



● ILYASI MOSQUE
(ABBOTTABAD)




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.

STRENGTHENING OUR VALUES IN THE CITY OF HILLS

 Abbottabad Branch



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. Moin M. Fudda	Chairman
Mr. Ariful Islam	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 Metropolitan Bank Limited - Islamic Banking
Al Baraka Islamic Bank B.S.C (E.C)	MCB Islamic Bank Limited
Askari Bank Limited - Islamic Banking	Meezan Bank Limited
Bank Al Habib Limited - Islamic Banking	National Bank of Pakistan - Islamic Banking
Bank Alfalah Limited	Sindh Bank Limited
Bank Islami Pakistan Limited	UBL Ameen - Islamic Banking
Dubai Islamic Bank Pakistan Limited	
Faysal Bank Limited - Islamic Banking	
Habib 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 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 collective investment scheme 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. The same can be summarized in the table below:

Allocation Scheme	Equity (%)	Debt (%)	Money Market (%)
High Volatility	80	20	0
Medium Volatility	50	40	10
Low Volatility	25	60	15
Lower Volatility	0	50	50

Performance Review

For the period under review, the equity sub-fund provided a return of -23.70%, debt sub-fund provided a return of 7.06%, and money market sub-fund returned 7.31% while the Gold Sub-fund provided a return of 28.46%.

Equity Sub Fund

Equity sub fund posted a total loss of Rs. 1,180 million in FY19 as compared to a total loss of Rs. 890 million last year. Total loss comprised of realized and unrealized losses on investments of Rs. 311 million and Rs. 1,116 million respectively, while the net outflow of the Fund during the year was 64 million. Dividend income contributed Rs. 229 million, while profit on saving accounts with banks amounted to Rs. 18 million. After accounting for expenses of Rs. 102 million and an element of income and capital gain included in prices of units issued and less those in units redeemed of Rs. 13 million, the Fund posted a net loss of Rs. 1,269 million. The net assets of the Fund as at June 30, 2019 were Rs. 4,086 million as compared to Rs. 5,432 million at the end of last year. The net asset value per unit as at June 30, 2019 was Rs. 377.58 as compared to Rs. 494.82 per unit as on June 30, 2018.

Debt Sub Fund

The Fund earned a gross income of Rs. 235 million, as compared to a gross income of Rs. 113 million last year. Total income was primarily due to profit on Sukuks certificates worth Rs. 110 million. Profit on saving accounts at Islamic banks including profit on term deposit receipts contributed Rs. 128 million. On the other side, the fund incurred realised and unrealized loss worth Rs. 1 million and 2 million respectively, while the net outflow of the Fund during the year was 136 million. The fund also incurred expenses totalling to Rs. 53 million and element of gain and capital gains included in prices of units issued and less those in units redeemed of Rs. 4 million, which brought the net income figure to Rs. 185 million. The net assets of the Fund as at June 30, 2019 were Rs. 2,807 million as compared to Rs. 2,762 million at the end of last year. The net asset value per unit as at June 30, 2019 was Rs. 236.11 as compared to Rs. 220.52 per unit as on June 30, 2018.

Summary of Actual Proxy Voted By the Fund

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

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.

Money Market Sub Fund

The Fund earned a gross income of Rs. 141 million, as compared to a gross income of Rs. 36 million last year, while the net inflow in the Fund during the year was 948 million. Total income was primarily due to profit on Sukuks certificates amounting to Rs. 16 million. Profit on saving accounts at Islamic banks including profit on term deposit receipt totalled Rs. 125 million. The fund also incurred expenses totalling Rs. 30 million and element of gain and capital gains included in price of units issued and less those in units redeemed was Rs. 30 million, which brought the net income figure to Rs. 141 million. The net assets of the Fund as at June 30, 2019 were Rs. 2,073 million as compared to Rs. 1,014 million at the end of last year. The net asset value per unit as at June 30, 2019 was Rs. 234.25 as compared to Rs. 218.28 per unit as on June 30, 2018.

Gold Sub Fund

The Fund posted a gross income of Rs. 18 million in FY 2018, as compared to Rs. 7 million last year. Total income was mainly due to unrealized gain on investment of Rs. 18 million, while the net inflow in the Fund during the year was 18 million. The fund also incurred expenses totalling to Rs. 2 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. 19 million. The net assets of the Fund as at June 30, 2019 were Rs. 84 million. The net asset value per unit as at June 30, 2019 was Rs. 130.48.

