح منفی رہی لیکن مرکزی بینک کو وڈ کے باعث طلب کی جہت پر پڑنے والے دباؤ اور بہتر خارجی صورتحال کی بدولت پیدا ہونے والی سہولت کے حوالے سے محتاط تھا۔ معیشت کے مستحکم ہونے کے آغاز کے ساتھ ٹیکس وصولی بھی بہتر ہوئی اور اس میں دوران مالی سال 18 فیصد اضافہ ہوا جو نظر ثانی شدہ ہدف سے 30 بلین روپے زیادہ تھا۔ ابتدائی نو ماہ کا مالیاتی خسارہ جی ڈی پی کا 3.6 فیصد تھا جبکہ سال گزشتہ جی ڈی پی کا 3.8 فیصد تھا۔ بنیادی توازن جی ڈی پی کے 1.0 فیصد زائد کے ساتھ مزید بہتر رہا جبکہ سال گزشتہ جی ڈی پی کا 0.4 فیصد تھا۔

افراط زر میں اضافے کے رجحان کے سبب پیداواری خم بلندی کی طرف جانا شروع ہو گیا۔ دوران مدت تین، پانچ اور دس سالہ بانڈز میں بالترتیب 146، 138 اور 125 بیسیس پوائنٹس (بی پی ایس) کا اضافہ ہوا۔

## REPORT OF THE PENSION FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2021

---

### 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 32.77%. The sub-fund stood at 100% in equity exposure. Sector-wise, the sub-fund mainly held exposure in Commercial Banks and Cement.

The Net Assets of the Fund as at June 30, 2021 stood at Rs. 904.78 million as compared to Rs. 641.56 million as at June 30, 2020 registering an increase of 41.03%. The Net Asset Value (NAV) per unit as at June 30, 2021 was Rs. 585.07 as compared to opening NAV of Rs. 440.67 per unit as at June 30, 2020 registering an increase of Rs. 144.4 per unit.

#### Money Market Sub-Fund

The money market sub-fund generated a return of 5.55% during the period. The fund's exposure in Cash was 99.4%.

The Net Assets of the Fund as at June 30, 2021 stood at Rs. 533.36 million as compared to Rs. 523.19 million as at June 30, 2020 registering an increase of 1.94%. The Net Asset Value (NAV) per unit as at June 30, 2021 was Rs. 280.02 as compared to opening NAV of Rs. 265.29 per unit as at June 30, 2020 registering an increase of Rs. 14.73 per unit.

#### Debt Sub-Fund

The debt sub-fund generated an annualized return of 6.35% during the period under review. The fund's exposure in Cash stood at 57.4% while exposure in PIBs was 10.2% towards the period end.

The Net Assets of the Fund as at June 30, 2021 stood at Rs. 495.01 million as compared to Rs. 558.58 million as at June 30, 2020 registering a decrease of 11.38%. The Net Asset Value (NAV) per unit as at June 30, 2021 was Rs. 317.31 as compared to opening NAV of Rs. 298.36 per unit as at June 30, 2020 registering an increase of Rs. 18.95 per unit.

## REPORT OF THE PENSION FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2021

### Asset Allocation (Equity Sub-fund) as of June 30, 2021 (% of Total Assets)

PPF-Equity (%age of Total Assets)	Jun-21
Cash	2.1%
Commercial Banks	21.4%
Cement	20.5%
Oil & Gas Exploration Companies	11.6%
Textile Composite	5.3%
Oil & Gas Marketing Companies	5.5%
Other equity sectors	31.1%
Others including receivables	2.5%

### Asset Allocation (MM Sub-fund) as of June 30, 2021 (% of Total Assets)

PPF-Money Market (%age of Total Assets)	Jun-21
Cash	99.4%
T-Bills	0.0%
Others including receivables	0.6%
Term Deposits with Banks	0.0%

### Asset Allocation (Debt Sub-fund) as of June 30, 2021 (% of Total Assets)

PPF-Debt (%age of Total Assets)	Jun-21
Cash	57.4%
PIBs	10.2%
Commercial Paper	0.0%
TFCs/Sukuks	7.1%
T-Bills	0.0%
Others including receivables	25.3%

---

Syed Abid Ali  
Fund Manager

# TRUSTEE REPORT TO THE PARTICIPANTS

---

## CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

### Head Office:

CDC House, 99-B, Block 'B'  
S.M.C.H.S., Main Shakra-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, 2021 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 10, 2021



# 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 2021 and for the year ended 30 June 2021 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 2021 and of the transactions of the fund for the year ended 30 June 2021;
- 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: 21 September 2021

Karachi



# STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2021


June 30, 2021					June 30, 2020				
	Equity	Debt	Money		Equity	Debt	Money		
	Sub-Fund	Sub-Fund	Market	Total	Sub-Fund	Sub-Fund	Market	Total	
Note	(Rupees '000)				(Rupees '000)				
<b>Assets</b>									
Bank balances	19,575	441,179	534,910	995,664	26,748	141,852	221,543	390,143	
Investments	883,204	132,613	-	1,015,817	637,124	421,160	303,990	1,362,274	
Mark-up receivable	55	4,020	2,719	6,794	179	5,789	1,285	7,253	
Dividend receivable	1,378	-	-	1,378	-	-	-	-	
Advances, deposits and other receivables	3,708	389	274	4,371	3,035	928	267	4,230	
Receivable against sale of investment	17,494	189,859	-	207,353	-	-	-	-	
<b>Total assets</b>	<b>925,414</b>	<b>768,060</b>	<b>537,903</b>	<b>2,231,377</b>	<b>667,086</b>	<b>569,729</b>	<b>527,085</b>	<b>1,763,900</b>	
<b>Liabilities</b>									
Payable to pension fund manager	1,281	688	740	2,709	880	765	713	2,358	
Payable to trustee	109	58	62	229	76	66	61	203	
Annual fee payable to SECP	212	127	125	464	198	160	120	478	
Payable against purchase of investment	7,434	264,828	-	272,262	13,558	-	-	13,558	
Accrued expenses and other liabilities	11,598	7,353	3,617	22,568	10,819	10,161	3,002	23,982	
<b>Total liabilities</b>	<b>20,634</b>	<b>273,054</b>	<b>4,544</b>	<b>298,232</b>	<b>25,531</b>	<b>11,152</b>	<b>3,896</b>	<b>40,579</b>	
<b>Net assets</b>	<b>904,780</b>	<b>495,006</b>	<b>533,359</b>	<b>1,933,145</b>	<b>641,555</b>	<b>558,577</b>	<b>523,189</b>	<b>1,723,321</b>	
Participants' sub funds (as per Statement of Movement in Participants' sub funds)									
	<b>904,780</b>	<b>495,006</b>	<b>533,359</b>		<b>641,555</b>	<b>558,577</b>	<b>523,189</b>	<b>1,723,321</b>	
----- (Number of units) -----					----- (Number of units) -----				
Number of units in issue	<b>1,546,460</b>	<b>1,560,015</b>	<b>1,904,728</b>		<b>1,455,861</b>	<b>1,872,146</b>	<b>1,972,139</b>		
----- (Rupees) -----					----- (Rupees) -----				
Net assets value per unit	<b>585.07</b>	<b>317.31</b>	<b>280.02</b>		<b>440.67</b>	<b>298.36</b>	<b>265.29</b>		
<b>Contingencies and commitments</b>									

The annexed notes from 1 to 26 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, 2021

