



Meezan
Tahaffuz Pension Fund

Meezan Tahaffuz Pension Fund (MTPF)

Meezan Tahaffuz Pension Fund is Pakistan's first and the largest Shariah compliant Voluntary Pension Scheme. MTPF is the best way to save and invest for your post-retirement needs and it has the potential to deliver superior returns with the added advantage of providing Tax Benefits which significantly enhances the yield on your investment.

**LARGEST
PENSION FUND
MANAGER
IN THE INDUSTRY**



FUND INFORMATION

MANAGEMENT COMPANY

Al Meezan Investment Management Limited
Ground Floor, Block "B", Finance & Trade Centre,
Shahrah-e-Faisal Karachi 74400, Pakistan.
Phone (9221) 35630722-6, 111-MEEZAN
Fax: (9221) 35676143, 35630808
Website: www.almeezangroup.com
E-mail: info@almeezangroup.com

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Ariful Islam	Chairman
Mr. Mohammad Shoaib, CFA	Chief Executive Officer
Mr. Muhammad Abdullah Ahmed	Nominee Director - MBL
Mr. Mohammad Furquan R Kidwai	Independent Director
Mr. Ijaz Farooq	Nominee Director - MBL
Mr. Moin M. Fudda	Independent Director
Ms. Saima Shaukat Khan (Kamila)	Independent Director
Mr. Arshad Majeed	Nominee Director - MBL
Mr. Naeem Abdul Sattar	Nominee Director - PKIC
Syed Amir Ali Zaidi	Nominee Director - PKIC

CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

AUDIT COMMITTEE

Mr. Moin M. Fudda	Chairman
Mr. Arshad Majeed	Member
Mr. Naeem Abdul Sattar	Member

RISK MANAGEMENT COMMITTEE

Mr. Muhammad Abdullah Ahmed	Chairman
Syed Amir Ali Zaidi	Member
Mr. Naeem Abdul Sattar	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Ariful Islam	Chairman
Mr. Moin M. Fudda	Member
Mr. Naeem Abdul Sattar	Member
Mr. Mohammad Shoaib, CFA	Member

TRUSTEE

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block B, S.M.C.H.S., Main Sharah-e-Faisal Karachi.

AUDITORS

KPMG Taseer Hadi & Co
Chartered Accountants
Sheikh Sultan Trust Buildings, Ground No 2 Beaumont Rd, Civil Lines, Karachi-75530 Pakistan

SHARIAH ADVISER

Meezan Bank Limited

BANKERS TO THE FUND

Allied Bank Limited	Habib Bank Limited -Islamic Banking
Al Baraka Islamic Bank B.S.C (E.C)	Habib Metropolitan Bank Limited
Askari Bank Limited - Islamic Banking	MCB Islamic Bank Limited
Bank Al Habib Limited - Islamic Banking	Meezan Bank Limited
Bank Alfalah Limited	National Bank of Pakistan - Islamic Banking
Bank Islami Pakistan Limited	Sindh Bank Limited
The Bank of Punjab	Soneri Bank Limited
Dubai Islamic Bank Pakistan Limited	UBL Ameen - Islamic Banking
Faysal Bank Limited - Islamic Banking	

LEGAL ADVISER

Bawaney & Partners
3rd & 4th Floor, 68-C, Lane-13, Bokhari Commercial Area,
Phase VI, DHA, Karachi.
Phone (9221) 35156191-94 Fax: (9221) 35156195
E-mail:

TRANSFER AGENT

Meezan Bank Limited
Meezan House
C-25, Estate Avenue, SITE, Karachi.
Phone: 38103538 Fax: 36406017
Website: www.meezanbank.com

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited
Standard Chartered Bank (Pakistan) Limited

REPORT OF THE PENSION FUND MANAGER Meezan Tahaffuz Pension Fund (MTPF)

Type of Fund

Open end pension fund investing primarily in Shariah compliant stocks and debt instruments (Sukuks).

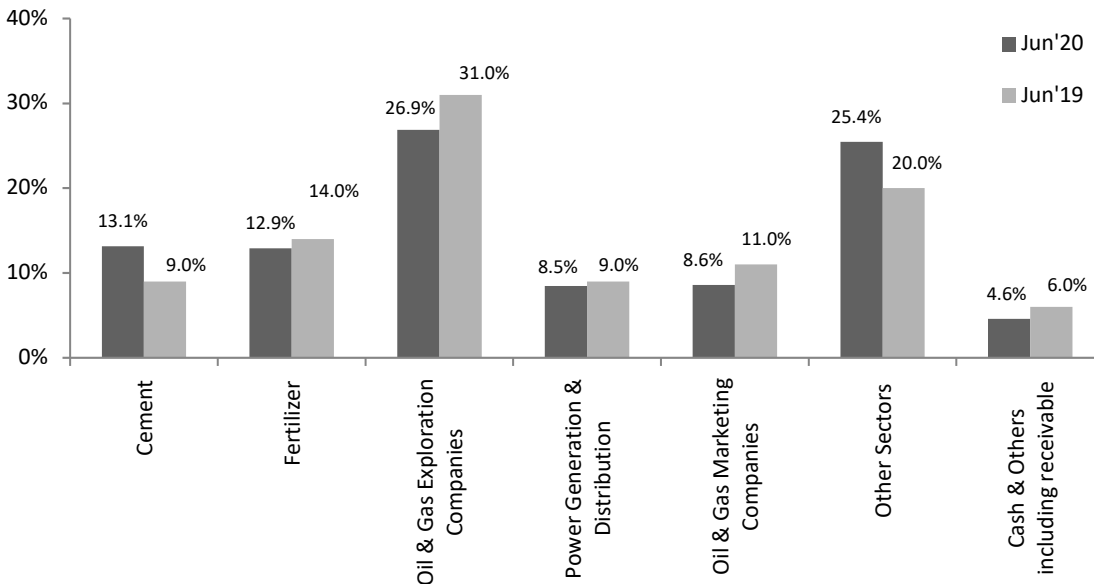
Objective

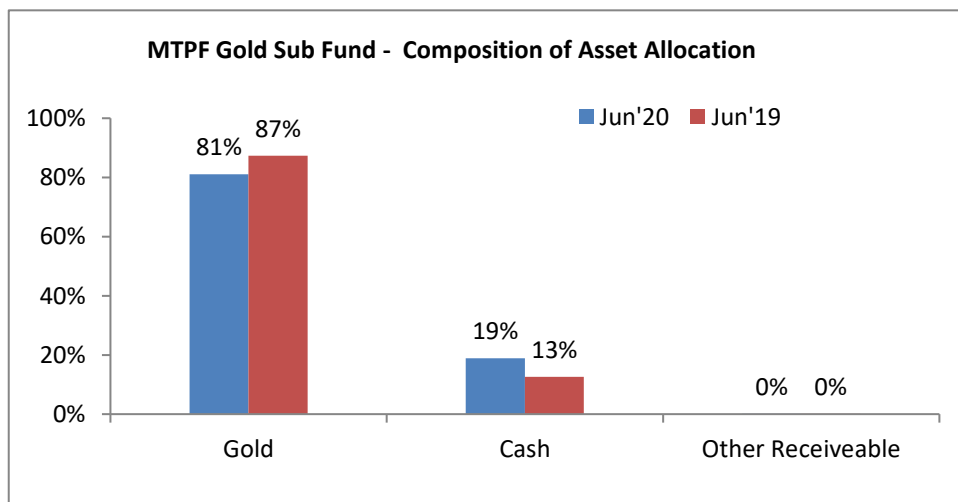
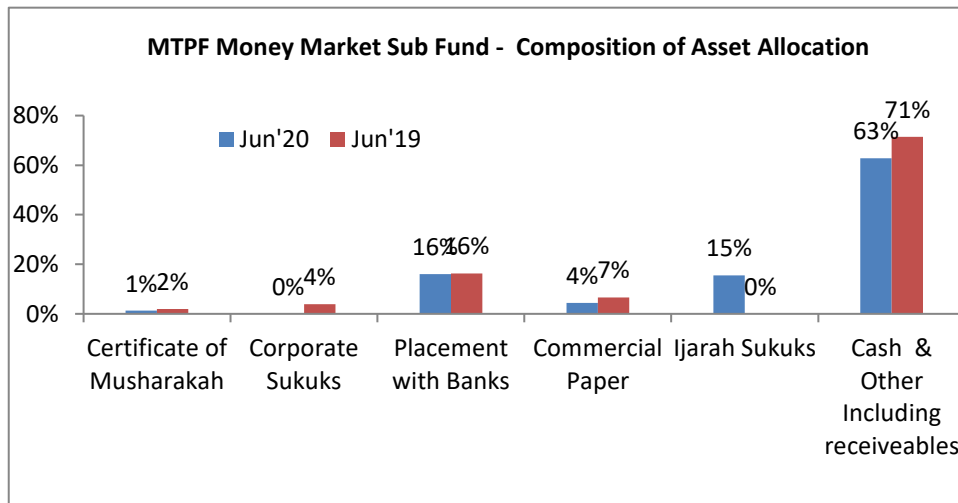
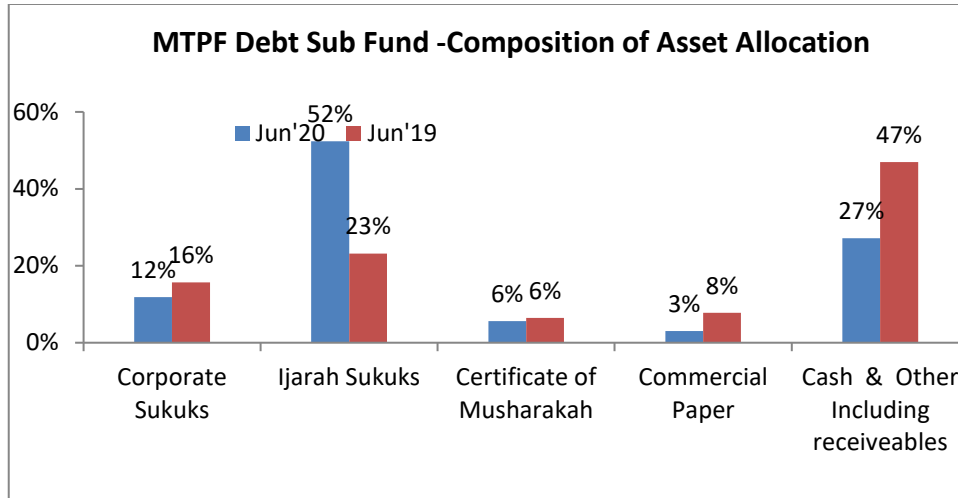
The objective of MTPF is to provide participants with a Shariah-compliant saving mechanism whereby they can save from their current income in order to gain benefits of an income stream after retirement or disability when other income avenues have been exhausted.

Investment Policy

This pension fund is divided into four sub-funds namely equity, debt, money market and gold sub-funds which have different investment policies in order to cater to investors with varying levels of risk tolerance. These sub-funds offer the investors a wide range of options to select an allocation according to their risk preference.

MTPF -Equity Sub Fund - Sector Allocation for the year ended FY19 and FY20





Performance Review

For the period under review, the equity sub-fund provided a return of 5.97%, debt sub-fund provided a return of 10.99%, and money market sub-fund returned 9.92% while the Gold Sub-fund provided a return of 21.40%.

Meezan Tahaffuz Pension Fund		FY20
- Equity sub fund	Voluntary Pension Scheme	5.97%
- Debt sub fund		10.99%
- Money market sub fund		9.92%
- Gold sub fund		21.40%
		FY20
- High Volatility	Voluntary Pension Allocation Scheme	7.07%
- Medium Volatility		8.49%
- Low Volatility		9.65%
- Lower Volatility		10.45%

Equity Sub Fund

Equity sub fund posted a total gain of Rs. 320 million in FY20 as compared to a total loss of Rs. 1,180 million last year. Total gain comprised of realized and unrealized gain on investments of Rs. 3 million and Rs. 121 million respectively. Dividend income contributed Rs. 177 million, while profit on saving accounts with banks amounted to Rs. 19 million. After accounting for expenses of Rs. 90 million and an element of income and capital gain included in prices of units issued and less those in units redeemed of Rs. 4 million, the Fund posted a net income of Rs. 233 million. The net assets of the Fund as at June 30, 2020 were Rs. 4,131 million as compared to Rs. 4,086 million at the end of last year. The net asset value per unit as at June 30, 2020 was Rs. 400.15 as compared to Rs. 377.58 per unit as on June 30, 2019.