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, 2019 an amount of Rs. 4.22 million was accrued as charity payable.



Meezan Bank

The Premier Islamic Bank

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

August 1, 2019/ Dhu Al-Qi'dah 28, 1440

Alhamdulillah, the period from July 2018 to June 30, 2019 was the Twelfth 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 *Shari'ah* 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 *Shari'ah* 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)
Oil & Gas Development Company	Oil & Gas Exploration Companies	0.00%	12.32%	4.26%	36%	77.25	128
Engro Corporation Ltd	Fertilizer	33.98%	20.80%	3.52%	66%	(144.42)	
Pakistan Petroleum Ltd.	Oil & Gas Exploration Companies	0.02%	11.98%	1.31%	39%	47.24	149.66



Engro Fertilizer	Fertilizer	25.93%	6.57%	0.43%	76%	(32.98)	
Mari Petroleum Ltd	Oil & Gas Exploration Companies	11.14%	15.09%	1.04%	33%	(597.55)	
Lucky Cement	Cement	13.58%	0.03%	2.09%	76%	(65)	
Pakistan Oil Fields	Oil & Gas Exploration Companies	0.00%	0.01%	3.2%	52.39%	(9.27)	

* 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.

- ii. On the basis of information provided by the management, all operations of MTPF for the year ended June 30, 2019 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
Shari'ah Advisor

Head Office

CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shakra-e-Faisal
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URL: www.cdcpakistan.com
Email: info@cdcpak.com



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, 2019 in accordance with the provisions of the constitutive documents of the Fund and the Voluntary Pension System Rules, 2005.

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 20, 2019

Independent auditors' report to the participants of Meezan Tahaffuz Pension Fund

We have audited the annexed financial statements comprising:

- i. Statement of asset and liabilities;
- ii. Income Statement and Statement of Comprehensive Income;
- iii. Cash flow Statement;
- iv. Statement of Movement in Participants' Sub-Funds;
- v. Contribution table; and
- vi. Number of units in issue

of **Meezan Tahaffuz Pension Fund** ("the Fund") as at June 30, 2019 together with the notes forming part thereof, for the year then ended.

It is the responsibility of Al Meezan Investment Management Limited (the Pension Fund Manager) to establish and maintain a system of internal controls; and prepare and present the financial statements of the Fund in conformity with the International Accounting Standards notified by Securities Exchange Commission of Pakistan under the Companies Act, 2017 and technical releases issued by the Institute of Chartered Accountants of Pakistan from time to time and the requirements of the Voluntary Pensions System Rules, 2005. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion:-

- a) the financial statements prepared for the year ended June 30, 2019 have been properly drawn in accordance with the relevant provisions of the Trust Deed and the Voluntary Pension System Rules, 2005 including the guidelines thereunder;
- b) a true and fair view is given of the disposition of the Fund as at June 30, 2019 and the transactions of the Fund for the year then ended in accordance with approved accounting 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 Fund and apportionment of expenses between sub-funds are as specified in the constitutive documents of the Fund;

- e) the financial statements prepared are in agreement with the 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) Zakat deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII of 1980) was deducted and deposited in the Central Zakat Fund established under section 7 of that Ordinance.


Chartered Accountants

Engagement Partner

Naresh Kumar

Date: September 18, 2019

Place: Karachi

MEEZAN TAHAFFUZ PENSION FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2019