		Year ended June 30, 2021				Year ended June 30, 2020			
		Equity	Debt	Money	Total	Equity	Debt	Money	Total
		Sub-Fund	Sub-Fund	Market		Sub-Fund	Sub-Fund	Market	
Note		(Rupees '000)				(Rupees '000)			
<b>Income</b>									
Financial income on:									
		847	7,968	12,984	21,799	2,825	13,434	14,584	30,843
	- Bank balance	-	-	609	609	-	-	1,243	1,243
	- Term deposit receipts	-	1,901	986	2,887	-	4,396	2,050	6,446
	- Commercial paper	-	25,879	23,448	49,327	-	36,711	34,902	71,613
	- Government securities	-	7,852	-	7,852	-	15,695	-	15,695
	- Term finance certificates	41,318	-	-	41,318	36,296	-	-	36,296
	Dividend income	101,773	(2,328)	(871)	98,574	38,542	22,355	3,274	64,171
	Net gain / (loss) on sale of investments	103,122	1,009	-	104,131	(47,263)	2,927	1,184	(43,152)
	Net unrealised gain / (loss) on revaluation of investments	-	15	-	15	-	62	-	62
	Other income	247,060	42,296	37,156	326,512	30,400	95,580	57,237	183,217
	<b>Total income</b>								
<b>Expenses</b>									
	Remuneration of pension fund manager	12,702	7,633	7,495	27,830	10,290	8,310	6,329	24,929
	Sales tax and Federal Excise Duty on remuneration of Pension fund manager	1,651	992	974	3,617	1,338	1,080	823	3,241
	Remuneration of trustee	1,073	645	633	2,351	892	721	549	2,162
	Sales tax on remuneration of trustee	140	84	83	307	116	94	71	281
	Annual fee - Securities and Exchange Commission of Pakistan (SECP)	212	127	125	464	198	160	120	478
	Auditors' remuneration	244	146	145	535	229	188	141	558
	Custody and settlement charges	502	330	6	838	433	367	7	807
	Securities transaction cost	2,877	43	7	2,927	1,919	221	50	2,190
	Provision for Sindh Workers' Welfare Fund (SWWF)	4,558	604	573	5,735	227	1,595	1,156	2,978
	Bank charges	20	79	60	159	18	274	103	395
	<b>Total expenses</b>	23,979	10,683	10,101	44,763	15,660	13,010	9,349	38,019
<b>Net income from operating activities</b>		223,081	31,613	27,055	281,749	14,740	82,570	47,888	145,198
Element of (loss) / income and capital (losses) / gains included in the prices of units sold less those in units redeemed - net		243	(2,031)	1,012	(776)	(3,635)	(4,501)	8,961	825
<b>Net income for the year before taxation</b>		223,324	29,582	28,067	280,973	11,105	78,069	56,849	146,023
Taxation		-	-	-	-	-	-	-	-
<b>Net income for the year after taxation</b>		223,324	29,582	28,067	280,973	11,105	78,069	56,849	146,023

The annexed notes from 1 to 26 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, 2021

	Year ended June 30, 2021				Year ended June 30, 2020			
	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 income for the year after taxation	223,324	29,582	28,067	280,973	11,105	78,069	56,849	146,023
Other comprehensive income for the year	-	-	-	-	-	-	-	-
Total comprehensive income for the year	<u>223,324</u>	<u>29,582</u>	<u>28,067</u>	<u>280,973</u>	<u>11,105</u>	<u>78,069</u>	<u>56,849</u>	<u>146,023</u>

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

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



Chief Executive Officer



Director



# CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2021

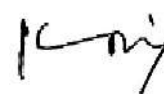
Note	June 30, 2021				June 30, 2020			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees '000)				(Rupees '000)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Net income for the year before taxation	223,324	29,582	28,067	280,973	11,105	78,069	56,849	146,023
<b>Adjustments for non cash and other items:</b>								
Financial income	(847)	(43,600)	(38,027)	(82,474)	(2,825)	(70,236)	(52,779)	(125,840)
Dividend income	(41,318)	-	-	(41,318)	(36,296)	-	-	(36,296)
Net (gain) / loss on sale of investments	(101,773)	2,328	871	(98,574)	(38,542)	(22,355)	(3,274)	(64,171)
Net unrealised (gain) / loss on revaluation of investments	(103,122)	(1,009)	-	(104,131)	47,263	(2,927)	(1,184)	43,152
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed - net	(243)	2,031	(1,012)	776	3,635	4,501	(8,961)	(825)
Provision for Sindh Workers' Welfare Fund	4,558	604	573	5,735	227	1,595	1,156	2,978
	<b>(242,745)</b>	<b>(39,646)</b>	<b>(37,595)</b>	<b>(319,986)</b>	<b>(26,538)</b>	<b>(89,422)</b>	<b>(65,042)</b>	<b>(181,002)</b>
	(19,421)	(10,064)	(9,528)	(39,013)	(15,433)	(11,353)	(8,193)	(34,979)
<b>(Increase) / decrease in assets</b>								
Investments	(41,185)	206,129	146,304	311,248	24,643	(211,238)	(142,717)	(329,312)
Receivable against sale of investment	(17,494)	(189,859)	-	(207,353)	-	-	-	-
Advance, deposits and other receivables	(673)	539	(7)	(141)	(21)	(3)	(6)	(30)
	(59,352)	16,809	146,297	103,754	24,622	(211,241)	(142,723)	(329,342)
<b>Increase / (decrease) in liabilities</b>								
Payable to pension fund manager	401	(77)	27	351	(140)	46	286	192
Payable to the trustee	33	(8)	1	26	(14)	2	23	11
Annual fee payable to the SECP	14	(33)	5	(14)	(62)	(22)	42	(42)
Payable against purchase of investments	(6,124)	264,828	-	258,704	13,558	(221,596)	(19,697)	(227,735)
Payable against redemption of units	(3,207)	(2,706)	-	(5,913)	3,207	2,706	22	5,935
Accrued and other liabilities	(572)	(706)	42	(1,236)	741	967	(94)	1,614
	(9,455)	261,298	75	251,918	17,290	(217,897)	(19,418)	(220,025)
Dividend received	39,940	-	-	39,940	39,172	-	-	39,172
Financial income received	971	45,369	36,593	82,933	2,854	69,885	53,279	126,018
<b>Net cash generated from / (used in) operating activities</b>	<b>(47,317)</b>	<b>313,412</b>	<b>173,437</b>	<b>439,532</b>	<b>68,505</b>	<b>(370,606)</b>	<b>(117,055)</b>	<b>(419,156)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
Net receipts from issuance of units	236,260	145,600	243,126	624,986	201,054	256,738	274,106	731,898
Net payments on redemption of units	(196,116)	(240,784)	(260,011)	(696,911)	(295,692)	(301,260)	(115,821)	(712,773)
<b>Net cash generated from / (used in) financing activities</b>	<b>40,144</b>	<b>(95,184)</b>	<b>(16,885)</b>	<b>(71,925)</b>	<b>(94,638)</b>	<b>(44,522)</b>	<b>158,285</b>	<b>19,125</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(7,173)</b>	<b>218,228</b>	<b>156,552</b>	<b>367,607</b>	<b>(26,133)</b>	<b>(415,128)</b>	<b>41,230</b>	<b>(400,031)</b>
Cash and cash equivalents at beginning of the year	26,748	222,951	378,358	628,057	52,881	638,079	337,128	1,028,088
<b>Cash and cash equivalents at end of the year</b>	<b>19,575</b>	<b>441,179</b>	<b>534,910</b>	<b>995,664</b>	<b>26,748</b>	<b>222,951</b>	<b>378,358</b>	<b>628,057</b>

The annexed notes from 1 to 26 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, 2021


	June 30, 2021				June 30, 2020			
	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 assets at the beginning of the year	641,555	558,577	523,189	1,723,321	721,453	520,529	317,016	1,558,998
Amount received on issuance of units	236,260	145,600	243,126	624,986	201,054	256,738	274,106	731,898
Amount paid on redemption of units	(196,116)	(240,784)	(260,011)	(696,911)	(295,692)	(301,260)	(115,821)	(712,773)
	40,144	(95,184)	(16,885)	(71,925)	(94,638)	(44,522)	158,285	19,125
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net	(243)	2,031	(1,012)	776	3,635	4,501	(8,961)	(825)
	681,456	465,424	505,292	1,652,172	630,450	480,508	466,340	1,577,298
Net income for the year	223,324	29,582	28,067	280,973	11,105	78,069	56,849	146,023
Net assets at the end of the year	904,780	495,006	533,359	1,933,145	641,555	558,577	523,189	1,723,321

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

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



Chief Executive Officer



Director

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

---

## 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 is located at 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi, Pakistan.
- 1.4 The Pakistan Credit Rating Agency (PACRA) has assigned Management quality rating of 'AM1' dated October 06, 2020 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.
- 1.7 The Trust Act, 1882 has been repealed due to promulgation of Provincial Trust Act "Sindh Act 2020" as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Various new requirements including registration under the Trust Act have been introduced. The Management Company after fulfilling the requirement for registration of Trust Deed under Sindh Act 2020, has submitted Collective Investment Scheme Trust Deed to Registrar acting under Sindh Act 2020 for registration

## 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.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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.