Debt Sub Fund

The Fund earned a gross income of Rs. 358 million in FY20, as compared to a gross income of Rs. 235 million last year. Total income was primarily due to profit on Sukuks certificates worth Rs. 178 million. Profit on saving accounts at Islamic banks including profit on term deposit receipts contributed Rs. 183 million. On the other side, the fund incurred realised gain and unrealized loss worth Rs. 0.2 million and 3 million respectively. The fund also incurred expenses totalling to Rs. 60 million and element of gain and capital gains included in prices of units issued and less those in units redeemed of Rs. 14 million, which brought the net income figure to Rs. 313 million. The net assets of the Fund as at June 30, 2020 were Rs. 3,178 million as compared to Rs. 2,807 million at the end of last year. The net asset value per unit as at June 30, 2020 was Rs. 261.9128 as compared to Rs. 236.11 per unit as on June 30, 2019.

Money Market Sub Fund

The Fund earned a gross income of Rs. 298 million in FY20, as compared to a gross income of Rs. 141 million last year. Total income was primarily due to profit on Sukuks certificates amounting to Rs. 27 million. Profit on saving accounts at Islamic banks including profit on term deposit receipt totalled Rs. 275 million. Unrealised loss in the sub fund was Rs. 5 million. The fund also incurred expenses totalling Rs. 54 million and element of gain and capital gains included in price of units issued and less those in units redeemed was Rs. 34 million, which brought the net income figure to Rs. 278 million. The net assets of the Fund as at June 30, 2020 were Rs. 3,092 million as compared to Rs. 2,073 million at the end of last year. The net asset value per unit as at June 30, 2020 was Rs. 257.35 as compared to Rs. 234.25 per unit as on June 30, 2019.

Gold Sub Fund

The Fund posted a gross income of Rs. 22 million in FY20, as compared to Rs. 18 million last year. Total income was mainly due to realised and unrealized gain on investment of Rs. 0.26 million and Rs. 21 million respectively. Profit on saving accounts at Islamic banks was Rs. 1 million. The fund also incurred expenses totalling to Rs. 3 million and element of gain and capital gains included in prices of units issued and less those in units redeemed of Rs. 2 million, which brought the net income figure to Rs. 21 million. The net assets of the Fund as at June 30, 2020 were Rs. 119 million. The net asset value per unit as at June 30, 2020 was Rs. 158.3880

Charity Statement

The Equity Sub Fund purifies the income earned by setting aside an amount payable by the Management Company out of the income of the Trust to charitable/welfare organizations, in consultation with Shariah Advisor, representing income that is Haram. During the year ended June 30, 2020 an amount of Rs. 5 million was accrued as charity payable.

Summary of Actual Proxy Voted By the Fund

	Resolutions	For	Against	Abstain
Number	4	4	0	0
Percentage		100%	0%	0%

The proxy voting policy of **Al Meezan Investment Management Limited**, duly approved by Board of Directors of the Management Company, is available on the website www.almeezangroup.com. A detailed information regarding actual proxies voted by the Management Company in respect of funds is also available without charge, upon request, to all unit holders.



Meezan Bank
The Premier Islamic Bank

Report of the *Shari'ah* Advisor – Meezan Tahaffuz Pension Fund

August 4, 2020/ Dhu'l-Hijjah 13, 1441

Alhamdulillah, the period from July 01, 2019 to June 30, 2020 was the Thirteenth year of operations of Meezan Tahaffuz Pension Fund (MTPF) under management of Al Meezan Investment Management Limited (Al Meezan). We, Meezan Bank Limited, are the *Shariah* advisors of the Fund and are issuing the report in accordance with clause 8.2.7 of the Trust Deed of the Fund. The scope of the report is to express an opinion on the *Shariah* compliance of the Fund's activity

In the capacity of *Shari'ah Advisor*, we have prescribed six criteria for *Shari'ah* compliance of equity investments which relate to (i) Nature of business, (ii) Interest bearing debt to total assets, (iii) Investment in non- *Shari'ah* compliant activities to Total assets (iv) *Shari'ah* Non-Compliant Income to Gross Revenue (v) Illiquid assets to total assets, and (vi) Net liquid assets per share vs. share price.

It is the responsibility of the management company of the fund to establish and maintain a system of internal controls to ensure *Shari'ah* compliance in line with the *Shari'ah* guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries of the management company's personnel and review of various documents prepared by the management company to comply with the prescribed criteria.

- i. We have reviewed and approved the modes of investments of MTPF in light of *Shari'ah* requirements. Following is the list of top equity holdings of MTPF as on June 30, 2019 and their evaluation according to the screening criteria established by us. (December 31, 2018 accounts of the Investee companies have been used for the following calculations*):

Company Name	(i) Nature of Business	(ii)** Debt to Assets (<37%)	(iii) Non-Compliant Investments (<33%)	(iv) Non-Compliant Income to Gross Revenue (<5%)	(v) Illiquid Assets to Total Assets (>25%)	(vi) Net Liquid Assets vs. Share Price (B>A)	
						Net Liquid Assets per Share (A)	Share Price (B)
Engro Corporation Ltd	Fertilizer	28.34%	22.25%	4.72%	58.58%	(220.56)	
Mari Petroleum Ltd.	Oil & Gas Exploration Companies	7.83%	17.76%	3.13%	30.37%	(664.23)	



Oil & Gas Development Co. Ltd..	Oil & Gas Exploration Companies	0.00%	7.95%	7.74%****	33.64%	90.21	142.32
Lucky Cement Ltd.	Cement	25.55%	0.71%	2.59%	85.13%	(279.47)	
The Hub Power Co. Ltd.***	Power Generation & Distribution Company	32.32%	0.00%	7.32%	53.77%	(43.08)	
Pakistan Oil Fields	Oil & Gas Exploration Companies	0.00%	1.35%	4.09%	44.36%	7.96	446.72
Pakistan Petroleum Ltd.	Oil & Gas Exploration Companies	0.01%	8.64%	1.59%	31.91%	58.79	137

* These ratios are for the calculation of non-*Shari'ah* Compliant Element in the business and are not relevant for Islamic Banks & Islamic Financial Institutions.

** All interest based debts.

*** Debt is considered excluding circular debt.

**** OGDC is facing circular debt issues. Company is bound to retain interest bearing TFC/Bonds having no permission to sell from government. Due to high interest rate during July-Dec 2019, non-compliant income is high and exceeds 5%. Company had provided written confirmation that its non-compliant income ratio will be less than 5% due to lower interest rates during July-Dec 2020.

- ii. On the basis of information provided by the management, all operations of MTPF for the year ended June 30, 2020 have been in compliance with the *Shari'ah* principles.

In light of the above, we hereby certify that all the provisions of the Scheme and investments made on account of MTPF under management of Al Meezan Investment Management Limited (Al Meezan) are *Shari'ah* compliant and in accordance with the criteria established by us.

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

Dr. Muhammad Imran Ashraf Usmani

For and on behalf of Meezan Bank
Shariah Advisor

Head Office

CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shakra-e-Faisal
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TRUSTEE REPORT TO THE PARTICIPANTS

MEEZAN TAHAFFUZ 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 Meezan Tahaffuz Pension Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Pension Fund Manager of the Fund has in all material respects managed the Fund during the year ended June 30, 2020 in accordance with the provisions of the constitutive documents of the Fund and the Voluntary Pension System Rules, 2005.

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 24, 2020



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
+92 (21) 35685847, Fax +92 (21) 35685095

Independent Auditors' Report to the participants of Meezan Tahaffuz Pension Fund

We have audited the annexed financial statements comprising:

- i. Statement of Assets and Liabilities;
- ii. Income Statement and Statement of Comprehensive Income;
- iii. Statement of Cash Flows;
- iv. Statement of Movement in Participants' Sub Funds;
- v. Statement of Contribution Table; and
- vi. Statement of Number of Units in Issue

of **Meezan Tahaffuz Pension Fund** ("the Fund") as at 30 June 2020 and for the year then ended together with the notes forming part thereof.

Pension Fund Manager's responsibility for the financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



KPMG Taseer Hadi & Co.

Opinion

In our opinion:

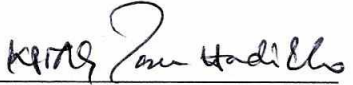
- a) the financial statements have been prepared in accordance with the relevant provisions of the Trust Deed and the Voluntary Pension System Rules, 2005 including the guidelines there under;
- b) a true and fair view is given of the disposition of the Fund as at 30 June 2020 and of the transactions of the Fund for the year ended 30 June 2020 in accordance with the accounting and reporting standards as applicable in Pakistan;
- c) the allocation and reallocation of units of the sub-funds for all the participants have been made according to the Voluntary Pension System Rules, 2005;
- d) the cost and expenses debited to the pension fund and apportionment of expenses between sub-funds are as specified in the constitutive documents of the pension fund;
- e) proper books and records have been kept by the Pension Fund Manager and the financial statements prepared are in agreement with the pension fund's books and records;
- f) we were able to obtain all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit; and
- g) no zakat was deductible at source under the Zakat and Usher Ordinance, 1980.

Other matter

The financial statements of the Fund for the year ended 30 June 2019 were audited by another firm of Chartered Accountants who had expressed an unmodified opinion thereon vide their report dated 18 September 2019.

Date: 17 September 2020

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants
Aryn Malik

Meezan Tahaffuz Pension Fund

Statement of Assets and Liabilities

As at 30 June 2020



Meezan
Tahaffuz Pension Fund

Note	2020					2019	
	Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund	Total	Total	
----- (Rupees in '000) -----							
ASSETS							
Bank balances	4	179,273	836,882	1,965,343	23,299	3,004,797	3,306,722
Investments	5	4,029,169	2,340,602	1,157,930	-	7,527,701	5,681,753
Investment in gold	5.5	-	-	-	97,926	97,926	71,218
Dividend receivable		8,284	-	-	-	8,284	15,260
Deposits and other receivables	6	9,860	54,603	14,896	10	79,369	87,842
Receivable against change of plan / change of fund manager / issuance of units		-	-	-	-	-	14,759
Receivable against sale of investments		9,999	-	-	-	9,999	3,698
Total assets		4,236,585	3,232,087	3,138,169	121,235	10,728,076	9,181,252
LIABILITIES							
Payable to Al Meezan Investment Management Limited - Pension Fund Manager	7	788	609	585	23	2,005	12,480
Payable to Central Depository Company of Pakistan Limited - Trustee	8	313	236	231	8	788	715
Payable to auditors		63	63	63	64	253	252
Payable to Securities and Exchange Commission of Pakistan	9	1,341	965	879	33	3,218	3,100
Payable against purchase of investments		9,989	-	-	-	9,989	17
Payable against withdrawal / change of plan		6,559	5,527	6,508	-	18,594	24,345
Accrued expenses and other liabilities	10	86,968	46,329	37,565	1,669	172,531	90,024
Total liabilities		106,021	53,729	45,831	1,797	207,378	130,933
NET ASSETS		4,130,564	3,178,358	3,092,338	119,438	10,520,698	9,050,319
Contingencies and commitments	13						
PARTICIPANTS' SUB - FUNDS (as per statement attached)		4,130,564	3,178,358	3,092,338	119,438	10,520,698	9,050,319
----- (Number of units) -----							
Number of units in issue (as per statement attached)		10,322,586	12,135,176	12,016,294	754,085		
----- (Rupees) -----							
Net assets value per unit		400.1482	261.9128	257.3454	158.3880		

The annexed notes from 1 to 23 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Pension Fund Manager)

Chief Executive

Chief Financial Officer

Director

Meezan Tahaffuz Pension Fund
Income Statement and Statement of Other Comprehensive Income