	Note	2019				2018	
		Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund	Total	
(Rupees in '000)							
ASSETS							
Bank balances	4	222,960	1,270,206	1,801,571	11,985	3,306,722	1,450,885
Investments	5	3,921,054	1,497,299	263,400	71,218	5,752,971	7,854,015
Dividend receivable		15,260	-	-	-	15,260	15,610
Deposits and other receivables	6	8,618	53,282	25,886	56	87,842	46,853
Receivable against change of plan / change of fund manager / issuance of units		-	12,882	-	1,877	14,759	401
Receivable against sale of investments		3,698	-	-	-	3,698	-
Total assets		4,171,590	2,833,669	2,090,857	85,136	9,181,252	9,367,764
LIABILITIES							
Payable to AI Meezan Investment Management Limited - Pension Fund Manager	7	5,844	3,765	2,763	108	12,480	12,785
Payable to Central Depository Company of Pakistan Limited - Trustee	8	335	216	158	6	715	725
Payable to auditors		63	63	63	63	252	240
Payable to Securities and Exchange Commission of Pakistan	9	1,697	893	490	20	3,100	2,908
Payable against purchase of investments		-	-	-	17	17	6,499
Payable against withdrawal / change of plan		-	2,021	7,418	-	24,345	8,060
Accrued expenses and other liabilities	10	62,630	19,659	7,129	606	90,024	79,534
Total liabilities		85,475	26,617	18,021	820	130,933	110,751
NET ASSETS		4,086,115	2,807,052	2,072,836	84,316	9,050,319	9,257,013
Contingencies and commitments	12						
PARTICIPANTS' SUB - FUNDS (as per statement attached)		4,086,115	2,807,052	2,072,836	84,316	9,050,319	9,257,013
(Number of units)							
Number of units in issue (as per statement attached)		10,821,954	11,888,635	8,848,986	646,184		
(Rupees)							
Net assets value per unit		377.5765	236.1122	234.2456	130.4834		

The annexed notes from 1 to 22 form an integral part of these financial statements.

For AI Meezan Investments Management Limited
(Pension Fund Manager)

Chief Executive Office

Chief Financial Officer

Director

MEEZAN TAHAFFUZ PENSION FUND
INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	Note	For the year ended June 30, 2019				Total	For the year ended June 30, 2018
		Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund		Total
----- (Rupees in '000) -----							
INCOME							
Profit from sukuk certificates		-	109,711	15,603	-	125,314	86,404
Profit on saving accounts with banks		17,620	79,474	93,200	349	190,643	39,222
Profit on term deposit receipts		-	48,300	32,155	-	80,455	63,914
Dividend income		229,481	-	-	-	229,481	260,126
Unrealised diminution on 're-measurement of investments at 'fair value through profit or loss' (net)	5.1 & 5.2	(1,116,081)	(1,674)	-	-	(1,117,755)	(773,324)
Unrealised appreciation on investment in gold	5.4	-	-	-	17,923	17,923	6,347
Net realised (loss) / gain on sale of investments		(310,877)	(1,418)	122	-	(312,173)	(417,622)
Other income		-	474	-	210	684	42
Total (loss) / income		(1,179,857)	234,867	141,080	18,482	(785,428)	(734,891)
EXPENSES							
Remuneration to Al Meezan Investment Management Limited - Pension Fund Manager	7	76,410	40,239	22,089	887	139,625	130,832
Sindh Sales Tax on remuneration of the Pension Fund Manager	7.2	9,933	5,231	2,872	115	18,151	17,009
Remuneration of Central Depository Company of Pakistan Limited - Trustee	8.1	4,313	2,273	1,249	50	7,885	7,534
Sindh Sales Tax on remuneration of the Trustee	8.2	561	296	162	7	1,026	980
Annual fee to Securities and Exchange Commission of Pakistan	9	1,697	893	490	20	3,100	2,908
Auditors' remuneration	14	120	120	120	108	468	412
Legal and professional charges		-	-	-	-	-	76
Brokerage charges		3,953	34	-	510	4,497	5,490
Bank and settlement charges		835	216	170	29	1,250	741
Charity expense		4,216	-	-	-	4,216	3,725
Provision for Sindh Workers' Welfare Fund	13	-	3,783	2,884	381	7,048	2,204
Total expenses		102,038	53,085	30,036	2,107	187,266	171,911
Net (loss) / income from operating activities		(1,281,895)	181,782	111,044	16,375	(972,694)	(906,802)
Element of gain / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed (net)		13,079	3,579	30,258	2,307	49,223	(55,502)
Net (loss) / income for the year before taxation		(1,268,816)	185,361	141,302	18,682	(923,471)	(962,304)
Taxation	21	-	-	-	-	-	-
Net (loss) / income for the year after taxation		(1,268,816)	185,361	141,302	18,682	(923,471)	(962,304)
Total comprehensive income for the year		(1,268,816)	185,361	141,302	18,682	(923,471)	(962,304)