### 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

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after July 01, 2020 but are considered not to be relevant or do not have any significant effect on the Fund's operations and therefore not detailed in these 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:

Standard or Interpretation	Effective date (annual periods beginning on or after)
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	January 01, 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	January 01, 2022
Classification of liabilities as current or non-current - Amendment to IAS 1	January 01, 2023
Definition of Accounting Estimates - Amendments to IAS 8	January 01, 2023

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Standard or Interpretation	Effective date (annual periods beginning on or after)
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	January 01, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	January 01, 2023
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.

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, 2022

## 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:

- 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).

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

---

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
- 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.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

---

### **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.

### **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.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

---

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, 2021

---

### 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, 2021

		June 30, 2021		
	Note	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund
		(Rupees in '000)		
		Total		
5. BALANCES WITH BANKS				
Saving accounts	5.1	19,575	441,179	534,910
				995,664

		June 30, 2020		
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund
		(Rupees in '000)		
		Total		
Saving accounts	5.1	26,748	141,852	221,543
				390,143

5.1 These are the savings accounts and carry interest at the rate ranging from 5.50% to 8.85% (2020: 5.50% to 8.85%) per annum. These include balances of Rs.2.458 million (2020: Rs.2.15 million) and Rs.0.006 million (2020: Rs.0.006 million) held with MCB Bank Limited and MCB Islamic Bank Limited respectively, related parties.

		June 30, 2021		
	Note	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund
		(Rupees in '000)		
		Total		
6. INVESTMENTS				
At fair value through profit or loss				
Listed equity securities	6.1	883,204	-	-
Government securities	6.2	-	78,290	-
Debt securities - Term Finance Certificates / Sukuks	6.3	-	54,323	-
Commercial Paper	6.4	-	-	-
Term deposit receipt	6.5	-	-	-
		883,204	132,613	-
				1,015,817

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

### Equity Sub-Fund

Name of the Investee Company	Symbol	Number of shares					Balance as at June 30, 2021			Market value as a % of net assets of the sub-fund	% of the paid up capital of the investee company					
		Purchased during the year	Bonus issue during the year	Right issue during the year	Sold during the year	As at June 30, 2021	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																
<b>Automobile Assembler</b>																
Honda Atlas Cars(Pakistan) Limited	HCAR	28,000	-	-	-	28,000	8,773	9,682	909	1.07%	0.20					
Indus Motors Company Limited	INDU	16,800	-	-	-	16,800	20,475	21,070	594	2.34%	0.21					
Millat Tractors Limited	MTL	-	345	-	13,845	-	-	-	-	0.00%	-					
Pak Suzuki Motors Company Limited	PSMC	26,000	-	-	-	26,000	9,474	9,241	(232)	1.03%	0.32					
Sazgar Engineering Works	SAZEW	50,000	-	-	50,000	-	-	-	-	0.00%	-					
							38,722	39,993	1,271	4.44%	0.73					
<b>Automobile Parts &amp; Accessories</b>																
Agriauto Industries Limited (Par value of Rs.5)	AGIL	25,000	-	-	25,200	43,500	8,281	11,936	3,655	1.32%	1.51					
Thal Limited (Par value of Rs.5)	THALL	-	-	-	-	45,000	14,622	19,025	4,403	2.11%	0.56					
							22,903	30,961	8,058	3.44%	2.07					
<b>Cable &amp; Electrical Goods</b>																
Pak Elektron Limited	PAEL	494,500	-	-	759,500	-	-	-	-	0.00%	-					
							-	-	-	0.00%	-					
<b>Cement</b>																
Attock Cement Pakistan Limited	ACPL	106,500	-	-	5,000	101,500	18,081	18,252	171	2.03%	0.74					
Bestway Cement Limited	BWCL	-	-	-	-	48,600	5,284	7,850	2,566	0.87%	0.08					
Cherat Cement Company Limited	CHCC	60,000	-	-	107,000	-	-	-	-	0.00%	-					
Fauji Cement Company Limited	FCCL	-	-	-	910,000	-	-	-	-	0.00%	-					
Gharibwal Cement Ltd	GWLC	134,500	-	-	-	134,500	5,243	5,241	(2)	0.58%	0.34					
Kohat Cement Limited	KOHC	88,300	-	-	44,000	127,010	24,786	26,226	1,441	2.91%	0.63					
Lucky Cement Limited	LUCK	27,500	-	-	60,150	81,150	42,783	70,068	27,285	7.78%	0.25					
Maple Leaf Cement Factory Limited	MLCF	900,000	-	-	357,000	783,000	30,130	36,785	6,656	4.08%	0.71					
Pioneer Cement Limited	PIOC	412,000	-	-	218,000	194,000	22,158	25,428	3,269	2.82%	0.85					
							148,465	189,850	41,386	21.07%	3.61					
<b>Chemicals</b>																
Archroma Pakistan Limited	ARPL	-	-	-	-	10,500	6,189	6,011	(177)	0.67%	0.31					
Berger Paints Pakistan	BERG	135,000	-	-	-	135,000	10,961	11,783	821	1.31%	6.60					
Biafo Industries Limited	BIFO	-	12	-	139	-	-	-	-	0.00%	-					
Engro Polymer and Chemicals Limited	EPCL	225,000	-	-	509,500	307,714	9,942	14,536	4,595	1.61%	0.34					
ICI Pakistan Limited	ICI	-	-	-	9,500	-	-	-	-	0.00%	-					
Ittehad Chemicals Limited	ICL	-	-	-	253,000	-	-	-	-	0.00%	-					
							27,092	32,330	5,239	3.59%	7.24					
<b>Commercial Banks</b>																
Allied Bank Limited	ABL	-	-	-	25,000	195,000	14,933	14,459	(474)	1.60%	0.17					
Bank Al Falah Limited	BAFL	1,640,000	-	-	1,386,750	580,000	21,199	18,664	(2,534)	2.07%	0.33					
Bank Al Habib Limited	BAHL	76,460	-	-	14,000	348,460	19,369	24,434	5,065	2.71%	0.31					
Bank Of Punjab	BOP	1,850,000	-	-	1,020,000	830,000	7,551	6,972	(579)	0.77%	0.31					
Faysal Bank Limited	FABL	-	-	-	9,420	-	-	-	-	0.00%	-					
Habib Bank Limited	HBL	378,000	-	-	176,000	462,000	53,323	56,535	3,212	6.27%	0.32					
Habib Metropolitan Bank Limited	HMB	-	-	-	60,000	340,000	9,455	13,804	4,349	1.53%	0.32					
Meezan Bank Limited	MEBL	80,000	-	-	-	80,000	8,691	9,233	542	1.02%	0.06					
United Bank Limited	UBL	365,134	-	-	281,000	442,134	51,483	54,029	2,546	6.00%	0.36					
							186,004	198,130	12,127	21.99%	2.18					
<b>Fertilizer</b>																
Engro Fertilizer Limited	EFERT	-	-	-	184,526	474	29	33	5	0.00%	0.00					
Engro Corporation Limited	ENGRO	73,500	-	-	107,000	67,920	20,245	20,010	(235)	2.22%	0.12					
Fauji Fertilizer Company Limited	FFC	175,000	-	-	499,000	-	-	-	-	0.00%	-					
							20,274	20,043	(230)	2.22%	0.12					
<b>Food &amp; Personal Care Products</b>																
AT-TAHUR LIMITED	PREMA	390,000	39,000	-	429,000	-	-	-	-	0.00%	-					
Murree Brewery Company	MUREB	14,500	-	-	-	14,500	8,483	8,436	(46)	0.94%	0.52					
National Foods Limited (Par value of Rs.5)	NATF	-	7,535	-	87,500	675	135	155	19	0.02%	0.00					
Shezan International Limited	SHEZ	-	-	-	-	13,255	2,968	4,392	1,425	0.49%	1.51					
The Organic Meat Company Limited	TOMCL	288,000	-	-	-	288,000	8,496	10,581	2,085	1.17%	2.58					
							20,082	23,564	3,483	2.61%	4.61					
<b>Glass &amp; Ceramics</b>																
Shabbir Tiles & Ceramics Limited (Par value of Rs.5)	STCL	280,000	-	-	-	280,000	9,099	9,338	239	1.04%	0.86					
							9,099	9,338	239	1.04%	0.86					
<b>Insurance</b>																
EFU General Insurance Limited	EFUG	2,300	-	-	-	2,300	276	267	(9)	0.03%	0.01					
							276	267	(9)	0.03%	0.01					
<b>Leather &amp; Tanneries</b>																
Bata Pakistan Limited	BATA	-	-	-	-	4,380	5,883	7,509	1,626	0.83%	0.58					
Service Industries	SRVI	-	4,367	-	21,835	-	-	-	-	0.00%	-					
							5,883	7,509	1,626	0.83%	0.58					
<b>Miscellaneous</b>																
Shifa International Hospitals	SHFA	27,200	-	-	28,000	27,200	6,211	5,961	(250)	0.66%	0.44					
Tri-Pak Films	TRIPF	47,500	-	-	-	47,500	7,719	8,716	998	0.97%	1.22					
							13,930	14,677	748	1.63%	1.66					