For the year ended 30 June 2020

Note	For the year ended 30 June 2020				Total	For the year ended 30 June 2019
	Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund		
(Rupees in '000)						
INCOME						
Profit from sukuk certificates and commercial paper	-	177,836	27,450	-	205,286	125,314
Profit on saving accounts with banks	19,004	144,623	235,653	1,073	400,353	190,643
Profit on term deposit receipts	-	38,408	39,451	-	77,859	80,455
Dividend income	176,627	-	-	-	176,627	229,481
Unrealised appreciation / (diminution) on 're-measurement of investments at 'fair value through profit or loss' (net)	5.1 & 5.2	121,463	(2,742)	(4,800)	113,921	(1,117,755)
Unrealised appreciation on investment in gold	5.5	-	-	20,655	20,655	17,923
Net realised gain / (loss) on sale of investments	-	2,777	200	-	3,238	(312,173)
Other income	-	-	-	381	381	684
Total income / (loss)		319,871	358,325	297,754	998,320	(785,428)
EXPENSES						
Remuneration to Al Meezan Investment Management Limited - Pension Fund Manager	7.1	60,391	43,463	39,574	1,494	144,922
Sindh Sales Tax and Federal Excise Duty on remuneration of the Pension Fund Manager	7.2	7,851	5,650	5,145	194	18,840
Remuneration of Central Depository Company of Pakistan Limited - Trustee	8.1	3,373	2,431	2,211	84	8,099
Sindh Sales Tax on remuneration of the Trustee	8.2	438	316	287	11	1,052
Annual fee to Securities and Exchange Commission of Pakistan	9	1,341	965	879	33	3,218
Auditors' remuneration	14	129	129	129	130	517
Brokerage charges and custodian fee	-	6,105	34	-	868	7,007
Bank and settlement charges	-	885	204	139	32	1,260
Charity expense	-	5,206	-	-	-	5,206
Provision for Sindh Workers' Welfare Fund	12	4,755	6,390	5,665	430	17,240
Total expenses		90,474	59,582	54,029	3,276	207,361
Net income / (loss) from operating activities		229,397	298,743	243,725	19,094	(972,694)
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed (net)		3,601	14,351	33,849	1,949	53,750
Net income / (loss) for the year before taxation		232,998	313,094	277,574	21,043	(923,471)
Taxation	21	-	-	-	-	-
Net income / (loss) for the year after taxation		232,998	313,094	277,574	21,043	(923,471)
Other comprehensive income		-	-	-	-	-
Total comprehensive income / (loss) for the year		232,998	313,094	277,574	21,043	(923,471)

The annexed notes from 1 to 23 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Pension Fund Manager)

Chief Executive

Chief Financial Officer

Director



Meezan Tahaffuz Pension Fund

Statement of Cash Flows

For the year ended 30 June 2020

Note	For the year ended 30 June 2020				Total	For the year ended 30 June 2019
	Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund		
----- (Rupees in '000) -----						
CASH FLOW FROM OPERATING ACTIVITIES						
Net income / (loss) for the year before taxation	232,998	313,094	277,574	21,043	844,709	(923,471)
Adjustments:						
Unrealised (appreciation) / diminution on 're-measurement of investments at 'fair value through profit or loss' (net)	5.1 & 5.2 (121,463)	2,742	4,800	-	(113,921)	1,117,755
Unrealised appreciation on investment in gold	5.5 -	-	-	(20,655)	(20,655)	(17,923)
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed (net)	(3,601)	(14,351)	(33,849)	(1,949)	(53,750)	(49,223)
	107,934	301,485	248,525	(1,561)	656,383	127,138
Decrease / (increase) in assets						
Investments (net)	13,348	(846,045)	(899,330)	(6,053)	(1,738,080)	1,001,212
Receivable against sale of investments	(6,301)	-	-	-	(6,301)	(3,698)
Dividend receivable	6,976	-	-	-	6,976	350
Deposits and other receivables	(1,242)	(1,321)	10,990	46	8,473	(40,989)
	12,781	(847,366)	(888,340)	(6,007)	(1,728,932)	956,875
Increase in liabilities						
Payable to Al Meezan Investment Management Limited - Pension fund Manager	(5,056)	(3,156)	(2,178)	(85)	(10,475)	(305)
Payable to Central Depository Company of Pakistan Limited - Trustee	(22)	20	73	2	73	(10)
Payable to Securities and Exchange Commission of Pakistan	(356)	72	389	13	118	192
Payable to auditors	-	-	-	1	1	12
Payable against purchase of investments	9,989	-	-	(17)	9,972	(6,482)
Accrued expenses and other liabilities	24,338	26,670	30,436	1,063	82,507	10,490
	28,893	23,606	28,720	977	82,196	3,897
Net cash generated from / (used in) operating activities	149,608	(522,275)	(611,095)	(6,591)	(990,353)	1,087,910
CASH FLOW FROM FINANCING ACTIVITIES						
Receipts of contribution / change of plan / change of fund manager / issuance of units	1,432,864	1,964,701	2,770,311	28,801	6,196,677	5,758,873
Payments on withdrawal / change of plan	(1,626,159)	(1,875,750)	(1,995,444)	(10,896)	(5,508,249)	(4,990,946)
Net cash (used in) / generated from financing activities	(193,295)	88,951	774,867	17,905	688,428	767,927
Net (decrease) / increase in cash and cash equivalents during the year	(43,687)	(433,324)	163,772	11,314	(301,925)	1,855,837
Cash and cash equivalents at beginning of the year	222,960	1,270,206	1,801,571	11,985	3,306,722	1,450,885
Cash and cash equivalents at end of the year	4 179,273	836,882	1,965,343	23,299	3,004,797	3,306,722

The annexed notes from 1 to 23 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Pension Fund Manager)

Chief Executive

Chief Financial Officer

Director

Meezan Tahaffuz Pension Fund
Statement of Movement in Participants Sub Funds
For the year ended 30 June 2020

	For the year ended 30 June 2020				Total	For the year ended 30 June 2019
	Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund		
	----- (Rupees in '000) -----					
Net assets at beginning of the year	4,086,115	2,807,052	2,072,836	84,316	9,050,319	9,257,013
Amount received on issuance of units (2020: Equity sub fund: 3,831,823 units; Debt sub fund: 7,903,993 units; Money market sub fund: 11,314,192 units; and Gold sub fund: 187,054 units) (2019: Equity sub fund: 3,587,370 units; Debt sub fund: 6,308,321 units; Money market sub fund: 12,008,864 units; and Gold sub fund: 175,464 units)	1,432,864	1,951,819	2,770,311	26,924	6,181,918	5,773,231
Amount paid on withdrawal of units (2020: Equity sub fund: 4,331,191 units; Debt sub fund: 7,657,452 units; Money market sub fund: 8,146,884 units; and Gold sub fund: 79,153 units) (2019: Equity sub fund: 3,742,830 units; Debt sub fund: 6,942,804 units; Money market sub fund: 7,803,500 units; and Gold sub fund: 21,153 units)	(1,617,812)	(1,879,256)	(1,994,534)	(10,896)	(5,502,498)	(5,007,231)
	(184,948)	72,563	775,777	16,028	679,420	766,000
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed (net)	(3,601)	(14,351)	(33,849)	(1,949)	(53,750)	(49,223)
Net realised (loss) / gain on sale of investments	2,777	200	-	261	3,238	(312,173)
Unrealised appreciation / (diminution) on 're-measurement of investments at 'fair value through profit or loss' (net)	121,463	(2,742)	(4,800)	-	113,921	(1,117,755)
Unrealised appreciation on investment in gold	-	-	-	20,655	20,655	17,923
Other net income for the year	108,758	315,636	282,374	127	706,895	488,534
	232,998	313,094	277,574	21,043	844,709	(923,471)
Net assets at end of the year	4,130,564	3,178,358	3,092,338	119,438	10,520,698	9,050,319

The annexed notes from 1 to 23 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Pension Fund Manager)

Chief Executive

Chief Financial Officer

Director

Meezan Tahaffuz Pension Fund
Statement of Contribution Table
For the year ended 30 June 2020



Meezan
 Tahaffuz Pension Fund

	For the year ended 30 June 2020								Total	For the year ended 30 June 2019
	Equity sub fund		Debt sub fund		Money Market sub fund		Gold sub fund			
	Units	(Rupees in '000)	Units	(Rupees in '000)	Units	(Rupees in '000)	Units	(Rupees in '000)		
Contribution net of front end fee for the year										
Individuals										
- issuance / conversion / reallocation of units	<u>3,831,823</u>	<u>1,432,864</u>	<u>7,903,993</u>	<u>1,951,819</u>	<u>11,314,192</u>	<u>2,770,311</u>	<u>187,054</u>	<u>26,924</u>	<u>6,181,918</u>	<u>5,773,231</u>

The annexed notes from 1 to 23 form an integral part of these financial statements.

For AI Meezan Investment Management Limited
(Pension Fund Manager)

 Chief Executive

 Chief Financial Officer

 Director

Meezan Tahaffuz Pension Fund Statement of Number of Units in Issue

For the year ended 30 June 2020

	For the year ended 30 June 2020			
	Equity sub fund	Debt sub fund	Money market sub fund	Gold sub fund
	----- (Number of units) -----			
Total units in issue at beginning of the year	10,821,954	11,888,635	8,848,986	646,184
Add: Units issued / converted / reallocated during the year	3,831,823	7,903,993	11,314,192	187,054
Less: Units redeemed / converted / reallocated during the year	(4,331,191)	(7,657,452)	(8,146,884)	(79,153)
Total units in issue at the end of the year	<u>10,322,586</u>	<u>12,135,176</u>	<u>12,016,294</u>	<u>754,085</u>
	For the year ended 30 June 2019			
	Equity sub fund	Debt sub fund	Money market sub fund	Gold sub fund
	----- (Number of units) -----			
Total units in issue at beginning of the year	10,977,414	12,523,118	4,643,622	491,873
Add: Units issued / converted / reallocated during the year	3,587,370	6,308,321	12,008,864	175,464
Less: Units redeemed / converted / reallocated during the year	(3,742,830)	(6,942,804)	(7,803,500)	(21,153)
Total units in issue at the end of the year	<u>10,821,954</u>	<u>11,888,635</u>	<u>8,848,986</u>	<u>646,184</u>

The annexed notes from 1 to 23 form an integral part of these financial statements.

**For Al Meezan Investment Management Limited
(Pension Fund Manager)**

Chief Executive

Chief Financial Officer

Director



Meezan Tahaffuz Pension Fund

Notes to the Financial Statements

For the year ended 30 June 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 Meezan Tahaffuz Pension Fund (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited as Pension Fund Manager and Central Depository Company of Pakistan Limited (CDC) as trustee. The Trust Deed was executed and approved by the Securities and Exchange Commission of Pakistan on May 30, 2007 under the Voluntary Pension System Rules, 2005 (VPS Rules). The registered office of the Pension Fund Manager of the Fund, is situated at Ground Floor, Block B Finance and Trade Centre Sarah-e-Faisal, Karachi 74400, Pakistan.

The Fund offers a saving mechanism where an individual saves from his / her income during work life in order to retain financial security and comfort in terms of regular income stream after retirement. The Fund comprises of four Shariah compliant sub funds namely Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund and Gold Sub-Fund (collectively the "Sub-Funds"). Participants are offered various investment allocation schemes depending on their investment horizon, return requirements, risk tolerance and any unique circumstances. The Fund offers six types of allocation schemes to the contributors of the Fund namely High Volatility, Medium Volatility, Low Volatility, Lower Volatility, Variable Volatility and Life Cycle Allocation. The participants of the Fund voluntarily determine the contribution amount, subject to the minimum limit fixed by the Pension Fund Manager. Allocation scheme can be selected initially at the time of opening of account and subsequently the allocation and percentages may change twice in a financial year. The contributions from participants are invested in various instruments belonging to different asset classes to get full benefits of risk minimization through diversification.

1.2 Summary of significant investment policy for each of the Sub-Fund is as follows:

Equity Sub Fund

The Equity Sub-Fund shall invest at least 90% of net assets in listed equity securities based on quarterly average investment calculated on daily basis. Investment in single company shall not exceed 10% of net assets or paid-up capital of the investee company, whichever is lower. Surplus funds may be invested in Government Securities with maturity of less than one year or deposits with Banks which are rated not less than "A".

Debt Sub Fund

The Debt Sub-Fund shall consist of debt securities with maturity of not more than 5 years. At least 25 % of net assets of the Debt Sub-Fund shall be invested in debt securities issued by the Federal Government and up to 25 % of net assets of Debt Sub-Fund may be deposited with Banks having not less than "AA Plus" rating. However, if such debt securities issued by Federal Government are not available, the assets of Debt Sub-Fund may be deposited in Islamic Commercial Banks, having not less than "A+" rating or Islamic windows of conventional commercial Banks, having not less than "AA" rating or may be invested in Islamic bonds or Sukuks issued by entities wholly-owned by the Federal Government or in such Islamic securities which are fully guaranteed by the Federal Government.

Money Market Sub Fund

The Money Market Sub-Fund consists of short term debt instruments with weighted average maturity up to one year. Shariah Compliant Money Market Sub Fund can invest in shariah compliant government securities where the time to maturity may be up to three years.