The annexed notes from 1 to 22 form an integral part of these financial statements

DIN

For Al Meezan Investments Management Limited
(Pension Fund Manager)

Chief Executive Office

Chief Financial Officer

Director

MEEZAN TAHAFFUZ PENSION FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019



Meezan
Tahaffuz Pension Fund

For the year ended June 30, 2019				Total	For the year ended June 30, 2018
Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund		Total

Note ----- (Rupees in '000) -----

CASH FLOW FROM OPERATING ACTIVITIES

Net (loss) / income for the year before taxation (1,268,816) 185,361 141,302 18,682 (923,471) (962,304)

Adjustments :

Unrealised diminution on 're-measurement of investments at 'fair value through profit or loss' (net) 5.1 & 5.2 1,116,081 1,674 - - 1,117,755 773,324
Unrealised appreciation on investment in gold 5.4 - - - (17,923) (17,923) (6,347)
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed (net) (13,079) (3,579) (30,258) (2,307) (49,223) 55,502

(165,814) 183,456 111,044 (1,548) 127,138 (139,825)

Decrease / (increase) in assets

Investments (net)	228,657	588,697	194,253	(10,395)	1,001,212	(1,068,827)
Receivable against sale of investments (net)	(3,698)	-	-	-	(3,698)	-
Dividend receivable	350	-	-	-	350	8,996
Deposits and other receivables	1,917	(24,492)	(18,370)	(44)	(40,989)	16,002
	227,226	564,205	175,883	(10,439)	956,875	(1,043,829)

(Decrease) / increase in liabilities

Payable to Al Meezan Investment Management Limited - Pension fund Manager	(1,825)	57	1,423	40	(305)	114
Payable to Central Depository Company of Pakistan Limited - Trustee	(100)	6	82	2	(10)	5
Payable to Securities and Exchange Commission of Pakistan	(134)	80	241	5	192	233
Payable to auditors	6	6	6	(6)	12	16
Payable against purchase of investments (net)	(6,499)	-	-	17	(6,482)	6,476
Accrued expenses and other liabilities	2,914	4,098	3,019	459	10,490	2,075
	(5,638)	4,247	4,771	517	3,897	8,919

Net cash generated from / (used in) operating activities 55,774 751,908 291,698 (11,470) 1,087,910 (1,174,735)

CASH FLOW FROM FINANCING ACTIVITIES

Receipts of contribution / change of plan / change of fund manager / issuance of units	1,616,733	1,422,354	2,701,341	18,445	5,758,873	4,260,134
Payments on withdrawal / change of plan	(1,671,349)	(1,571,190)	(1,746,066)	(2,341)	(4,990,946)	(3,118,716)
Net cash (used in) / generated from financing activities	(54,616)	(148,836)	955,275	16,104	767,927	1,141,418

Net increase / (decrease) in cash and cash equivalents during the year 1,158 603,072 1,246,973 4,634 1,855,837 (33,317)

Cash and cash equivalents at beginning of the year 221,802 667,134 554,598 7,351 1,450,885 1,484,202

Cash and cash equivalents at end of the year 4 222,960 1,270,206 1,801,571 11,985 3,306,722 1,450,885

The annexed notes from 1 to 22 form an integral part of these financial statements.

M/N

For Al Meezan Investments Management Limited
(Pension Fund Manager)