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Name of the Investee Company	Symbol	Number of shares					Balance as at June 30, 2021			Market value as a % of net assets of the sub-fund	% of the paid up capital of the investee company
		Purchased during the year	Bonus issue during the year	Right issue during the year	Sold during the year	As at June 30, 2021	Carrying Value	Market value	Unrealised (loss) / gain		
(Number of shares)						(Rupees in '000')			(%)		
OIL & GAS EXPLORATION COMPANIES											
Mari Petroleum Company Limited	MARI	13,000	-	-	1,200	23,820	30,538	36,311	5,773	4.03%	0.18
Oil & Gas Development Company Limited	OGDC	253,000	-	-	312,700	370,200	38,693	35,180	(3,513)	3.90%	0.09
Pakistan Oilfields Limited	POL	66,100	-	-	66,940	39,700	15,427	15,636	210	1.74%	0.14
Pakistan Petroleum Limited	PPL	90,000	-	-	340,900	236,155	20,970	20,505	(465)	2.28%	0.09
							105,628	107,633	2,004	11.94%	0.49
Oil And Gas Marketing Companies											
Attock Petroleum Limited	APL	30,000	-	-	-	52,000	16,897	16,694	(204)	1.85%	0.52
Pakistan State Oil Company Limited	PSO	169,500	-	-	19,000	150,500	30,559	33,750	3,190	3.75%	0.32
Sui Northern Gas Pipelines Limited	SNGP	-	-	-	323,700	-	-	-	-	0.00%	-
							47,456	50,444	2,986	5.60%	0.84
Paper And Board											
Century Paper & Board Mills Limited	CEPB	70,000	-	-	70,000	-	-	-	-	-	-
Packages Limited	PKGS	39,700	-	-	-	39,700	20,228	21,644	1,416	2.40%	0.44
Security Papers Limited	SEPL	10,000	-	-	40,400	4,600	675	665	(10)	0.07%	0.08
							20,903	22,309	1,406	2.48%	0.52
Pharmaceuticals											
Abbott Laboratories (Pakistan) Limited	ABOT	20,500	-	-	30,750	29,750	19,240	23,573	4,332	2.62%	0.30
Agp Limited	AGP	184,900	-	-	184,900	-	-	-	-	0.00%	-
Glaxosmithkline Pakistan	GLAXO	35,000	-	-	35,000	-	-	-	-	0.00%	-
Highnoon Laboratories Limited	HINOON	15,000	-	-	-	15,000	9,002	9,000	(2)	1.00%	0.39
Ibl Healthcare Limited	IBLHL	89,000	-	-	90,094	1	-	-	-	0.00%	-
The Searle Company Limited	SEARL	94,160	-	4,160	66,143	32,321	8,656	7,842	(814)	0.87%	0.13
							36,898	40,415	3,516	4.48%	0.83
Power Generation & Distribution											
Hub Power Company Limited	HUBC	100,000	-	-	164,502	400,000	29,921	31,868	1,947	3.54%	0.31
Kot Addu Power Co. Limited	KAPCO	250,000	-	-	395,000	-	-	-	-	0.00%	-
							29,921	31,868	1,947	3.54%	0.31
Sugar & Allied Industries											
Faran Sugar Mills Limited	FRSM	-	-	-	38,000	-	-	-	-	0.00%	-
							-	-	-	0.00%	-
Technology & Communications											
Avanceon Limited	AVN	280,000	16,000	-	205,670	96,000	4,419	8,801	4,383	0.98%	0.37
Trg Pakistan	TRG	283,000	-	-	248,000	35,000	2,980	5,822	2,841	0.65%	0.06
							7,399	14,623	7,224	1.62%	0.44
Textile Composite											
Gul Ahmed Textile Mills Limited	GATM	500,000	70,060	-	455,500	393,360	15,412	19,955	4,543	2.21%	0.77
Interloop Limited	ILP	360,000	-	-	87,500	272,500	18,914	19,083	169	2.12%	0.31
Kohinoor Textile Mills Limited	KTML	-	-	-	55,000	135,800	4,822	10,212	5,390	1.13%	0.45
							39,148	49,250	10,102	5.47%	1.53
Transport											
Pakistan International Bulk Terminal Limited	PIBTL	600,000	-	-	600,000	-	-	-	-	0.00%	-
							-	-	-	0.00%	-
Total as at June 30, 2021							780,083	883,204	103,121		
Total as at June 30, 2020							684,387	637,124	(47,258)		

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

	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
----- (Number of shares) -----				
Bank Alfalah limited	50,000	-	1,609	-
Oil & Gas Development Company Limited	100,000	100,000	9,503	10,900
The Hub Power Company Limited	110,995	110,995	8,843	8,047
	<b>260,995</b>	<b>210,995</b>	<b>19,955</b>	<b>18,947</b>

6.1.2 As at June 30, 2021, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs.0.7006 million.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## 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, 2021			Market value as % of net assets of sub-funds	
		As at July 01, 2020	Purchased during the year	Sold / matured during the year	As at June 30, 2021	Carrying Value	Market value		Unrealised (loss) / gain
(Rupees in '000')									
Pakistan Investment Bonds									
Pakistan Investment Bonds - 3 years	20-Aug-2020	-	100,000	100,000	-	-	-	-	0.00%
Pakistan Investment Bonds - 3 years	18-Jun-2020	-	225,000	225,000	-	-	-	-	0.00%
Pakistan Investment Bonds - 5 years	19-Sep-2019	-	100,000	100,000	-	-	-	-	0.00%
Pakistan Investment Bonds - 5 years	12-Jul-2018	-	200,000	150,000	50,000	49,342	49,431	89.00	9.99%
Pakistan Investment Bonds - 5 years	15-Oct-2020	-	675,000	650,000	25,000	23,333	23,380	47	4.72%
Pakistan Investment Bonds - 15 years	31-Oct-2006	3,500	-	-	3,500	3,531	3,529	-2.00	0.71%
Pakistan investment bonds - 20 years	10-Jun-2004	1,900	-	-	1,900	1,996	1,950	-46.00	0.39%
						78,202	78,290	88	

### **Treasury Bills**

Market Treasury Bills - 3 months	2-Jul-2020	-	75,000	75,000	-	-	-	-	0.00%
	16-Jul-2020	-	75,000	75,000	-	-	-	-	0.00%
	8-Oct-2020	-	50,000	50,000	-	-	-	-	0.00%
	19-Nov-2020	-	100,000	100,000	-	-	-	-	0.00%
	3-Dec-2020	-	500,000	500,000	-	-	-	-	0.00%
	14-Jan-2021	-	500,000	500,000	-	-	-	-	0.00%
	8-Apr-2021	-	500,000	500,000	-	-	-	-	0.00%
	6-May-2021	-	500,000	500,000	-	-	-	-	0.00%
	20-May-2021	-	500,000	500,000	-	-	-	-	0.00%
	3-Jun-2021	-	500,000	500,000	-	-	-	-	0.00%
	17-Jun-2021	-	500,000	500,000	-	-	-	-	0.00%