Gold Sub Fund

The Gold Sub Fund consist of physical gold and aim to provide opportunities of capital appreciation and maximum exposure to price of gold in a Shariah Compliant manner, by investing a significant portion of net assets in deliverable gold base contracts available on Pakistan Mercantile Exchange (PMEX).

1.3 The Fund has been formed to enable the participants to contribute in a diversified portfolio of securities, which are Shariah compliant. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah.

1.4 The Fund is an unlisted pension scheme. Units are offered for public subscription on a continuous basis. The units are non-transferable and can be redeemed by surrendering them to the Fund at the option of the participants.

1.5 Title to the assets of the Sub Funds are held in the name of CDC as a Trustee of the Fund.

- 1.6 Meezan Bank Limited acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 1.7 The Pension Fund Manager has been assigned a quality rating of AM1 by VIS dated December 31, 2019 and AM1 by PACRA dated June 26, 2020. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.
- 1.8 On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. Many governments are still taking stringent steps to help contain the spread of the virus, including requiring self-isolation/ quarantine by those potentially affected, implementing social distancing measures, and controlling or closing borders and "locking-down" cities/regions or even entire countries. The Fund took all necessary measures during this COVID-19 pandemic situation for smooth execution of fund operations.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.1.2 The SECP vide letter ref SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of impairment requirements of International Financial Reporting Standard (IFRS) 9 "Financial Instruments" in relation to debt securities for mutual funds. Accordingly, the impairment requirements of IFRS 9 have not been considered for debt securities and requirements of SECP Circular 33 of 2012 have continued to be followed.

2.2 Basis of measurement

These financial statements have been prepared on historical cost convention basis except for investments classified as 'at fair value through profit or loss' which are measured at fair value and at amortised cost which are amortised during the year.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees which is the Fund's functional and presentation currency. The figures have been rounded off to nearest thousand rupee, unless otherwise stated.

2.4 Use of judgements and estimates

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make estimates, assumptions and use judgments that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. In the process of applying the Fund's accounting policies, management has made the following accounting estimates and judgments which are significant to the financial statements and estimates with a significant risk of material adjustment in future years:

- a) Classification and valuation of financial instruments (notes 3.1 and 5);
- b) Impairment of financial instruments (note 3.1.4); and
- c) Provision (note 3.4)

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2020:

- Amendment to IFRS 3 'Business Combinations' - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.
- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as KIBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A fund shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Fund.
- Amendments to IFRS-16- IASB has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:
 - the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
 - any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
 - there is no substantive change to the other terms and conditions of the lease.

- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

Annual Improvements to IFRS standards 2018-2020:

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

- IFRS 9 - The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 - The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- IAS 41 - The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The above improvements are not likely to have significant impact on the Fund's financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented in the financial statements.

3.1 Financial instruments

3.1.1 Recognition and initial measurement

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

3.1.2 Classification and subsequent measurement

3.1.2.1 Classification of financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Fund changes its business model for managing financial assets.

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

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

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

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Fund may irrevocably designate a financial asset 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.

Business model assessment

The Fund makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Fund's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Fund's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment on debt securities, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Fund considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse features); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

3.1.2.2 Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any profit / markup or dividend income, are recognised in income statement.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Profit / markup income and impairment are recognised in income statement.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, and impairment are recognised in income statement. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to income statement.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in income statement unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to income statement.

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

a) *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.

b) *Basis of valuation of Government securities*

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

c) *Basis of valuation of equity securities*

The fair value of shares of listed companies is based on their prices quoted on the Pakistan Stock Exchange Limited at the reporting date without any deduction for estimated future selling costs. The preference shares received as dividend in specie are carried at cost.

3.1.3 Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

3.1.4 Impairment

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

The SECP through its letter SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of impairment requirements of IFRS 9 in relation to debt securities for mutual funds and has instructed to continue to follow the requirements of Circular No. 33 of 2012 dated October 24, 2012.

3.1.5 Regular way contracts

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

3.1.6 Recognition

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

3.1.7 Derecognition

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

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

3.1.8 Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the Balance Sheet if the Fund has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.2 Investment in gold

Investment in gold is initially recognized at fair value less cost to sell. Subsequent to initial recognition, these are measured at fair value using spot rate (i.e. immediately next day after expired contract) fixed by Pakistan Mercantile Exchange Limited (PMEX).

Gain or loss arising from changes in fair value less cost to sell are recognized in the income statement in the period of change.

3.3 Participants' fund

Participants' fund representing the units issued by the Fund, are carried at the net assets value representing the investors' right to a residual interest in the Fund's net assets.

3.4 Issuance, allocation, reallocation and redemption of units

Contribution received in the individual pension account after deduction of takaful premium, if any, followed by front end fee, is used to purchase the units of sub-funds of the fund according to the allocation scheme selected by the participant. The units are allotted at the net asset value notified by the Pension Fund Manager at the close of that dealing day (forward pricing) for each sub-fund, when the contribution is realized. The front end fee is payable to the distributors and the Pension Fund Manager.

The Pension Fund Manager makes reallocation of the sub-fund units between the sub-funds at least once a year to ensure that the allocations of the sub-fund units of all the participants are according to the allocation schemes selected by the participants.

Withdrawals made are used to redeem units of the sub-funds of the fund, according to the allocation scheme of the participant, at the net asset value prevalent on the date on which the distributors receive redemption application during business hours on that date.

3.5 Provisions

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

3.6 Net assets value per unit of each sub-fund

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

3.7 Taxation

The income of the Fund is exempt from income tax under clause 57(3)(viii) of part I of the Second Schedule to the Income Tax Ordinance, 2001. Therefore, no provision in respect of taxation has been made in these financial statements.

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

3.8 Income recognition

- (i) Gains / (losses) arising on sale of investments are included in the Income Statement on the date when the transaction takes place.
- (ii) Dividend income is recognised when the Fund's right to receive the same is established i.e. on the date of book closure of the investee company / institution declaring the dividend.
- (iii) Profit on bank balances and term deposits are recognised on time proportion basis using effective yield method.
- (iv) Income on sukuk certificates, placements and government securities is recognised on time proportion basis using the effective yield except for the securities which are classified as Non-Performing Asset under Circular No. 33 of 2012 issued by SECP for which the profits are recorded on cash basis.
- (v) Unrealised gains / (losses) arising on revaluation of investments classified as financial assets 'at fair value through profit or loss' are included in the 'income statement' in the period in which they arise.

3.9 Expenses

All expenses, including remuneration of the Pension Fund Manager, Trustee and annual fee to the Securities and Exchange Commission of Pakistan fee are recognised in the Income Statement as and when incurred.

3.10 Earnings per unit

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

3.11 Cash and cash equivalents

Cash comprises current and saving accounts with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash with maturities of three months or less from the date of acquisition that 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 investment or other purposes.

3.12 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed-net

An equalisation account called 'element of income / (loss) and capital gains / (losses)' included in prices of units issued less those in units redeemed is set up in order to prevent the dilution of income per unit.

The Fund records that portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period which pertains to unrealised gains / (losses) held in the participants' funds in a separate account. 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 recognised in the Income Statement.

3.13 Distribution

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

Note	2020					2019
	Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund	Total	Total
4. BANK BALANCES	----- (Rupees in '000) -----					
Current accounts	20,850	20,318	24,771	510	66,449	1,295
Savings accounts	4.1 158,423	816,564	1,940,572	22,789	2,938,348	3,305,427
	<u>179,273</u>	<u>836,882</u>	<u>1,965,343</u>	<u>23,299</u>	<u>3,004,797</u>	<u>3,306,722</u>

4.1 The balance in savings accounts carry expected profit which ranges from 3% to 13.75% (2019: 3.00% to 12.50%) per annum.

5. INVESTMENTS

Note	2020					2019
	Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund	Total	Total
Investments by category	----- (Rupees in '000) -----					
At fair value through profit or loss						
Listed equity securities	5.1 4,029,169	-	-	-	4,029,169	3,921,054
Sukuk certificates	5.2 -	2,064,915	482,971	-	2,547,886	1,171,834
	<u>4,029,169</u>	<u>2,064,915</u>	<u>482,971</u>	<u>-</u>	<u>6,577,055</u>	<u>5,092,888</u>
At amortised cost						
Term deposit receipts	5.3 -	180,000	540,000	-	720,000	220,000
Commercial paper	5.4 -	96,950	135,730	-	232,680	370,899
Less: Provision for impairment loss	5.2.5 -	(1,263)	(771)	-	(2,034)	(2,034)
	<u>4,029,169</u>	<u>2,340,602</u>	<u>1,157,930</u>	<u>-</u>	<u>7,527,701</u>	<u>5,681,753</u>

5.1 Listed equity securities - at fair value through profit or loss
Held by Equity Sub-Fund

Shares of listed companies - fully paid up ordinary shares of Rs. 10 each unless stated otherwise

Name of the investee company	As at 01 July 2019	Purchased during the year	Bonus / Rights issue during the year	Sales during the year	As at 30 June 2020	Carrying value as at 30 June 2020	Market value as at 30 June 2020	Unrealised (loss) / gain as at 30 June 2020	Market value as a percentage of net assets of sub-fund	Percentage of paid-up capital of investee company
	-----Number of shares-----					----- (Rupees in '000) -----			----- % -----	
Automobile Assembler										
Atlas Honda Limited	24,360	-	-	24,360	-	-	-	-	-	-
Honda Atlas Cars	-	25,000	-	-	25,000	4,169	4,842	673	0.12	0.02
Millat Tractors Limited	50,550	37,000	6,093	62,750	30,893	21,546	21,815	269	0.53	0.06
Gandhara Industries Limited	200,800	-	-	188,100	12,700	1,110	1,537	427	0.04	0.03
Indus Motor Company Limited	-	36,420	-	-	36,420	44,227	36,238	(7,989)	0.88	0.05
									1.57	0.16
Automobile Parts & Accessories										
Agriauto Industries Limited (Face value of Rs.5)	-	63,000	-	-	63,000	13,212	11,466	(1,746)	0.28	0.22
Thal Limited (Face value of Rs. 5)	-	137,400	-	137,400	-	-	-	-	-	-
									0.28	0.22
Commercial Bank										
Bank Islami Pakistan Limited	-	5,025,000	-	4,500,500	524,500	5,658	3,965	(1,693)	0.10	0.05
Cement										
D.G Khan Cement Company Limited	477,800	1,430,500	-	1,277,800	630,500	50,448	53,801	3,353	1.30	0.14
Lucky Cement Limited	792,456	197,900	-	345,000	645,356	250,005	297,883	47,878	7.21	0.20
Pioneer Cement Company Limited	2,600	-	-	2,600	-	-	-	-	-	-
Maple Leaf Cement Factory Limited	354,062	2,796,052	-	2,004,000	1,146,114	29,823	29,776	(47)	0.72	0.10
Kohat Cement Company Limited	658,820	330,000	-	270,000	718,820	57,793	98,802	41,009	2.39	0.36
Attock Cement Pakistan Limited	20,500	-	-	20,000	500	36	62	26	-	-
Cherat Cement Company Limited	-	1,155,500	10,000	655,000	510,500	40,042	44,500	4,458	1.08	0.26
Fauji Cement	-	3,625,000	-	1,895,000	1,730,000	29,023	29,202	179	0.71	0.13
									13.41	1.19
Chemical										
Engro Polymer & Chemicals Limited	1,976,709	4,382,500	-	2,978,500	3,380,709	97,549	84,450	(13,099)	2.04	0.37
ICI Pakistan Limited	205,820	7,000	-	300	212,520	112,786	147,640	34,854	3.57	0.23
Sitara Chemical Industries Limited	36,600	-	-	-	36,600	11,195	10,142	(1,053)	0.25	0.17
Lotte Chemical Pakistan Limited	-	820,000	-	500,000	320,000	2,973	3,184	211	0.08	0.02
Sitara Peroxide Limited	-	816,500	-	-	816,500	16,330	16,663	333	0.40	1.48
Ittehad Chemical Limited	-	279,500	-	-	279,500	7,851	7,365	(486)	0.18	0.33
Ghani Global Holdings (formerly Ghani Gases Limited)	-	250,000	-	-	250,000	4,099	3,933	(166)	0.10	0.16
									6.62	2.76