Executive Office

Chief Financial Officer

Director

MEEZAN TAHAFFUZ PENSION FUND
STATEMENT OF MOVEMENT IN PARTICIPANTS SUB FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	For the year ended June 30, 2019				Total	For the year ended June 30, 2018
	Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund		Total
	----- (Rupees in '000) -----					
Net assets at beginning of the year	5,431,850	2,761,605	1,013,598	49,960	9,257,013	9,023,252
Amount received on issuance of units (2019: Equity sub fund: 3,587,370 units Debt sub fund: 6,308,321 units; Money market sub fund: 12,008,864 units ; Gold sub fund: 175,464 units) (2018: Equity sub fund: 3,308,614 units Debt sub fund: 5,770,393 units; Money market sub fund: 5,441,073 units ; Gold sub fund: 50,814 units)	1,616,733	1,434,919	2,701,257	20,322	5,773,231	4,169,405
Amount paid on withdrawal of units (2019: Equity sub fund: 3,742,830 units Debt sub fund: 6,942,804 units; Money market sub fund: 7,803,500 units ; Gold sub fund: 21,153 units) (2018: Equity sub fund: 2,133,705 units; Debt sub fund: 4,948,524 units; Money market sub fund: 3,921,311 units ; Gold sub fund: 36,299 units)	(1,680,573) (63,840)	(1,571,254) (136,335)	(1,753,063) 948,194	(2,341) 17,981	(5,007,231) 766,000	(3,028,842) 1,140,563
Element of (income) / loss and capital losses / (gains) included in prices of units issued less those in units redeemed (net)	(13,079)	(3,579)	(30,258)	(2,307)	(49,223)	55,502
Net realised (loss) / gain on sale of investments	(310,877)	(1,418)	122	-	(312,173)	(417,622)
Unrealised diminution on 're-measurement of investments at 'fair value through profit or loss' (net)	(1,116,081)	(1,674)	-	-	(1,117,755)	(773,324)
Unrealised appreciation on investment in gold	-	-	-	17,923	17,923	6,347
Other net income for the year	158,142 (1,268,816)	188,453 185,361	141,180 141,302	759 18,682	488,534 (923,471)	222,295 (962,304)
Net assets at end of the year	4,086,115	2,807,052	2,072,836	84,316	9,050,319	9,257,013

The annexed notes from 1 to 22 form an integral part of these financial statements.

For AI Meezan Investments Management Limited
(Pension Fund Manager)

Chief Executive Office

Chief Financial Officer

Director

MEEZAN TAHAFFUZ PENSION FUND
STATEMENT OF CONTRIBUTION TABLE
FOR THE YEAR ENDED JUNE 30, 2019



Meezan
Tahaffuz Pension Fund

For the year ended June 30, 2019								Total	For the year ended June 30, 2018
Equity sub fund		Debt sub fund		Money Market sub fund		Gold sub fund			Total
Units	(Rupees in '000)	Units	(Rupees in '000)	Units	(Rupees in '000)	Units	(Rupees in '000)	(Rupees in '000)	(Rupees in '000)
Contribution net of front end fee for the year									
Individuals									
- issuance / conversion									
/ reallocation of units									
3,587,370	1,616,733	6,308,321	1,434,919	12,008,864	2,701,257	175,464	20,322	5,773,231	4,169,405

The annexed notes from 1 to 22 form an integral part of these financial statements.

For AI Meezan Investments Management Limited
(Pension Fund Manager)

Handwritten signature/initials

Chief Executive Office

Chief Financial Officer

Director

**MEEZAN TAHAFFUZ PENSION FUND
STATEMENT OF NUMBER OF UNITS IN ISSUE
FOR THE YEAR ENDED JUNE 30, 2019**

For the year ended June 30, 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>

For the year ended June 30, 2018				
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	9,802,505	11,701,249	3,123,860	477,358
Add: Units issued / converted / reallocated during the year	3,308,614	5,770,393	5,441,073	50,814
Less: Units redeemed / converted / reallocated during the year	(2,133,705)	(4,948,524)	(3,921,311)	(36,299)
Total units in issue at the end of the year	<u>10,977,414</u>	<u>12,523,118</u>	<u>4,643,622</u>	<u>491,873</u>

The annexed notes from 1 to 22 form an integral part of these financial statements.

D/P

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

Chief Executive Office

Chief Financial Officer

Director



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 Shahrah-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:

- The Equity Sub-Fund shall invest atleast 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".
- 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.
- The Money Market Sub-Fund consists of short term debt instruments with weighted average maturity upto one year. Shariah Compliant Money Market Sub Fund can invest in shariah compliant government securities where the time to maturity may be upto three years.
- 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. The pension fund manager has appointed Meezan Bank Limited (MBL) as its Shariah advisor to ensure that the activities of the Fund are in compliance with the principles of 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 PACRA and VIS Credit Rating Company Limited both have assigned management quality rating of 'AM1' to the Pension Fund Manager.