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Name of security	Issue date	Face value			Balance as at June 30, 2021			Market value as % of net assets of sub-funds
		As at July 01, 2020	Purchased during the year	Sold / matured during the year	As at June 30, 2021	Carrying Value	Market value	
		(Rupees in '000')						
Market Treasury Bills - 6 months	4-Jun-2020	135,000	-	135,000	-	-	-	0.00%
	2-Jul-2020	-	75,000	75,000	-	-	-	0.00%
	16-Jul-2020	-	75,000	75,000	-	-	-	0.00%
	20-May-2021	-	500,000	500,000	-	-	-	0.00%
Market Treasury Bills - 12 months	21-Nov-2019		50,000	50,000	-	-	-	0.00%
	19-Dec-2019		50,000	50,000	-	-	-	0.00%
	13-Feb-2020	-	80,000	80,000	-	-	-	0.00%
	12-Mar-2020	50,000		50,000	-	-	-	0.00%
	9-Apr-2020	50,000		50,000	-	-	-	0.00%
Total as at June 30, 2021					78,202	78,290	88	
Total as at June 30, 2020					228,653	231,827	3,174	

## Money Market Sub-Fund

Name of security	Issue Date	Face value				Balance as at June 30, 2021			Market value as % of net assets of sub-funds
		As at July 01, 2020	Purchased during the year	Sold / matured during the year	As at June 30, 2021	Carrying Value	Market value	Unrealised (loss) / gain	
(Rupees in '000')									
Treasury Bills Market Treasury Bills - 3 months	9-Apr-2020	50,000	-	50,000	-	-	-	-	0.00%
	23-Apr-2020	65,000	-	65,000	-	-	-	-	0.00%
	2-Jul-2020	-	75,000	75,000	-	-	-	-	0.00%
	16-Jul-2020	-	75,000	75,000	-	-	-	-	0.00%
	8-Oct-2020	-	130,000	130,000	-	-	-	-	0.00%
	5-Nov-2020	-	2,000	2,000	-	-	-	-	0.00%
	19-Nov-2020	-	6,000	6,000	-	-	-	-	0.00%
	17-Dec-2020	-	125,000	125,000	-	-	-	-	0.00%
	14-Jan-2021	-	500,000	500,000	-	-	-	-	0.00%
	25-Feb-2021	-	100,000	100,000	-	-	-	-	0.00%
	8-Apr-2021	-	250,000	250,000	-	-	-	-	0.00%
	6-May-2021	-	500,000	500,000	-	-	-	-	0.00%
	20-May-2021	-	500,000	500,000	-	-	-	-	0.00%
	3-Jun-2021	-	500,000	500,000	-	-	-	-	0.00%
	17-Jun-2021	-	500,000	500,000	-	-	-	-	0.00%

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Name of security	Issue Date	Face value				Balance as at June 30, 2021			Market value as % of net assets of sub-funds
		As at July 01, 2020	Purchased during the year	Sold / matured during the year	As at June 30, 2021	Carrying Value	Market value	Unrealised (loss) / gain	
(Rupees in '000')									
Market Treasury Bills - 6 months	9-Apr-2020	150,000	-	150,000	-	-	-	-	0.00%
	2-Jul-2020	-	75,000	75,000	-	-	-	-	0.00%
	16-Jul-2020	-	75,000	75,000	-	-	-	-	0.00%
	8-Apr-2021	-	225,000	225,000	-	-	-	-	0.00%
	20-May-2021	-	500,000	500,000	-	-	-	-	0.00%
Market Treasury Bills - 12 months	10-Oct-2019	-	80,000	80,000	-	-	-	-	0.00%
	24-Oct-2019	-	10,000	10,000	-	-	-	-	0.00%
	19-Dec-2019	-	195,000	195,000	-	-	-	-	0.00%
	13-Feb-2020	-	100,000	100,000	-	-	-	-	0.00%
	27-Feb-2020	-	110,000	110,000	-	-	-	-	0.00%
<b>Total as at June 30, 2021</b>									
						260,790	261,976	1,185	
<b>Total as at June 30, 2020</b>									

6.2.1 Significant terms and conditions of Government securities outstanding at the year end are as follows:

Name of security	Face / redemption value (Rupees)	Interest rate per annum	Maturity date
<b>Pakistan Investment Bonds</b>			
Pakistan Investment Bonds - 5 years	50,000	10.00%	31-Oct-21
Pakistan Investment Bonds - 5 years	25,000	10.00%	10-Jun-24
Pakistan Investment Bonds - 15 years	3,500	7.50%	15-Oct-25
Pakistan investment bonds - 20 years	1,900	8.00%	12-Jul-23

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## 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, 2021			Market value as % of net assets of sub- funds
		As at July 01, 2020	Purchased during the year	Sold during the year	As at June 30, 2021	Carrying Value	Unrealised (loss) / gain	
----- (Number of certificates) ----- (Rupees in '000') -----								
Term finance certificates								
Habib Bank Limited	19-Feb-16	150	-	150	-	-	-	0.00%
The Bank of Punjab	23-Dec-16	50	-	-	50	4,897	5,041	1.02%
Askari Bank Limited - PPTFC-V	30-Sep-14	5,003	-	5,003	-	-	-	0.00%
Jahangir Siddiqui & Co. Ltd. - 5th Issue	18-Jul-17	5,000	-	-	5,000	11,608	11,712	2.37%
Sukuks								
Aspin Pharma (Private) Limited	30-Nov-17	130	-	-	130	6,565	6,446	1.30%
Meezan Bank Limited - 2nd Issue	9-Jan-20	35	-	5	30	30,331	31,124	6.29%
Total as at June 30, 2021						53,401	54,323	922
Total as at June 30, 2020						108,482	108,234	(248)

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	Principal Outstanding / redemption value		Interest rate per annum	Maturity	Secured / unsecured	Rating
		Per certificate	Total (Rs '000)				
Un-listed							
Aspin Pharma (Private) Limited	130	50,000	6,500	3M KIBOR + 1.50%	30-Nov-23	Secured	A
The Bank of Punjab Limited	50	99,820	4,991	6M KIBOR + 1.00%	23-Dec-26	Unsecured	AA
Jahangir Siddiqui & Co.Ltd. - 5th Issue (Note: 6.3.2)	5,000	2,375	11,875	6M KIBOR + 1.40%	18-Jul-23	Secured	AA+
Meezan Bank Limited (Note: 6.3.3)	30	1,000,000	30,000	6M KIBOR + 0.90%	9-Jan-30	Unsecured	AA

6.3.2 During the year, in October 2020, this sukuk was restructured resulting in an increase in tenure of 1 year from July 2022 to July 2023 and change in coupon payment from January 2021 to July 2021.

6.3.3 During the year the profit payments of this sukuk were rescheduled resulting in a change of profit payment date from 9 July to 30 June, subsequent profit payments will be made on 6 monthly basis with reference to rescheduled date.