Name of the investee company	As at 01 July 2019	Purchased during the year	Bonus / Rights issue during the year	Sales during the year	As at 30 June 2020	Carrying value as at 30 June 2020	Market value as at 30 June 2020	Unrealised (loss) / gain as at 30 June 2020	Market value as a percentage of net assets of sub-fund	Percentage of paid-up capital of investee company
	-----Number of shares-----					----- (Rupees in '000) -----			----- % -----	
Engineering										
K.S.B Pumps Company Limited	67,500	-	-	66,700	800	81	115	34	-	0.01
International Steels Limited	359,100	770,000	-	634,100	495,000	22,397	25,567	3,170	0.62	0.11
International Industries Limited	209,500	662,000	50	649,000	222,550	23,644	20,415	(3,229)	0.49	0.17
Amreli Steels Limited	-	250,000	-	250,000	-	-	-	-	-	-
Mughal Iron & Steel Industries	-	282,500	-	125,000	157,500	4,935	6,281	1,346	0.15	0.06
									1.26	0.35
Fertilizer										
Engro Corporation Limited (note 5.1.1)	1,473,120	51,000	-	272,700	1,251,420	333,900	366,566	32,666	8.87	0.22
Engro Fertilizers Limited	3,063,000	634,000	-	775,000	2,922,000	188,239	176,138	(12,101)	4.26	0.22
Dawood Hercules Corporation Limited	-	54,000	-	50,000	4,000	542	512	(30)	0.01	-
Fatima Fertilizer	-	25,000	-	-	25,000	718	668	(50)	0.02	-
									13.16	0.44
Food and Personal Care Products										
National Foods Limited (Face value of Rs. 5)	100,000	-	3,680	101,600	2,080	319	521	202	0.01	-
Al-Shaheer Corporation Limited	33,160	-	-	-	33,160	418	379	(39)	0.01	0.02
At- Tahur Limited	8,318	-	831	-	9,149	164	158	(6)	-	0.01
									0.02	0.03
Glass & Ceramics										
Ghani Glass Limited	-	613,000	-	-	613,000	32,315	25,225	(7,090)	0.61	0.11
Tariq Glass Industries	382,600	100,000	64,300	304,000	242,900	14,457	15,672	1,215	0.38	0.22
									0.99	0.33
Leather & Tanneries										
Bata Pakistan	-	8,740	-	-	8,740	11,900	11,739	(161)	0.28	0.12
Oil and Gas Exploration Companies										
Oil and Gas Development Company Limited	2,965,300	1,310,000	-	1,419,100	2,856,200	336,648	311,326	(25,322)	7.54	0.07
Pakistan Oilfields Limited	802,520	137,000	-	237,000	702,520	273,844	246,325	(27,519)	5.96	0.25
Pakistan Petroleum Limited	2,303,765	1,280,000	413,673	1,310,400	2,687,038	293,149	233,181	(59,968)	5.65	0.10
Mari Petroleum Company Limited	251,440	14,300	24,844	13,000	277,584	258,575	343,274	84,699	8.31	0.21
									27.46	0.63

Name of the investee company	As at 01 July 2019	Purchased during the year	Bonus / Rights issue during the year	Sales during the year	As at 30 June 2020	Carrying value as at 30 June 2020	Market value as at 30 June 2020	Unrealised (loss) / gain as at 30 June 2020	Market value as a percentage of net assets of sub-fund	Percentage of paid-up capital of investee company
	-----Number of shares-----				----- (Rupees in '000) -----				----- % -----	
Oil and Gas Marketing Companies										
Pakistan State Oil Company Limited	1,335,450	384,200	251,090	941,000	1,029,740	155,425	162,864	7,439	3.94	0.22
Attock Petroleum Limited	68,144	82,000	-	-	150,144	44,802	45,824	1,022	1.11	0.15
Sui Northern Gas Pipelines Limited	2,860,600	-	-	290,000	2,570,600	178,631	140,355	(38,276)	3.40	0.41
Sui Southern Gas Company Limited	142,500	-	-	-	142,500	2,947	1,901	(1,046)	0.05	0.02
Hascol Petroleum Limited	228,638	-	-	226,050	2,588	178	35	(143)	-	-
Shell Pakistan Limited	-	63,900	-	63,900	-	-	-	-	-	-
Hi-Tech Lubricants	-	355,000	-	-	355,000	9,411	10,749	1,338	0.26	0.31
									8.76	1.11
Paper and Board										
Packages Limited	209,601	71,700	-	64,600	216,701	67,411	75,241	7,830	1.82	0.24
Cherat Packaging Limited	328,540	4,700	26,554	64,700	295,094	21,883	34,570	12,687	0.84	0.69
Century Paper	-	350,500	-	-	350,500	23,041	25,085	2,044	0.61	0.24
Roshan Packages Limited	-	200,000	-	-	200,000	4,114	4,484	370	0.11	0.14
									3.38	1.31
Pharmaceuticals										
AGP Limited	830,000	153,500	-	45,000	938,500	69,300	102,991	33,691	2.49	0.34
GlaxoSmithKline Consumer Healthcare	17,500	95,000	-	-	112,500	30,703	30,564	(139)	0.74	0.10
The Searle Company Limited	530,825	105,500	-	315,000	321,325	49,013	64,018	15,005	1.55	0.15
Highnoon Laboratories Limited	1,760	25,500	2,726	-	29,986	14,101	15,031	930	0.36	0.09
									5.14	0.68
Power Generation & Distribution										
The Hub Power Company Limited	3,249,307	924,500	-	302,000	3,871,807	303,541	280,706	(22,835)	6.80	0.30
K-Electric Limited (Face value Rs. 3.5)	26,611,000	3,000,000	-	4,030,500	25,580,500	110,492	76,997	(33,495)	1.86	0.09
									8.66	0.39
Textile Composite										
Nishat Mills Limited	532,700	515,000	-	700,000	347,700	25,632	27,124	1,492	0.66	0.10
Textile Weaving										
Feroze1888 Mills Limited	295,000	-	-	-	295,000	29,757	24,131	(5,626)	0.58	0.08
Technology & Communication										
Pakistan Telecommunication Company Limited "A"	208,000	-	-	-	208,000	1,720	1,847	127	0.04	0.01
Avanceon Limited	370,500	130,000	13,050	370,000	143,550	3,653	5,076	1,423	0.12	0.07
Systems Limited	253,550	410,000	-	100,000	563,550	60,708	103,513	42,805	2.51	0.46
Netsol Technologies Limited	15,000	105,500	-	65,000	55,500	2,327	2,759	432	0.07	0.06
									2.74	0.60

Name of the investee company	As at 01 July 2019	Purchased during the year	Bonus / Rights issue during the year	Sales during the year	As at 30 June 2020	Carrying value as at 30 June 2020	Market value as at 30 June 2020	Unrealised (loss) / gain as at 30 June 2020	Market value as a percentage of net assets of sub-fund	Percentage of paid-up capital of investee company
	-----Number of shares-----					----- (Rupees in '000) -----			----- % -----	
Vanaspati & Allied Industries										
Unity Foods Limited	2,025,669	3,000,000	-	5,012,500	13,169	156	147	(9)	-	-
Textile & Apparel										
Interloop Limited	2,713,500	-	-	395,000	2,318,500	102,640	101,829	(811)	2.47	0.27
Total						3,907,706	4,029,169	121,463		

5.1.1 145,000 shares (2019 : 145,000 shares) of Engro Corporation Limited having market value of Rs. 42.47 million as at June 30, 2020 (2019: Rs. 38.51 million) , have been pledged as collateral in favour of National Clearing Company of Pakistan Limited against exposure margins and mark to market losses.

5.1.2 The Finance Act 2014,introduced amendments to the Income Tax Ordinance 2001 as a result of which companies were liable to withhold 5 percent of the bonus shares to be issued. The shares so withheld were only to be released if the Fund deposits tax equivalent to 5 percent of the value of the bonus shares issued to the Fund including bonus shares withheld, determined on the basis of day-end price on the first day of closure of books of the issuing company.

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

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

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



5.2 Sukuk certificates - At fair value through profit or loss

5.2.1 Held by Debt Sub-Fund

Name of the Security	Note	As at July 01,	Purchases	Sales during	Matured	As at 30	Carrying	Market value	Unrealised (loss)	Market value as
		2019	during the	the year	during the	June 2020	value as at	as at June 30,	/ gain as at June	a percentage of
		-----Number of certificates-----					30 June	2020	30, 2020	Net Assets
							2020	(Rupees in '000)		---%---
Property & Real Estate										
Eden Housing Limited	5.2.1.1	500	-	-	-	500	-	-	-	-
Leasing Companies										
Security Leasing Corporation Limited II	5.2.1.1	154	-	-	-	154	-	-	-	-
Fertilizer										
Fatima Fertilizer Company Limited	5.2.1.1	2,820	26,000	-	4,328	24,492	47,832	47,737	(95)	1.50
Banks										
Dubai Islamic Bank Pakistan Limited	5.2.1.1	57	-	-	-	57	58,066	58,495	429	1.84
Pharmaceuticals										
AGP Limited	5.2.1.1	-	500	-	75	425	20,020	20,029	9	0.63
Power Generation & Distribution										
K-Electric Limited	5.2.1.1	1,200	-	1,200	-	-	-	-	-	-
K-electric Limited	5.2.3 & 5.2.1.1	-	8,000	-	-	8,000	40,000	40,000	-	1.26
Engro Powergen Thar (Private) Limited	5.2.1.1	-	12,000	-	-	12,000	60,000	60,180	180	1.89
The Hub Power Company Limited	5.2.1.1	380,000	-	-	380,000	-	-	-	-	-
Pakistan Energy Sukuk I	5.2.3 & 5.2.1.1	130,000	10,000	10,000	-	130,000	650,000	650,000	-	20.45
Pakistan Energy Sukuk II	5.2.3 & 5.2.1.1	-	80,000	-	-	80,000	400,000	400,000	-	12.59
Cement & Construction										
Javedan Corporation Limited	5.2.4 & 5.2.1.1	250	-	-	-	250	24,884	24,999	115	0.79
Steel & Allied Products										
Agha Steels Industries Limited	5.2.3 & 5.2.1.1	50	-	-	-	50	50,000	50,000	-	1.57
Chemicals										
Engro Polymer & Chemicals Limited	5.2.1.1	250	-	-	-	250	25,117	25,387	270	0.80
Miscellaneous										
Shakarganj Foods Product Limited	5.2.1.1	18	-	-	3	15	14,969	15,300	331	0.48
International Brand Limited	5.2.1.1	550	-	-	157	393	38,506	38,920	414	1.22
Government Securities										
GOP-Ijarah sukuk XX	5.2.1.1	-	1,870	-	-	1,870	187,000	181,390	(5,610)	5.71
GOP-Ijarah sukuk XXI	5.2.1.1	-	4,500	-	-	4,500	450,000	451,215	1,215	14.20
Non-Performing Investments										
	5.2.5 & 5.2.1.1						1,263	1,263	-	
Total							262,956	2,064,915	(2,742)	

5.2.1.1 Significant terms and conditions of Sukuk certificates outstanding as at June 30, 2020 are as follows:

Name of security	Original principal (Rupees per certificate)	Mark-up rate (per annum)	Issue date	Maturity date
Eden Housing Limited	984.38	-	31-Dec-07	31-Dec-12
Security Leasing Corporation Limited II	5,000	-	19-Sep-07	19-Sep-12
Fatima Fertilizer Company Limited	5,000	6 months KIBOR + 1.10%	28-Nov-16	28-Nov-21
Dubai Islamic Bank Pakistan Limited	1,000,000	6 months KIBOR + 0.50%	14-Jul-17	14-Jul-27
AGP Limited	1,000,000	3 months KIBOR + 1.30%	09-Jun-17	09-Jun-22
K-electric Limited	5,000	3 months KIBOR + 1.70%	17-Dec-19	17-Dec-24
Engro Powergen Thar (Private) Limited	5,000	3 months KIBOR + 1.10%	01-Jul-19	01-Jul-24
Pakistan Energy Sukuk I	10,000	6 months KIBOR + 0.80%	01-Mar-19	01-Mar-29
Pakistan Energy Sukuk II	5,000	6 months KIBOR Less base rate of 0.0%	20-May-19	20-May-29
Javedan Corporation Limited	100,000	6 months KIBOR + 1.75%	04-Oct-18	04-Oct-26
Agha Steels Industries Limited	1,000,000	3 months KIBOR + 0.80%	09-Oct-18	09-Oct-24
Engro Polymer & Chemicals Limited	1,000,000	3 months KIBOR + 0.90%	11-Jan-19	11-Jul-26
Shakarganj Foods Product Limited	1,000,000	3 months KIBOR + 1.75%	10-Jul-18	10-Jul-24
International Brand Limited	100,000	12 months KIBOR + 0.50%	15-Nov-17	15-Nov-21
GOP-Ijarah sukuk XX	100,000	Weighted average yield of 6 months T-Bills	30-Apr-20	30-Apr-25
GOP-Ijarah sukuk XXI	100,000	Weighted average yield of 6 months T-Bills	29-May-20	29-May-25