2. BASIS OF PRESENTATION

2.1 Statement of compliance

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

- International Financial Reporting Standard (IFRS Standard) issued by the International Accounting Standard Board (IASB) as notified under Companies Act , 2017;
- Provisions of the Voluntary Pension System Rules, 2005 (the VPS Rules) and directives issued by the Securities and Exchange Commission of Pakistan (SECP).

Where the requirement of the VPS Rules or the said directives differ with requirement of IFRS, the requirement of the VPS Rules and the said directives issued by the SECP shall prevail.

2.2 Basis of measurement

These financial statements have been prepared on historical cost 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 functional and presentation currency of the Fund and rounded to the nearest thousand rupees.

2.4 Critical accounting estimates and judgements

The preparation of financial statements in conformity with approved accounting standards requires the use of critical accounting estimates. It also requires the pension fund manager to exercise its judgement in the process of applying the Fund's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable in the circumstances. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

- a) Classification and valuation of financial instruments (notes 3.1 and 5);
- b) Impairment of financial instruments (note 3.3);
- c) Provision (note 3.11)

2.5 Adoption of new standards, amendments and interpretations to the published approved accounting standards:

2.5.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2019

The following standards, amendments and interpretations are effective for the year ended June 30, 2019. These standards, interpretations and the amendments are either not relevant to the fund's operations or are not expected to have significant impact on the fund's financial statements other than certain additional disclosures.

	Effective from accounting period beginning on or after:
Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions.	January 01, 2018
IFRS 4 'Insurance Contracts': Amendments regarding the interaction of IFRS 4 and IFRS 9.	January 01, 2018
IFRS 9 'Financial Instruments' - This standard will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.	July 01, 2018

**Effective from accounting period
beginning on or after:**

IFRS 15 'Revenue' - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date. July 01, 2018

Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property January 01, 2018

IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency. January 01, 2018

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

2.5.2 New accounting standards / amendments and IFRS interpretations that are not yet effective

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

**Effective from accounting period
beginning on or after**

Amendments to IFRS 3 'Business Combinations' - Amendments regarding the definition of business January 01, 2020

Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities January 01, 2019

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture a date to be determined. Earlier application is permitted.

IFRS 16 'Leases': This standard will supersede IAS 17 'Leases', IFRIC 4, SIC 15 and SIC 27 upon its effective date. January 01, 2019

Amendments to References to the Conceptual Framework in IFRS Standards January 01, 2020

Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Amendments regarding the definition of material January 01, 2020

Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements. January 01, 2019

Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. January 01, 2019

IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'. January 01, 2019

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

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

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 17 - Insurance Contracts

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGMENTS AND RISK MANAGEMENT

The accounting policies adopted and the methods of computation of balances used in the preparation of these annual financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2018 except for the changes in accounting policies as explained in note 3.2.

3.1 Adoption of IFRS 9 - Financial Instruments

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective from accounting periods beginning on or after July 1, 2018, and consequently has been adopted by the Fund. Accordingly, the Fund has applied the requirements of IFRS 9 to instruments that continue to be recognised as at July 01, 2018 and has not applied the requirements to instruments that have already been derecognised as at July 01, 2018. Comparative amounts in relation to instruments that continue to be recognised as at July 01, 2018 have not been restated as allowed by IFRS 9.

IFRS 9 introduces new requirements for:

- 1) The classification and measurement of financial assets and financial liabilities,
- 2) Impairment of financial assets, and
- 3) General hedge accounting.

Details of these new requirements as well as their impact on the Fund's financial statements are described below except the General Hedge Accounting which the Fund does not apply. The Fund has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

3.1.1 Classification and measurement

IFRS 9 contains three principal classification categories for financial assets:

- Measured at amortized cost ("AC"),
- Fair value through other comprehensive income ("FVOCI") and
- Fair value through profit or loss ("FVTPL").

Financial asset at amortised cost

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

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

Financial Asset at FVOCI

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

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

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

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

FVOCI financial assets are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI.

Financial asset at FVTPL

All other financial assets are classified as measured at FVTPL (for example: equity held for trading and debt securities not classified either as AC or FVOCI).

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

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

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

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.

Recognition

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

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

Measurement

Under IFRS 9, a necessary condition for classifying a loan or receivable at amortized cost or FVOCI is whether the asset is part of a group or portfolio that is being managed within a business model whose objective is to collect contractual cash flows (Amortized Cost), or to both collect contractual cash flow and to sell (FVOCI). Otherwise, the asset is classified and measured at FVTPL.