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

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

# PAKISTAN PENSION FUND

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## 7. INTEREST RECEIVABLE

Mark-up on:

- Pakistan investment bonds
- Term finance certificates
- Deposit accounts

June 30, 2021			
Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000')			
-	2,359	-	2,359
-	534	-	534
55	1,127	2,719	3,901
55	4,020	2,719	6,794

Mark-up on:

- Pakistan investment bonds
- Term finance certificates
- Deposit accounts

June 30, 2020			
Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000')			
-	70	-	70
-	5,153	-	5,153
179	566	1,285	2,030
179	5,789	1,285	7,253

## 8. ADVANCES, DEPOSITS AND OTHER RECEIVABLES

Receivable against:

- National Clearing Company  
of Pakistan Limited (NCCPL)
- Central Depository Company  
of Pakistan Limited (CDC)
- The Bonus Shares Withheld

Advance tax

Others

June 30, 2021			
Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000')			
2,500	-	-	2,500
200	200	200	600
662	-	-	662
310	172	57	539
36	17	17	70
3,708	389	274	4,371

Receivable against:

- National Clearing Company  
of Pakistan Limited (NCCPL)
- Central Depository Company  
of Pakistan Limited (CDC)

Advance tax

Others

June 30, 2020			
Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000')			
2,500	551	-	3,051
200	200	200	600
301	160	50	511
34	17	17	68
3,035	928	267	4,230

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

		June 30, 2021			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
		(Rupees in '000')			
Note					
<b>9. PAYABLE TO THE PENSION FUND MANAGER</b>					
Remuneration payable to the pension fund manager	9.1	1,134	609	655	2,398
Sindh sales tax payable on remuneration of pension fund manager	9.2	147	79	85	311
		<b>1,281</b>	<b>688</b>	<b>740</b>	<b>2,709</b>

		June 30, 2020			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
		(Rupees in '000')			
Note					
Remuneration payable to the pension fund manager	9.1	779	677	631	2,087
Sindh sales tax payable on remuneration of pension fund manager	9.2	101	88	82	271
		<b>880</b>	<b>765</b>	<b>713</b>	<b>2,358</b>

**9.1** The Pension Fund Manager has charged remuneration at the rate of 1.5% (2020: 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% (2020: 13%).

		June 30, 2021			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
		(Rupees in '000')			
Note					
<b>10. PAYABLE TO TRUSTEE</b>					
Remuneration payable	10.1	96	51	55	202
Sales tax on remuneration payable	10.2	13	7	7	27
		<b>109</b>	<b>58</b>	<b>62</b>	<b>229</b>

		June 30, 2020			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
		(Rupees in '000')			
Note					
Remuneration payable	10.1	67	58	54	179
Sales tax on remuneration payable	10.2	9	8	7	24
		<b>76</b>	<b>66</b>	<b>61</b>	<b>203</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

**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% (2020: 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 (2020: one twenty-fifth of one percent) of average annual net assets of each sub-fund, revised as per SRO 260(I)/2019 dated December 24, 2019.

		June 30, 2021			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
		(Rupees in '000')			
12. ACCRUED EXPENSES AND OTHER LIABILITIES	Note				
Provision for Sindh Workers' Welfare Fund	12.1	8,551	4,532	2,234	15,317
Provision for Federal Excise Duty on remuneration of Pension Fund Manager	12.2	2,420	2,405	1,151	5,976
Brokerage payable		278	18	10	306
Withholding tax payable		182	174	103	459
Auditors' remuneration		167	102	97	366
Payable against redemption of units		-	-	22	22
Others		-	122	-	122
		<b>11,598</b>	<b>7,353</b>	<b>3,617</b>	<b>22,568</b>
		June 30, 2020			
		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>

## **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

---

### **12.1 Provision for Sindh Workers' Welfare Fund**

Subsequent to the year ended June 30, 2021, SRB through its letter dated August 12, 2021 received on August 13, 2021 by MUFAP, has intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF Contributions. This development was discussed at MUFAP level on August 13, 2021 and was also taken up with the SECP and all the Asset Management Companies in consultation with SECP reversed the cumulative provision for SWWF recognized in the financial statements of the Funds, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. Furthermore, SECP through its letter dated August 30, 2021 has also given its concurrence for prospective reversal of provision of SWWF. Accordingly, going forward, no provision for SWWF would be recognized in the financial statements of the Fund. Had the provision for SWWF been reversed in the financial statements of the Fund for the year ended June 30, 2021, the net asset value of the Fund as at June 30, 2021 would have been higher by Rs.5.53 (2020: Rs.2.74) per unit in respect of equity sub-fund, Rs: 2.90 (2020: Rs: 2.10) per unit in respect of debt sub-fund and Rs: 1.17 (2020 Rs: 0.84) per unit in respect of money market sub-fund.

### **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, 2021 aggregates to Rs.2.42 (2020: Rs.2.42 million, Rs.2.40 (2020: Rs.2.40) million and Rs.1.15 (2020: Rs.1.15) million in Equity Sub-Fund, Debt Sub-Fund and Money Market 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, 2021 would have been higher by Rs.1.56 (2020: Rs.1.66) per unit, Rs.1.54 (2020: Rs.1.29) per unit and Rs.0.60 (2020: Rs.0.58) per unit respectively.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

	June 30, 2021			
	Equity	Debt	Money Market	
	Sub-Fund	Sub-Fund	Sub-Fund	Total
	(Units)			
Total units outstanding at beginning of the year	1,455,861	1,872,146	1,972,139	5,300,146
Add: Units issued during the year	448,537	472,689	888,556	1,809,782
Less: Units redeemed during the year	(357,938)	(784,820)	(955,967)	(2,098,725)
Total units in issue at the end of the year	1,546,460	1,560,015	1,904,728	5,011,203

**13. NUMBER OF UNITS IN ISSUE**

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

**14. CONTRIBUTION TABLE**

	June 30, 2021					
	Equity	Debt	Money Market			Total
	Sub-Fund	Sub-Fund	Sub-Fund	Sub-Fund	Sub-Fund	(Rupees)
	Units	Units	Units	Units	Units	
	(Rupees'000)	(Rupees'000)	(Rupees'000)	(Rupees'000)	(Rupees'000)	
Opening balance	1,455,861	1,872,146	475,720	1,972,139	475,116	1,577,717
Issue of units	448,537	472,689	145,599	888,556	243,126	624,986
Redemption of units	(357,938)	(784,820)	(240,784)	(955,967)	(260,010)	(696,908)
Closing balance	1,546,460	1,560,015	380,535	1,904,728	458,232	1,505,795

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## 15. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2021 and June 30, 2020.

## 16. AUDITORS' REMUNERATION

	June 30, 2021			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)			
Annual audit fee	142	85	85	312
Half yearly review fee	63	38	37	138
Sales tax	21	12	12	45
Out of pocket expenses	18	11	11	40
	<b>244</b>	<b>146</b>	<b>145</b>	<b>535</b>

	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
Sales tax	43	35	26	104
Out of pocket expenses	17	14	10	41
	<b>229</b>	<b>188</b>	<b>141</b>	<b>558</b>

## 17. Cash and cash equivalents

		June 30, 2021			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
		(Rupees in '000)			
Bank balances	5.1	19,575	441,179	534,910	995,664
Treasury Bill maturing within 3 months	6.2	-	-	-	-
Commercial Paper	6.4	-	-	-	-
		<b>19,575</b>	<b>441,179</b>	<b>534,910</b>	<b>995,664</b>

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



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## 18. TAXATION

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

## 19. TRANSACTIONS WITH CONNECTED PERSONS

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

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

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

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

19.1 Transactions during the year	June 30, 2021			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	12,702	7,633	7,495	27,830
Sales tax on remuneration of Pension Fund Manager	1,651	992	974	3,617
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
Remuneration of Central Depository Company Limited - Trustee	1,073	645	633	2,351
Sales tax on remuneration of Trustee	140	84	83	307
Settlement charges	80	7	6	93
<b>Group / Associated companies</b>				
<b>MCB Bank Limited</b>				
Mark-up earned	31	71	33	135
Bank charges	5	7	6	18
<b>Arif Habib Limited - Brokerage House</b>				
Brokerage expense*	132	-	-	132

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

	June 30, 2020			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	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

	June 30, 2021			Total
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	
	(Rupees in'000')			

**19.2 Balances outstanding at year end:**

<b>MCB Arif Habib Savings and Investments Limited - Pension Fund Manager</b>				
Remuneration payable	1,134	609	655	2,398
Sindh sales tax payable on remuneration	147	79	85	311
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
Remuneration payable	96	51	55	202
Sindh sales tax payable on remuneration	13	7	7	27
Security deposit	200	200	200	600