5.2.2 Held by Money Market Sub-Fund

Name of the Security	Note	As at July 01, 2019	Purchases during the year	Sales during the year	Matured during the year	As at 30 June 2020	Carrying value as at 30 June 2020	Market value as at June 30, 2020	Unrealised (loss) / gain as at June 30, 2020	Market value as a percentage of Net Assets
-----Number of certificates-----							'----- (Rupees in '000) -----		---%---	
Leasing Companies										
Security Leasing Corporation Limited II January 19, 2022		154	-	-	-	154	-	-	-	-
Power Generation & Distribution										
The Hub Power Company Limited		-	16,000	-	16,000	-	-	-	-	-
The Hub Power Company Limited		-	1,000	-	1,000	-	-	-	-	-
Government Securities										
GOP-Ijarah sukuk XX	5.2.2.1	-	1,870	-	-	1,870	187,000	181,390	(5,610)	1.51
GOP-Ijarah sukuk XXI	5.2.2.1	-	3,000	-	-	3,000	300,000	300,810	810	2.50
Non-Performing Investments										
	5.2.5						771	771	-	
Total							487,771	482,971	(4,800)	

5.2.2.1 Significant terms and conditions of Sukuk certificates outstanding as at June 30, 2020 are as follows:

Name of security	Original principal (Rupees per certificate)	Mark-up rate (per annum)	Issue date	Maturity date
GOP-Ijarah sukuk XX	100,000	Weighted average yield of 6 months T-Bills	30-Apr-20	30-Apr-25
GOP-Ijarah sukuk XXI	100,000	Weighted average yield of 6 months T-Bills	29-May-20	29-May-25

5.2.3 These are measured at their initial investment value, as their market values are not available at MUFAP.

5.2.4 The Fund has applied discretionary mark-up on June 29, 2020 to the fair value of the security. Post to discretionary mark-up the price of Javedan Corporation is decreased from Rs. 102.0045 (MUFAP Price) to Rs. 99.9978 per certificate.

5.2.5 The agreement with the Securities Leasing Corporation Limited (SLCL) had been amended on 19 February 2012. In accordance with the revised terms no mark-up is payable on the said sukuk with the approval of the contributors to the sukuk certificate. The sukuk certificates have been classified as non-performing by MUFAP on April 03, 2012. Therefore, in accordance with the requirement of SECP's circular No. 33 of 2012, the sukuk certificates have been classified as non-performing assets and no further profit has been accrued thereafter. Further, in accordance with the provisioning policy, amount of Rs. 1.542 million in both debt and money market sub fund has also been held as a provision against principal as at June 30, 2020.

On May 6, 2011, Eden Housing sukuk certificates have been classified as non-performing by MUFAP therefore, in accordance with the requirement of SECP's Circular No.33 of 2012, the sukuk certificates have been classified as non-performing assets and no further profit has been accrued thereafter. Further, in accordance with the said Circular, an amount of Rs. 0.492 million has also been held as provision against the outstanding principal as at June 30, 2020.

Following investments of the Fund are in the sukuk which are below 'investment grade' securities:

Non-performing investment	Type of Investment	Cost	Provision held	Net carrying value
		(Rupees in '000)		
Debt Sub Fund				
Eden Housing Limited	Non-traded sukuk	492	492	-
Security Leasing Corporation Limited II	Non-traded sukuk	771	771	-
		<u>1,263</u>	<u>1,263</u>	<u>-</u>
Money Market Sub Fund				
	Security Leasing Corporation Limited II	771	771	-

5.3 Term deposit receipts - at amortised cost

5.3.1 Held by Debt Sub-Fund

Name of the Bank	Rating	Maturity date	Profit rate per annum	As at July 01, 2019	TDR's placed during the year	Matured during the year	As at June 30, 2020	Market Value as a Percentage of Net Assets
				(Rupees in '000)				-----%
Orix Modaraba	AA+	May 08, 2020	13.80%	180,000	-	180,000	-	-
Orix Modaraba	AA+	April 29, 2021	7.84%	-	180,000	-	180,000	5.66
Meezan Bank Limited	AA+	Dec 02, 2019	13.50%	-	450,000	450,000	-	-
				<u>180,000</u>	<u>630,000</u>	<u>630,000</u>	<u>180,000</u>	

5.3.2 Held by Money Market Sub-Fund

Orix Modaraba	AA+	Nov 08, 2019	13.70%	40,000	-	40,000	-	-
Bank Islami Pakistan Limited	A+	July 04, 2019	11.25%	340,000	-	340,000	-	-
Orix Modaraba	AA+	May 08, 2020	13.35%	-	40,000	40,000	-	-
Orix Modaraba	AA+	Oct 29, 2020	7.84%	-	40,000	-	40,000	1.29
Meezan Bank Limited	AA+	Dec 02, 2019	13.50%	-	350,000	350,000	-	-
Askari Bank Limited	AA-	April 16, 2020	12.65%	-	500,000	500,000	-	-
United Bank Limited	AAA	June 01, 2020	7.50%	-	500,000	500,000	-	-
United Bank Limited	AAA	July 02, 2020	7.35%	-	500,000	-	500,000	16.17
				<u>380,000</u>	<u>1,930,000</u>	<u>1,770,000</u>	<u>540,000</u>	

5.4 Commercial Papers - at amortised cost

5.4.1 Held by Debt Sub-Fund

Name of Company	Note	Maturity Date	As at July 01, 2019	Placements made during the year	Income Accrued	Matured during the year	As at June 30, 2020	Market Value as a Percentage of Net Assets
----- (Rupees in '000) -----								-----%-----
Hascol Petroleum Limited CP	5.4.1.1	July 15, 2019	63,716	-	284	(64,000)	-	-
K-electric Limited CP	5.4.1.2	Sep 02, 2019	163,803	-	3,197	(167,000)	-	-
K-electric Limited CP	5.4.1.3	March 19, 2020	-	148,707	11,293	(160,000)	-	-
K-electric Limited CP	5.4.1.4	Oct 05, 2020	-	94,245	2,705	-	96,950	3.05
			227,519	242,952	17,479	(391,000)	96,950	

5.4.1.1 This commercial paper has been placed at discount at a rate of 12.26% (6 months kibar plus 1.5%) and is being amortised over a period of 181 days.

5.4.1.2 This commercial paper has been placed at discount at a rate of 11.75% (6 months kibar plus 0.9%) and is being amortised over a period of 185 days.

5.4.1.3 This commercial paper has been placed at discount at a rate of 15.23% (6 months kibar plus 1.3%) and is being amortised over a period of 182 days.

5.4.1.4 This commercial paper has been placed at discount at a rate of 12.18% (6 months kibar plus 1.15%) and is being amortised over a period of 185 days.

5.4.2 Held by Money Market Sub-Fund

Name of Company	Note	Maturity Date	As at July 01, 2019	Placements made during the year	Income Accrued	Matured during the year	As at June 30, 2020	Market Value as a Percentage of Net Assets
----- (Rupees in '000) -----								-----%-----
Hascol Petroleum Limited CP	5.4.2.1	July 15, 2019	79,645	-	355	(80,000)	-	-
K-electric Limited CP	5.4.2.2	Sep 02, 2019	63,756	-	1,244	(65,000)	-	-
K-electric Limited CP	5.4.2.3	March 19, 2020	-	99,448	7,552	(107,000)	-	-
K-electric Limited CP	5.4.2.4	Oct 05, 2020	-	131,943	3,787	-	135,730	4.39
			143,401	231,391	12,938	(252,000)	135,730	

5.4.2.1 This commercial paper has been placed at discount at a rate of 12.26% (6 months kibar plus 1.5%) and is being amortised over a period of 181 days.

5.4.2.2 This commercial paper has been placed at discount at a rate of 11.75% (6 months kibar plus 0.9%) and is being amortised over a period of 185 days.

5.4.2.3 This commercial paper has been placed at discount at a rate of 15.23% (6 months kibar plus 1.3%) and is being amortised over a period of 182 days.

5.4.2.4 This commercial paper has been placed at discount at a rate of 12.18% (6 months kibar plus 1.15%) and is being amortised over a period of 185 days.

5.5 Investment in gold

	As at July 01, 2019	Purchases during the year	Sales during the year	As at June 30, 2020	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Unrealised gain as at June 30, 2020	Market Value as a Percentage of Net Assets
	----- (Quantity in Tola) -----				----- (Rupees'000) -----			%
Tola Gold	863	120	57	926	77,271	97,926	20,655	0.82
Total	863	120	57	926	77,271	97,926	20,655	

5.5.1 The Pakistan Mercantile Exchange (PMEX) delivers refined Gold in 10 TOLA Bars. These are physically held by PMEX.

5.5.2 The investment in gold of Rs. 97.926 million has been measured at fair value based on the quoted market price in active markets.

6. DEPOSITS AND OTHER RECEIVABLES

	2020					2019
	Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund	Total	Total
	----- (Rupees in '000) -----					
Security deposits	2,600	100	100	-	2,800	2,800
Profit receivable on saving accounts with banks and Term Deposits	2,513	6,144	10,614	10	19,281	39,689
Profit receivable on sukuku certificates	-	48,359	4,182	-	52,541	40,606
Advance tax	4,747	-	-	-	4,747	4,747
	9,860	54,603	14,896	10	79,369	87,842

7. PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED (AI Meezan) - PENSION FUND MANAGER

	Note	2020					2019
		Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund	Total	Total
		----- (Rupees in '000) -----					
Management remuneration	7.1	697	539	518	20	1,774	11,045
Sindh Sales Tax on management fee	7.2	91	70	67	3	231	1,435
		788	609	585	23	2,005	12,480

7.1 As per rule 11 of the Voluntary Pension System Rules, 2005, Al Meezan Investment Management Limited, the Pension Fund Manager of the Fund is allowed to charge an annual management fee of 1.5% (June 30, 2019: 1.5%) of the average of the values of the net assets of each of the Sub-Fund calculated for determining the prices of the units of the Sub-Funds. Accordingly, the management fee has been accrued at 1.5% per annum of the average daily net assets of the Sub-Funds.

7.2 The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13% (June 30, 2019: 13%) on the remuneration of the Management Company through Sindh Sales Tax Act, 2011 effective from July 01, 2011.

8. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

	Note	2020					2019
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Gold Sub-Fund	Total	Total
		----- (Rupees in '000) -----					
Trustee fee	8.1	277	209	204	7	697	633
Sindh Sales Tax on Remuneration of the Trustee	8.2	36	27	27	1	91	82
		313	236	231	8	788	715

8.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed in accordance with the tariff specified therein, based on the daily net assets of the sub-funds.

Based on the Trust Deed, the tariff structure applicable to the Fund as at June 30, 2020 is as follows:

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

8.2 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (June 30, 2019: 13%) on the remuneration of the Trustee through Sindh Sales Tax Act, 2011 effective from July 01, 2011.

9. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents annual fee payable to SECP in accordance with the rule 36 of the VPS Rules whereby the Fund is required to pay SECP an amount equal to one thirtieth of 1% of average annual net asset value of the Fund.

10. ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	2020				2019	
		Equity-sub fund	Debt-sub fund	Money Market sub-fund	Gold sub-fund	Total	
----- (Rupees in '000) -----							
Provision for Sindh Workers' Welfare Fund	12	42,898	16,166	10,103	921	70,088	52,848
Federal Excise Duty on remuneration of the Pension Fund Manager	10.1	15,436	8,816	2,449	-	26,701	26,701
Sindh Sales Tax on Federal Excise Duty on remuneration of the Pension Fund Manager	10.2	1,800	962	242	-	3,004	3,004
Amount received against units to be issued	10.4	17,112	20,318	24,771	510	62,711	-
Charity payable	10.3	5,630	-	-	-	5,630	4,225
Brokerage payable		4,092	67	-	-	4,159	3,139
Custodian Charges Payable		-	-	-	238	238	107
		86,968	46,329	37,565	1,669	172,531	90,024

10.1 Federal Excise Duty on remuneration of the Pension Fund Manager

As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Pension Fund Manager has been applied effective from June 13, 2013. The Pension Fund Manager is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan with the Sindh High Court (SHC) on behalf of various Asset Management Companies and CISs.

While disposing the above petition, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from July 01, 2011. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for the decision.