The business model is determined under IFRS 9 at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. It is not an instrument-by-instrument analysis; rather it can be performed at a higher level aggregation. It is typically observable through the activities that the entity undertakes to achieve the objective of the business model; all relevant evidence that is available at the date of the assessment (including history of sales of the financial assets) are considered. Following three business models are defined under the IFRS 9:

- 1) Hold to collect business model
- 2) Hold to collect and sell business model
- 3) FVTPL business model

Hold to collect business model

if an entity's objective is to hold the asset (or portfolio of assets) to collect the contractual cash flows, the assets (or the portfolio) will be classified under the 'hold to collect' business model, subjective to meeting the Sole Payment of Principle and Interests (SPPI) requirements.

Hold to collect and sell business model

An entity can hold financial assets to achieve a particular objective by both collecting contractual cash flow and selling financial assets; this will qualify for the "hold to collect and sell business model" (also known as the FVOCI business model). The objective of this business model is achieved by collecting contractual cash flows and selling financial assets, unlike the 'hold to collect' business model discussed above.

FVTPL business model

If a financial asset or group of financial assets is not held within the 'hold to collect' or the 'hold to collect and sell' business model, then it is measured at FVTPL, the default category.

Classification and measurement of financial liabilities

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires as follows:

- The amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.
- Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

Impairment of financial assets

The SECP/Commission has through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities. Therefore the Fund will not be subject to the impairment provisions of IFRS 9. Meanwhile, asset management companies shall continue to follow the requirements of Circular 33 of 2012.

Impact of change in accounting policies due to adoption of IFRS 9

Financial assets and financial liabilities	Original classification as per old framework	New classification as per IFRS 9	Original carrying value as per old framework Rupees in '000	New carrying as per IFRS 9 Rupees in '000
--	--	----------------------------------	--	--

Financial assets

Bank balances	LR	AC	1,450,885	1,450,885
Term deposits	LR	AC	1,592,000	1,592,000
Commercial paper	LR	AC	-	-
Dividend receivable	LR	AC	15,610	15,610
Deposits and other receivables	LR	AC	46,853	46,853
Shares of listed companies	HFT	FVTPL	5,265,792	5,265,792
Sukuk certificates	HFT	FVTPL	760,095	760,095
Investment in gold	HFT	FVTPL	42,900	42,900

Financial liabilities

Payable to Al Meezan Investment Management Limited - Pension Fund Manager	OFL	AC	12,785	12,785
Payable to Central Depository Company of Pakistan Limited - Trustee	OFL	AC	725	725
Payable to Securities and Exchange Commission of Pakistan	OFL	AC	2,908	2,908

Financial assets and financial liabilities	Original classification as per old framework	New classification as per IFRS 9	Original carrying value as per old framework Rupees in '000	New carrying as per IFRS 9 Rupees in '000
Payable against purchase of investments - net	OFL	AC	6,499	6,499
Payable against withdrawal / change of plan	OFL	AC	8,060	8,060
Accrued expenses and other liabilities	OFL	AC	79,534	79,534

"LR" is loans and receivables

"AC" is ammortised cost

"HFT" is held for trading

"FVTPL" is fair value through profit or loss

"OFL" is other financial liabilities

3.2 Fair value measurement principles and provision

The fair value of financial instruments is determined as follows:

Basis of valuation of debt securities:

The fair value of debt securities (other than government securities) is based on the value determined and announced by Mutual Funds association of Pakistan (MUFAP) in accordance with the criteria laid down in Circular No. 1 of 2009 and Circular No. 33 of 2012 issued by Securities and Exchange Commission of Pakistan (SECP). In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The aforementioned circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

Basis of valuation of government securities:

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

Basis of valuation of equity securities:

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

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 (spot rate fixed by Pakistan Mercantile Exchange) less cost to sell. 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 Impairment

The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement. If in a subsequent period, the amount of an impairment loss recognised decreases, the impairment is reversed through the Income Statement.

As mentioned in note 3.1, the impairment requirement of IFRS – 9 for debt securities has been deferred. The Fund has been carrying policy for provision for non-performing debt securities and other exposures are in accordance with the criteria specified in Circular No. 33 of 2012 dated October 24, 2012 issued by SECP.