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	June 30, 2021			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in'000')			
Group / Associated companies				
MCB Bank Limited				
Bank balance	304	815	1,339	2,458
Profit receivable	-	-	-	-
MCB Islamic Bank Limited				
Bank balance	-	6	-	6
Brokerage payable*	77	-	-	77
June 30, 2020				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in'000')			
MCB Arif Habib Savings and Investments Limited - Pension Fund Manager				
Remuneration payable	779	677	631	2,087
Sindh sales tax payable on remuneration	101	88	82	271
Central Depository Company of Pakistan Limited - Trustee				
Remuneration payable	67	58	54	179
Sindh sales tax payable on remuneration	9	8	7	24
Security deposit	200	200	200	600
Group / Associated companies				
MCB Bank Limited				
Bank balance	16	868	1,261	2,145
Profit receivable	16	-	-	16
MCB Islamic Bank Limited				
Bank balance	-	6	-	6
Arif Habib Limited - Brokerage House				
Brokerage payable*	27	-	-	27

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## 19.3 Participant Fund

For the year ended June 30, 2021

	As at July 01, 2020	Issued for cash	Redeemed	As at June 30, 2021	As at July 01, 2020	Issued for cash	Redeemed	As at June 30, 2021
	----- (Units) -----		----- (Rupees'000) -----					
<b>MCB Arif Habib Savings and Investments Limited - Pension Fund Manager *</b>								
- Pakistan Pension Fund - Equity	252,196	-	-	252,196	111,135	-	-	147,552
- Pakistan Pension Fund - Debt	253,109	-	-	253,109	75,518	-	-	80,314
- Pakistan Pension Fund - Money Market	300,000	-	-	300,000	79,587	-	-	84,006
<b>Key management personnel</b>								
- Pakistan Pension Fund - Equity	4,832	8,026	(3,430)	9,428	2,129	4,366	(1,829)	5,516
- Pakistan Pension Fund - Debt	3,683	1,566	(4,200)	1,049	1,099	484	(1,279)	333
- Pakistan Pension Fund - Money Market	996	412	(1,184)	224	264	113	(319)	63

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) -----					
<b>MCB Arif Habib Savings and Investments Limited - 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	-	-	75,518
- Pakistan Pension Fund - Money Market	300,000	-	-	300,000	71,022	-	-	79,587
<b>Key management personnel</b>								
- Pakistan Pension Fund - Equity	7,700	30,878	(24,612)	13,966	3,393	13,046	(10,769)	27,846
- Pakistan Pension Fund - Debt	2,281	4,770	(8,824)	(1,773)	681	1,047	(1,938)	4,736
- Pakistan Pension Fund - Money Market	45	10,285	(8,731)	1,599	12	2,009	(1,710)	5,057

\* 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, 2021

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, 2021 and net income for the year then ended would have been higher / lower by Rs.54 million (2020: Rs.108 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, 2021 and net income for the year then ended would have been higher / lower by Rs.9.96 million (2020: 3.90 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, 2021, 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.0.78 million (2020: 0.06 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, 2021, 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 million (2020: Rs.4.88 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, 2021, 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 (2020: Nil).

Money Market Sub-Fund and Debt Sub-Fund hold Commercial Papers which are classified as 'FVTPL', exposing the Sub-Funds to interest rate risk. In case of 100 basis points increase / decrease in rates on June 30, 2021, 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 (2020: Rs.1.23 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, 2021 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, 2021

---

### 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, 2021, the net assets relating to the Equity Sub-Fund and total net assets of the Fund would increase / decrease by Rs.44.16 million (2020: Rs.31.86 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, 2021 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, 2021 and June 30, 2020 is the carrying amounts of following financial assets.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

June 30, 2021			
Equity Sub-Fund	Debt Sub-Fund	Market Sub-Fund	Total
----- (Rupees in '000') -----			
Bank balances	19,575	441,179	534,910
Investments	883,204	132,613	-
Interest receivable	55	4,020	2,719
Receivable against sale of investments	17,494	189,859	-
Deposits and other receivables	3,398	217	217
	<b>923,726</b>	<b>767,888</b>	<b>537,846</b>
			<b>2,229,460</b>

June 30, 2020			
Equity Sub-Fund	Debt Sub-Fund	Market Sub-Fund	Total
----- (Rupees in '000') -----			
Balances with banks	26,748	141,852	221,543
Investments	637,124	421,160	303,990
Interest receivable	179	5,789	1,285
Receivable against sale of investments	-	-	-
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>

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

The analysis below summaries the credit rating quality of the Fund's financial assets as at June 30, 2021 and June 30, 2020.

	June 30, 2021	June 30, 2020
	----- (%) -----	----- (%) -----
<b>Bank balances by rating category</b>		
A-/A2	0.00%	0.00%
AA/A1+	2.86%	0.02%
AA-/A1+	0.00%	0.00%
AA+/A1+	2.86%	15.70%
AAA/A1+	96.89%	84.28%
AAA/A+	0.25%	0.00%
<b>Term Finance Certificates by rating category</b>		
	----- (%) -----	----- (%) -----
A	12.29%	8.49%
AA	65.97%	37.40%
AA-	0.00%	26.46%
AA+	56.80%	14.11%
AAA	0.00%	13.54%

The maximum exposure to credit risk before any credit enhancement as at June 30, 2021 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, 2021

	Yield / effective interest rate (%)	June 30, 2021									
		Equity Sub-Fund				Debt Sub-Fund				Money Market Sub-Fund	
		Exposed to yield / interest rate risk		More than three months and up to one year		Exposed to yield / interest rate risk		More than three months and up to one year		Exposed to yield / interest rate risk	
		Upto three months	More than three months and up to one year	Not exposed to yield / interest rate risk	Upto three months	More than three months and up to one year	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
(Rupees in '000)											
<b>On-balance sheet financial instruments</b>											
<b>Financial assets</b>											
	5.50 - 8.85	995,664	-	-	-	441,179	-	-	-	534,910	-
	7.50 - 14.89	943,006	-	883,204	-	-	-	59,802	-	-	-
		1,378	-	1,378	-	-	-	-	-	-	-
		6,794	55	-	-	4,020	-	-	-	2,719	-
		207,353	-	-	-	-	-	-	189,859	-	-
		3,832	-	3,398	-	-	-	-	217	-	-
		2,158,027	19,630	-	905,474	445,199	-	59,802	190,076	537,629	-
											217
<b>Financial liabilities</b>											
		2,398	-	-	1,134	-	-	-	609	-	-
		202	-	-	96	-	-	-	51	-	-
		272,262	-	-	7,434	-	-	-	264,828	-	-
		858	-	-	433	-	-	-	296	-	-
		275,720	-	-	9,097	-	-	-	265,784	-	-
											839
		1,882,307	19,630	-	896,377	445,199	-	59,802	(75,708)	537,629	(622)
<b>On-balance sheet gap</b>											

There is no off-balance sheet financial instrument that exist as at year ended June 30, 2021.

Yield / effective interest rate (%)	June 30, 2020										
	Total	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund			
		Exposed to yield / interest rate risk			Exposed to yield / interest rate risk			Exposed to yield / interest rate risk			
		Upto three months	More than three months and up to one year	Not exposed to yield / interest rate risk	Upto three months	More than three months and up to one year	Not exposed to yield / interest rate risk	Upto three months	More than three months and up to one year	Not exposed to yield / interest rate risk	More than three months and up to one year
(Rupees in '000)											
<b>On-balance sheet financial instruments</b>											
<b>Financial assets</b>											
5.50 - 8.85	390,143	26,748	-	-	141,852	-	-	221,543	-	-	
7.29 - 14.23	1,362,274	-	-	637,124	-	307,272	113,888	114,801	189,189	-	
	-	-	-	-	-	-	-	-	-	-	
	7,253	179	-	-	5,789	-	-	1,285	-	-	
	-	-	-	-	-	-	-	-	-	-	
	3,719	-	-	2,734	-	-	-	768	-	217	
	1,763,389	26,927	-	639,858	147,641	307,272	113,888	337,629	189,189	217	
<b>Financial liabilities</b>											
	2,087	-	-	779	-	-	-	677	-	631	
	179	-	-	67	-	-	-	58	-	54	
	13,558	-	-	13,558	-	-	-	-	-	-	
	6,610	-	-	3,523	-	-	-	2,948	-	139	
	22,434	-	-	17,927	-	-	-	3,683	-	824	
<b>On-balance sheet gap</b>											
	1,740,955	26,927	-	621,931	147,641	307,272	113,888	(2,915)	337,629	189,189	
										(607)	