Furthermore, the Finance Act 2016, also introduced an amendment to the Federal Excise Act, 2005 whereby FED was withdrawn on services of different industries including Non- Banking Financial Institutions, which are already subject to provisional sales tax.

However, since the appeal is pending in Supreme Court of Pakistan, the Pension Fund Manager, as a matter of abundant caution, is carrying provision for FED, aggregating to Rs. 15.436 million, Rs. 8.816 million and Rs. 2.449 million for Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively.

Had the provision not being made, the Net Asset Value per unit as at June 30, 2020 would have been higher by Rs. 1.50 (2019: Rs. 1.42) per unit, Re. 0.73 (2019: Re. 0.74) per unit and Re. 0.20 (2019: Re. 0.27) per unit for Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively.

10.2 Sindh Sales Tax on Federal Excise Duty on remuneration of the Pension Fund Manager

It represents provision in respect of Sindh Sales Tax at the rate of 13 percent (2019: 13 percent) on remuneration of the Pension Fund Manager through the Sindh Sales Tax on Services Act, 2011, being Sindh Sales Tax accrued on Federal Excise Duty (FED) on remuneration of the Pension Fund Manager as fully explained in note 10.1 above.

10.3 Charity payable

According to the instructions of the Shariah Advisor, any income earned by the Fund from investments whereby portion of the investment of such investees has been made in shariah non-compliant avenues, such proportion of income of the Fund from those investees should be given away for charitable purposes directly by the Fund. Accordingly, an amount of Rs. 5.63 million (2019: Rs. 4.23 million) is outstanding in this regard after making charity payments of Rs 3.8 million (2019: Rs 3.7 million) to renowned charitable institutions. None of the directors of the Pension Fund Manager of the Fund were interested in any of donee's.

10.4 This represents net amount received in collection account of the Fund on 30 June 2020. The units against which were processed subsequent to the yearend.

11 PRICE ADJUSTMENT CHARGES

Securities and Exchange Commission of Pakistan (SECP) vide letter No. SCD/PRDD/VPS/AIML/O1/2018 dated January 01, 2018 permit the Fund to charge price adjustment charges. Price Adjustment Charges (PAC)" means difference between the offer price and the bid price from the closing price of the Gold transactions (Contract) available at PMEX, which shall be added to and deducted from the NAV of the Gold sub fund to determine offer price and redemption price respectively. Such charges shall form part of Fund Property.

Currently, PAC added / Deducted to / from Nav of Gold sub fund to determine offer/ redemption price is 1% of NAV. These are included in other income.

12 PROVISION FOR SINDH WORKERS' WELFARE FUND

The Finance Act, 2008 had introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) as a result of which it was construed that all Collective Investment Schemes (CISs) / mutual funds whose income exceeded Rs 0.5 million in a tax year were brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever was higher. In light of this, the Mutual Funds Association of Pakistan (MUFAP) filed a constitutional petition in the Honorable Sindh High Court (SHC) challenging the applicability of WWF on CISs which is pending adjudication. Similar cases were disposed of by the Peshawar and the Lahore High Courts in which these amendments were declared unlawful and unconstitutional. However, these decisions were challenged in the Supreme Court of Pakistan.

Subsequently, the Finance Act, 2015 introduced an amendment under which CISs / mutual funds have been excluded from the definition of "industrial establishment" subject to WWF under the WWF Ordinance. Consequently, mutual funds are not subject to this levy after the introduction of this amendment which is applicable from tax year 2016. Accordingly, no further provision in respect of WWF was made with effect from 1 July 2015.

On November 10, 2016 the Supreme Court of Pakistan (SCP) has passed a judgment declaring the amendments made in the Finance Acts 2006 and 2008 pertaining to WWF as illegal citing that WWF was not in the nature of tax and could, therefore, not have been introduced through money bills. Accordingly, the aforesaid amendments have been struck down by the SCP. The Federal Board of Revenue has filed a petition in the SCP against the said judgment, which is pending hearing. While the petitions filed by the CISs on the matter are still pending before the SHC, the Mutual Funds Association of Pakistan (MUFAP) (collectively on behalf of the asset management companies and their CISs) has taken legal and tax opinions on the impact of the SCP judgment on the CISs petition before the SHC. Both legal and tax advisors consulted were of the view that the judgment has removed the very basis on which the demands were raised against the CISs. Therefore, there was no longer any liability against the CISs under the WWF Ordinance and that all cases pending in the SHC or lower appellate forums will now be disposed of in light of the earlier judgment of the SCP.

Furthermore, as a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the government of Sindh as a result of which every industrial establishment located in SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. However, it may be stated that under Companies Act, 2017, mutual funds are explicitly excluded from the definition of financial institution. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In the view of the above developments regarding the applicability of SWWF on CISs / mutual funds, the MUFAP has recommended that as a matter of abundant caution provision in respect of SWWF should be made on prudent basis with effect from the date of enactment of the SWWF Act (i.e. starting from May 21, 2015).

In the current year, SWWF recognized in all funds. Had the provision for SWWF not been recorded in these financial statements of the Fund, the net asset value of the Fund as at June 30, 2020 would have been higher by Rs. 4.16 per unit (June 30, 2019: Rs. 3.52 per unit), Rs. 1.33 per unit (June 30, 2019: Re. 0.82 per unit) and Re. 0.84 per unit (June 30, 2019: Re. 0.50 per unit) and Re. 1.22 per unit (June 30, 2019: Re. 0.76 per unit) for Equity Sub-Fund, Debt Sub-Fund, Money Market Sub-Fund and Gold Sub-Fund respectively.

13. CONTINGENCIES AND COMMITMENTS

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

14. AUDITORS' REMUNERATION

	2020					2019
	Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund	Total	Total
----- (Rupees in '000) -----						
Audit fee	96	96	96	97	385	328
Half yearly review	31	31	31	31	124	132
Out of pocket expenses	2	2	2	2	8	8
	<u>129</u>	<u>129</u>	<u>129</u>	<u>130</u>	<u>517</u>	<u>468</u>

15. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

- 15.1** Connected persons and related parties include Al Meezan Investment Management Limited being the Pension Fund Manager, Central Depository Company of Pakistan Limited being the Trustee, Meezan Bank Limited being the holding company of the Pension Fund Manager, Directors and executives of the Pension Fund Manager, other collective investment schemes managed by the Pension Fund Manager, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Pension Fund Manager due to common directorship, post employment benefit funds of the Pension Fund Manager and unit holders holding ten percent or more of the Sub-Fund's net assets.
- 15.2** The transactions with connected persons are carried out in the normal course of business, at contracted rates and terms determined in accordance with the market norms.
- 15.3** Remuneration of the Pension Fund Manager is determined in accordance with the provisions of the provisions of VPS Rules, 2005 and the Trust Deed.
- 15.4** Remuneration payable to the Trustee is determined in accordance with the provisions of the Trust Deed.

15.5 Amount outstanding as at year end are as follows:

	2020				2019	
	Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund	Total	
----- (Rupees in '000) -----						
Al Meezan Investment Management Limited						
(Al Meezan) - Pension Fund Manager						
Remuneration payable	697	539	518	20	1,774	11,045
Sindh Sales Tax on management fee	91	70	67	3	231	1,435
Investments as at June 30, 2020: (Equity sub fund: 260,077 units; Gold Sub Fund: 300,000) as at June 30, 2019 (Equity sub fund: 260,077 units; Gold Sub Fund: 300,000 units)	104,069	-	-	47,516	151,585	137,344
Meezan Bank Limited (MBL)						
Bank balance	55,958	26,825	27,209	22,060	132,052	41,165
Profit receivable on saving account	163	25	22	-	210	504
Central Depository Company of Pakistan Limited (CDC) - Trustee						
Trustee fee payable	277	209	204	7	697	632
Sindh Sales Tax on trustee fee payable	36	27	27	1	91	83
Deposits	100	100	100	-	300	300
Directors and Executives of the Pension Fund Manager						
Investments as at June 30, 2020: (Equity sub fund: 1,083,499 units; Debt Sub Fund: 591,502 units; Money Market Sub Fund: 198,447 units; Gold Sub Fund: 209,972 Units) as at June 30, 2019: (Equity sub fund: 1,221,616 units; Debt sub fund: 459,033 units; Money Market sub fund: 93,032 units; Gold Sub Fund : 226,401 units)	433,560	154,922	51,069	33,257	672,808	620,970

15.6 Detail of transactions with connected person and related parties are as follow:

	2020				2019	
	Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund	Total	
----- (Rupees in '000) -----						
Al Meezan Investment Management Limited						
(Al Meezan) - Pension Fund Manager						
Remuneration for the year	60,391	43,463	39,574	1,494	144,922	139,625
Sindh Sales Tax on management fee	7,851	5,650	5,145	194	18,840	18,151
Meezan Bank Limited (MBL)						
Profit on savings account	5,262	374	1,782	1,047	8,465	5,391
Term deposit receipt placed	-	450,000	350,000	-	800,000	-
Profit on term deposit receipt	-	15,645	12,168	-	27,813	-
Central Depository Company of Pakistan Limited (CDC) - Trustee						
Remuneration for the year	3,373	2,431	2,211	84	8,099	7,885
Sindh Sales Tax on trustee fee	438	316	287	11	1,052	1,026
CDS Charges for the year	173	75	7	-	255	243
Directors and Executives of the Pension Fund Manager						
Units issued (Equity Sub Fund: 986,857 units; Debt Sub Fund: 1,200,744 units; Money Market Sub Fund: 700,554 units; Gold sub fund: 32,296 units)	347,316	287,568	166,452	4,641	805,977	203,215
Units redeemed / reallocated (Equity Sub Fund 1,124,974 units; Debt Sub Fund: 1,068,275 units; Money Market Sub Fund: 595,138 units; Gold sub fund: 14,377 units)	389,435	255,652	141,422	1,947	788,456	24,279

16 FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies

The risk management policy of the Fund aims to maximise the return attributable to the participants and seeks to minimise potential adverse effects on the Fund's financial performance.

Risk of the Funds is being managed by the Pension Fund Manager in accordance with the approved policies of the Investment Committee which provide broad guidelines for management of risk pertaining to market risks (including price risk and interest rate risk), credit risk and liquidity risk. Further, the overall exposure of the Fund complies with the VPS Rules and the directives issued by SECP.

Risks managed and measured by the Fund are explained below:

16.1 Market risk

16.1.1 Price risk

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

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

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

Details of the Fund's investment portfolio exposed to price risk, at the balance sheet date are disclosed in note 5 to these financial statements. At June 30, 2020 the Fund's overall exposure to price risk is limited to the fair value of those positions. The Fund also manages its exposure to price risk by analysing the investment portfolio by industrial sector and benchmarking the sector weighting to that of the Karachi Meezan Index - 30 (KMI). The Fund's policy is to concentrate the investment portfolio in sectors where management believes that the Fund can maximise the returns derived for the level of risk to which the Fund is exposed.

In case of 5% increase / decrease in fair value on June 30, 2020, the net income for the year would increase / decrease by Rs. 201.458 million (net off SWWF) (2019: Rs. 196.053 million) and net assets of the Fund would increase / decrease by the same amount. The sensitivity analysis is based on the Fund's equity security as at the reporting date with all other variables held constant.

16.1.2 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 the market interest rates.

a) Sensitivity analysis for variable rate instruments

Presently the Debt Sub-Fund and Money Market Sub-Fund hold KIBOR based debt securities, exposing the Sub-Funds to cash flow in interest rate risk. However, Eden Housing Limited and Security Leasing Corporation Limited II are non-performing assets and have been fully provided for, with their markup not being recognised.

Change in base points

	2020			2019		
	Debt Sub-Fund	Money Market Sub-Fund	Total	Debt Sub-Fund	Money Market Sub-Fund	Total
	Effect on net income			Effect on net income		
	----- (Rupees in '000) -----					
100	21,606	6,179	27,785	13,173	2,234	15,407
(100)	(21,606)	(6,179)	(27,785)	(13,173)	(2,234)	(15,407)

The composition of the Fund's investment portfolio and rates announced by the Financial Market Association of Pakistan for the Government Ijarah Sukuks is expected to change over time. Therefore, the sensitivity analysis prepared as of 30 June 2020 is not necessarily indicative of the effect on the Fund's net assets due to future movements in interest rates.

b) Sensitivity analysis for fixed rate instruments

The fixed interest rate profile of the Fund's interest-bearing financial instruments as reported to the management of the Fund is as follows.