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



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## 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, 2021									
	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund			
	Upto one month	More than one month upto three months	More than three months and upto one year	Upto one month	More than one month upto three months	More than three months and upto one year	Upto one month	More than one month upto three months	More than three months and upto one year	
		Upto one month	Upto one month		Upto one month	Upto one month		Upto one month	Upto one month	
Total										
	2,398	1,134	-	-	609	-	-	655	-	-
	202	96	-	-	51	-	-	55	-	-
	272,262	7,434	-	-	264,828	-	-	-	-	-
	1,042	278	155	-	296	94	-	129	90	-
	275,904	8,942	155	-	265,784	94	-	839	90	-

Financial Liabilities

Payable to the Pension Fund Manager

Payable to the Trustee

Payable against purchase of investments

Accrued and other liabilities

	As at June 30, 2020											
	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund					
	Upto one month	More than one month upto three months	More than three months and upto one year	Upto one month	More than one month upto three months	More than three months and upto one year	Upto one month	More than one month upto three months	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
Total												
2,087	779	-	-	677	-	-	631	-	-	-	-	-
179	67	-	-	58	-	-	54	-	-	-	-	-
13,558	13,558	-	-	-	-	-	-	-	-	-	-	-
6,610	3,390	133	-	2,826	122	-	45	94	-	-	-	-
22,434	17,794	133	-	3,561	122	-	730	94	-	-	-	-

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, 2021

## 20.4 Financial Instruments by category

	June 30, 2021													
	Equity Sub-Fund					Debt Sub-Fund					Money Market Sub-Fund			
	At fair value through OCI	At fair value through profit and loss	Amortised cost	Sub total	At fair value through OCI	At fair value through profit and loss	Amortised cost	Sub total	At fair value through OCI	At fair value through profit and loss	Amortised cost	At fair value through profit and loss	Amortised cost	Sub total
Total														
Financial Assets														
Bank balances	995,664	-	19,575	19,575	-	-	-	441,179	441,179	-	-	-	534,910	534,910
Investments	1,015,817	-	883,204	883,204	-	132,613	-	-	132,613	-	-	-	-	-
Interest receivable	6,794	-	55	55	4,020	-	-	-	4,020	-	-	-	2,719	2,719
Receivable against sale of investments	207,353	17,494	-	17,494	189,859	-	-	-	189,859	-	-	-	-	-
Deposits and other receivables	3,832	-	3,398	3,398	217	-	-	-	217	-	-	-	217	217
	2,229,460	17,494	883,204	23,028	923,726	194,096	132,613	441,179	767,888	-	-	-	537,846	537,846
	</													

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## 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, 2021 and June 30, 2020, the Fund held the following instruments measured at fair values:

	Note	Level 1 -----	Level 2 -----	Level 3 -----	Total
<b>June 30, 2021</b>					
<b>Equity Sub-Fund</b>					
Listed equity securities		883,204	-	-	883,204
<b>Debt Sub-Fund</b>					
Government Securities -					
Pakistan Investment Bonds	21.1.1	-	78,290	-	78,290
Government Securities -					
Treasury bills	21.1.1	-	-	-	-
Term Finance Certificates / Sukuks	21.1.2	-	47,877	6,446	54,323
Commercial Paper	21.1.3	-	-	-	-
		883,204	126,167	6,446	1,015,817

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	Level 1	Level 2	Level 3	Total
	-----	(Rupees)	-----	-----
<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	-	5,654	-	5,654
Government Securities -				
Treasury bills	-	226,173	-	226,173
Term Finance Certificates / Sukuks	14,010	94,472	-	108,482
Commercial Paper	-	81,099	-	81,099
<b>Money Market Sub-Fund</b>				
Government Securities -				
Treasury bills	-	261,976	-	261,976
Commercial Paper	-	42,014	-	42,014
	651,134	711,388	-	1,362,522

During the year ended June 30, 2021, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

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

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

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

**21.1.3** 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 Valuation techniques used in determination of fair values within level 3

**21.2.1** Valuation for instruments under level 3 is carried out using discretionary rate as per circular 33 dated October 24, 2012 in the manner as prescribed in the circular.

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## 22. PERFORMANCE TABLE

Performance Information	Equity Sub-Fund				
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
	(Rupees in '000)				
Net (loss) / income after taxation	223,324	11,105	(42,542)	7,373	137,972
Realised capital gains / (losses)	101,773	38,542	(18,954)	(14,536)	127,798
Unrealised (losses) / gains	103,122	(47,263)	(135,278)	(24,557)	49,290
Impairment loss on available-for-sale investment	-	-	-	9,472	-
Dividend income and profit income	42,165	39,121	42,259	31,939	32,150
Net assets value per unit	585.07	440.67	432.30	511.85	565.00
Transactions in securities					
- Purchases	807,551	526,257	490,089	831,574	1,230,526
- Sales	835,365	554,981	355,293	756,886	1,161,750
Total contribution received	236,260	201,054	267,653	139,725	261,066

Performance Information	Debt Sub-Fund				
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
	(Rupees in '000)				
Net income / (loss) after taxation	29,582	78,069	(25,702)	54,733	20,469
Realised capital gains / (losses)	(2,328)	22,355	(888)	(59)	215
Unrealised gains / (losses)	1,009	2,927	(1,701)	(1,131)	1,094
Profit income	7,968	13,434	19,190	17,185	27,262
Net assets value per unit	317.31	298.36	257.43	239.67	230.00
Transactions in securities					
- Purchases	5,863,961	14,550,423	2,498,103	2,533,724	2,974,096
- Sales	6,313,844	14,378,002	2,850,047	2,598,903	4,102,297
Total contribution received	145,600	256,738	163,502	131,016	214,694

Performance Information	Money Market Sub-Fund				
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
	(Rupees in '000)				
Net income after taxation	28,067	56,849	52,645	41,315	5,781
Realised capital gains / (losses)	(871)	3,274	(170)	85	(1,399)
Unrealised gains / (losses)	-	1,184	(2)	10	1,210
Profit income	12,984	15,827	14,488	7,007	10,099
Net assets value per unit	280.02	265.29	236.74	219.42	210.00
Transactions in securities					
- Purchases	4,547,004	12,154,631	1,037,416	1,053,663	1,158,343
- Sales	3,798,557	11,517,601	1,506,798	1,085,808	1,360,071
Total contribution received	243,126	274,106	205,975	79,574	55,515

### 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)					
447.25	604.15	298.10	317.31	265.33	280.02

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### 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. IMPACT OF COVID-19

A novel strain of coronavirus (COVID-19) was classified as a pandemic by the World Health Organization on March 11, 2020, impacting countries globally. Measures taken to contain the spread of the virus, including lockdowns, travel bans, quarantines, social distancing, and closures of non-essential services and factories triggered significant disruptions to businesses worldwide and in Pakistan, resulting in an economic slowdown. During the lockdown that lasted from March to May 2020, the funds continued their activity, as the Pakistan Stock Exchange and the money markets continued trading. Management Company is of the view that while COVID-19 and its resulting containment measures have affected the economy, investors' confidence and adequate steps from the government and regulators have spearheaded recovery and subsequent events reflect that in due course, things would be normalised.

### 25. GENERAL

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

**25.2** Corresponding figures have also been rearranged and reclassified, wherever necessary, for better presentation. However, there has been no material reclassification to report.

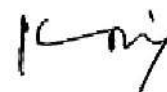
### 26. DATE OF AUTHORISATION FOR ISSUE

These Financial Statements were authorized for issue by the Board of Directors of the Management Company on August 09, 2021 and further amended on September 15, 2021 to incorporate the subsequent event as disclosed in note 12.1 to these financial statements.

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



Chief Executive Officer



Director

**MCB-Arif Habib Savings and Investments Limited**

**Head Office:** 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi

UAN: (+92-21) 11-11-62224 (11-11-MCB-AH)

URL: [www.mcbah.com](http://www.mcbah.com), Email: [info@mcbah.com](mailto:info@mcbah.com)