	Note	Carrying amount	
		2020	2019
		(Rupees in 000)	
Savings accounts	4	2,938,348	3,305,427
Term deposit receipts	5	720,000	220,000
		<u>3,658,348</u>	<u>3,525,427</u>

16.2 Credit risk

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

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

Credit risk arising on the debt instruments is mitigated by investing in rated instruments or instruments issued by rated counterparties of credit ratings of at least investment grade by the recognised rating agencies. The Fund receives a monthly rating update, against which investments are reviewed. The credit rating wise analysis of investment in debt instruments has been tabulated as follows:

	2020				2019			
	Debt sub fund		Money market sub fund		Debt sub fund		Money market sub fund	
	(Rs. in '000)	(%)	(Rs. in '000)	(%)	(Rs. in '000)	(%)	(Rs. in '000)	(%)
Government guaranteed	1,682,605	72%	482,200	42%	-	-	-	-
AAA	-	-	500,000	43%	-	-	-	-
AA+	40,000	2%	40,000	3%	-	-	-	-
AA-	131,231	6%	-	-	180,000	14%	40,000	33%
AA	244,307	10%	-	-	1,089,800	86%	80,000	67%
A+	20,029	1%	-	-	-	-	-	-
A	125,480	5%	-	-	-	-	-	-
A-1+	96,950	4%	135,730	12%	-	-	-	-
	2,340,602	100%	1,157,930	100%	1,269,800	100%	120,000	100%

Credit risk arising on other financial assets is monitored through a regular analysis of financial position of brokers and other parties. Credit risk on dividend receivable is minimal due to statutory protection. Further, all transactions in securities are executed through approved brokers, thus the risk of default is considered to be minimal. For debt instrument settlement, Delivery versus Payment (DvP) mechanism applied by Trustee of the Fund minimizes the credit risk. In accordance with the risk management policy of the Fund, the Fund manager monitors the credit position on a daily basis which is reviewed by the Board of Directors on a quarterly basis.

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

	Rating agency	2020	
		(Rs. in '000)	(%)
AAA	VIS / PACRA	1,345,564	46.00%
AA+	VIS / PACRA	170,049	4.00%
AA-	VIS / PACRA	541	0%
AA	VIS / PACRA	559,270	18%
A+	VIS / PACRA	729,025	32%
A	VIS / PACRA	200,348	0%
		3,004,797	100%

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

The maximum exposure to credit risk as at June 30, 2020 along with comparative is tabulated below:

	2020	2019
	(Rupees in '000)	
Financial assets exposed to credit risk		
Bank balances	3,004,797	3,306,722
Investments	1,333,727	1,762,733
Receivable against sale of investments	9,999	3,698
Dividend receivable	8,284	15,260
Deposits and other receivables	74,622	83,095
Receivable against change of plan / change of fund manager	-	14,759
	4,431,429	5,186,267

The Fund does not have any collateral against any of the aforementioned assets. The issuer of the sukuks, however, pledged security to the investment agent in trust for the benefit of sukuk holders.

16.3 Liquidity risk

Liquidity risk is the risk that the Fund may encounter difficulty in raising funds to meet its obligations and commitments. The Fund's offering document provides for the daily creation and cancellation of units and it is therefore exposed to the liquidity risk of meeting participant's early redemptions at any time. The Fund's investment are considered to be readily realisable.

In accordance with the rule 28 (2) of the VPS Rules, the Fund has the ability to borrow funds for meeting the redemption requests, with the approval of the Trustee, for a period not exceeding ninety days to the extent of fifteen per cent of the net assets value of the Fund. However, no such borrowing has been obtained during the year.

In accordance with the risk management policy of the Fund, the investment committee monitors the liquidity position which is reviewed by the Board of Directors of the Pension Fund Manager.

An analysis of the Fund's financial liabilities into relevant maturity grouping as at June 30, 2020 and June 30, 2019 is tabulated below:

	2020				Total
	Maturity up to				
	Three months	Six months	One year	More than one year	
----- (Rupees in '000) -----					
Payable to Pension Fund Manager	1,774	-	-	-	1,774
Payable to Trustee	697	-	-	-	697
Payable to auditors	253	-	-	-	253
Payable against purchase of investments	9,989	-	-	-	9,989
Payable against withdrawal / change of plan	18,594	-	-	-	18,594
Accrued expenses and other liabilities	10,027	-	-	-	10,027
Net assets attributable to redeemable units	10,520,698	-	-	-	10,520,698
	10,562,032	-	-	-	10,562,032

	2019				Total
	Maturity up to				
	Three months	Six months	One year	More than one year	
----- (Rupees in '000) -----					
Payable to Pension Fund Manager	11,045	-	-	-	11,045
Payable to Trustee	633	-	-	-	633
Payable to auditors	252	-	-	-	252
Payable against purchase of investments (net)	17	-	-	-	17
Payable against withdrawal / change of plan	24,345	-	-	-	24,345
Accrued expenses and other liabilities	7,471	-	-	-	7,471
Net assets attributable to redeemable units	9,050,319	-	-	-	9,050,319
	9,094,082	-	-	-	9,094,082

19. PERFORMANCE TABLE

	For the year ended 30 June 2020 (Rupees in '000')	For the year ended 30 June 2019 (Rupees in '000')	Percentage change (%)	For the year ended 30 June 2018 (Rupees in '000')	For the year ended 30 June 2017 (Rupees in '000')	For the year ended 30 June 2016 (Rupees in '000')																												
EQUITY SUB FUND																																		
Net income / (loss)	232,998	(1,268,816)	(118)	(1,070,301)	983,882	627,422																												
Net realised gain / (loss) on sale of investments	2,777	(310,877)	(101)	(397,392)	262,772	83,000																												
Unrealised appreciation / (diminution) on 're-measurement of investments at 'fair value through profit or loss' (net)	121,463	(1,116,081)	(111)	(759,404)	499,111	443,793																												
Dividend income	176,627	229,481	(23)	260,126	189,475	134,962																												
Profit on savings accounts with banks	19,004	17,620	8	6,088	10,049	5,324																												
Transactions in securities																																		
Purchases	5,694,416	2,087,420	173	2,450,808	2,904,774	3,050,708																												
Sales	5,707,764	2,316,077	146	1,854,015	1,937,982	2,144,252																												
Total contribution received	1,432,864	1,616,733	(11)	1,739,581	-	1,390,729																												
Total net asset value	4,130,564	4,086,115	1	5,431,850	5,806,229	4,099,339																												
Net Asset value per unit (Rs.)	400.1482	377.5765	6	494.8205	592.3200	491.9500																												
DEBT SUB FUND																																		
Net income	313,094	185,361	69	74,278	118,284	85,892																												
Net realised gain/ (loss) on sale of investments	200	(1,418)	(114)	(17,356)	103	(4,885)																												
Unrealised (diminution) / appreciation on 're-measurement of investments at 'fair value through profit or loss'	(2,742)	(1,674)	64	(11,557)	17,117	10,943																												
Profit on savings accounts with banks	144,623	79,474	82	17,532	53,711	15,707																												
Profit on Term Deposit Receipts	38,408	48,300	(20)	50,442	22,259	17,720																												
Profit on Sukuk Certificates and Commercial Paper	177,836	109,711	62	73,901	53,251	66,385																												
Transactions in securities																																		
Purchases	1,512,914	2,563,841	(41)	249,325	814,971	2,486,333																												
Sales	666,869	3,152,538	(79)	(46,183)	813,828	1,853,448																												
Total contribution received	1,951,819	1,434,919	36	1,254,161	-	805,986																												
Total net asset value	3,178,358	2,807,052	13	11,701,249	11,701,249	1,997,375																												
Net Asset value per unit (Rs.)	261.9128	236.1122	11	220.5205	214.5900	204.4800																												
MONEY MARKET SUB FUND																																		
Net income	277,574	141,302	96	28,316	27,952	17,554																												
Net realised gain / (loss) on sale of investments	-	122	(100)	(2,953)	-	(1,391)																												
Unrealised (diminution) / appreciation on 're-measurement of investments at 'fair value through profit or loss'	(4,800)	-	100	(2,363)	2,931	1,187																												
Profit on savings accounts with banks	235,653	93,200	153	15,469	18,530	10,327																												
Profit on Term Deposit Receipts	39,451	32,155	23	13,472	2,745	1,245																												
Profit on Sukuk Certificates and Commercial Paper	27,450	15,603	76	12,503	7,987	11,973																												
Transactions in securities																																		
Purchases	818,391	1,177,912	(31)	-	285,848	465,848																												
Sales	(80,939)	1,372,165	(106)	(177,392)	155,343	603,601																												
Total contribution received	2,770,311	2,701,257	31	-	-	225,300																												
Total net asset value	3,092,338	2,072,836	49	1,013,598	662,819	453,309																												
Net Asset value per unit (Rs.)	257.3454	234.2456	10	218.2775	212.1800	203.2300																												
GOLD SUB FUND																																		
Net income / (loss)	21,043	18,682	13	5,403	(4,493)	-																												
Net realised gain on sale of investments	261	-	100	79	-	-																												
Unrealised appreciation on investment in gold	20,655	17,923	15	6,347	(3,112)	-																												
Profit on savings accounts with banks	1,073	349	207	133	138	-																												
Transactions in securities																																		
Purchases	10,757	10,395	3	-	734	-																												
Sales	4,704	-	100	866	-	-																												
Total contribution received	26,924	20,322	32	-	-	-																												
Total net asset value	119,438	84,316	42	49,960	43,243	-																												
Net Asset value per unit (Rs.)	158.3880	130.4834	21	101.5719	90.5900	-																												
Net Asset value per unit (Rs.)	<table border="1"> <thead> <tr> <th colspan="2">Equity sub fund</th> <th colspan="2">Debt sub fund</th> <th colspan="2">Money market sub fund</th> <th colspan="2">Gold Sub Fund</th> </tr> <tr> <th>Lowest issue price</th> <th>Highest issue price</th> <th>Lowest issue price</th> <th>Highest issue price</th> <th>Lowest issue price</th> <th>Highest issue price</th> <th>Lowest issue price</th> <th>Highest issue price</th> </tr> </thead> <tbody> <tr> <td>294.8513</td> <td>484.3382</td> <td>236.1798</td> <td>261.9128</td> <td>234.3065</td> <td>257.3454</td> <td>128.8130</td> <td>158.3880</td> </tr> </tbody> </table>		Equity sub fund		Debt sub fund		Money market sub fund		Gold Sub Fund		Lowest issue price	Highest issue price	Lowest issue price	Highest issue price	Lowest issue price	Highest issue price	Lowest issue price	Highest issue price	294.8513	484.3382	236.1798	261.9128	234.3065	257.3454	128.8130	158.3880	<table border="1"> <thead> <tr> <th>Lowest issue price</th> <th>Highest issue price</th> </tr> </thead> <tbody> <tr> <td>361.1785</td> <td>510.7351</td> </tr> </tbody> </table>		Lowest issue price	Highest issue price	361.1785	510.7351	(Rupees)	
Equity sub fund		Debt sub fund		Money market sub fund		Gold Sub Fund																												
Lowest issue price	Highest issue price	Lowest issue price	Highest issue price	Lowest issue price	Highest issue price	Lowest issue price	Highest issue price																											
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Lowest issue price	Highest issue price																																	
361.1785	510.7351																																	
For the year ended June 30, 2020	294.8513	484.3382	236.1798	261.9128	234.3065	257.3454	128.8130	158.3880																										
For the year ended June 30, 2019	361.1785	510.7351	220.5925	236.1122	218.3530	234.2456	94.7600	133.8669																										

20. COMMODITY RISK MANAGEMENT

20.1 Commodity risk

Commodity risk represents the accounting loss that would be recognised at the reporting date due to change in the future market values and the size of the future income, caused by fluctuations in the price of commodities.

Commodity risk arises on the fair value or future cash flows of a commodity will fluctuate because of the decrease / increase in the price of the gold contract quoted on Pakistan Mercantile Exchange (PMEX).



21. TAXATION

The income of the Fund is exempt from income tax under clause 57(3) (viii) of part I of the Second Schedule to the Income Tax Ordinance, 2001. Therefore, no provision has been made for current and deferred taxation in these financial statements.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV to the Second Schedule of the Income Tax Ordinance, 2001. Accordingly, Supertax and any other taxes introduced in Finance Act, 2015 is also not applicable on the Fund.

22. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on **August 13, 2020** by the Board of Directors of the Pension Fund Manager.

23. GENERAL

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

**For AI Meezan Investment Management Limited
(Pension Fund Manager)**

Chief Executive

Chief Financial Officer

Director