3.4 Derecognition

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

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

3.5 Offsetting of financial instruments

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

3.6 Transition to IFRS 9 Financial Instruments

Accounting policies applied to financial instruments prior to July 01, 2018.

3.6.1 Classification

The Fund classifies its financial assets in the following categories: 'at fair value through profit or loss', loans and receivables, and 'available for sale'. The classification depends on the purpose for which the financial assets were acquired. The management determines the appropriate classification of its financial assets at the time of initial recognition and re-evaluates this classification on a regular basis.

(a) Investments as 'at fair value through profit or loss'

An instrument is classified as 'at fair value through profit or loss' if it is held-for-trading or is designated as such upon initial recognition. Financial instruments are designated as 'at fair value through profit or loss' if the Fund manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Fund's documented risk management or investment strategy. Financial assets which are acquired principally for the purpose of generating profit from short term price fluctuation or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading or a derivative.

Financial instruments as 'at fair value through profit or loss' are measured at fair value, and changes therein are recognised in Income Statement.

All derivatives in a net receivable position (positive fair value), are reported as financial assets held for trading. All derivatives in a net payable position (negative fair value), are reported as financial liabilities held for trading.

(b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

(c) Available for sale

These are non-derivatives financial assets that are either designated in this category or are not classified in any of the other categories mentioned above.

3.6.2 Measurement

Financial instruments are measured initially at fair value (transaction price) plus, in case of a financial asset or financial liability not 'at fair value through profit or loss', transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities 'at fair value through profit or loss' are expensed immediately.

Subsequent to initial recognition, instruments classified as financial assets 'at fair value through profit or loss' and 'available for sale' are measured at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' are recognised in the Income Statement. The changes in the fair value of instruments classified as 'available for sale' are recognised in other comprehensive income until derecognised or impaired when the accumulated fair value adjustments recognised in other comprehensive income are transferred to Income Statement through other comprehensive income.

Financial assets classified as 'loans and receivables' are carried at amortised cost using the effective yield method, less impairment losses, if any.

Financial liabilities, other than those at 'fair value through profit or loss', are measured at amortised cost using the effective yield method.

3.6.3 Impairment

In case of equity investment classified as 'available for sale', a significant or prolonged decline in the fair value of the equity security below its cost is considered an indicator that the securities are impaired. Impairment loss on investment is recognised in the Income Statement whenever the acquisition cost of investment exceeds its recoverable amount. Impairment losses recognised on equity securities in the Income Statement are not reversed subsequently in the Income Statement.

3.7 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.

3.8 Recognition

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

3.9 Participants' fund

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

3.10 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.

3.11 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.

3.12 Net assets value per unit of each sub-fund

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

3.13 Taxation

The income of the Fund is exempt from income tax under clause 57(3)(viii) of part I of the Second Schedule to the Income Tax Ordinance, 2001. 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.

3.14 Revenue 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.

3.15 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.

3.16 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.

3.17 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of assets and liabilities at cost. 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, 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.

3.18 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.

3.19 Distribution

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

2019					2018
Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund	Total	Total

Note ----- (Rupees in '000) -----

4. BANK BALANCES

Current accounts		1,295	-	-	-	1,295	1,477
Savings accounts	4.1	221,665	1,270,206	1,801,571	11,985	3,305,427	1,449,408
		<u>222,960</u>	<u>1,270,206</u>	<u>1,801,571</u>	<u>11,985</u>	<u>3,306,722</u>	<u>1,450,885</u>

4.1 The balance in savings accounts carry expected profit which ranges from 3.00% to 12.50% (2018: 2.00% to 6.60%) per annum.

2019					2018
Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund	Total	Total

Note ----- (Rupees in '000) -----

5. INVESTMENTS

Held for trading

- shares of listed companies	-	-	-	-	-	5,265,792
- sukuk certificates	-	-	-	-	-	760,095
						<u>6,025,887</u>

Loans and advances

- term deposits	-	-	-	-	-	1,592,000
- commercial paper	-	-	-	-	-	-
						<u>1,592,000</u>

Investments designated at 'fair value through profit or loss

- shares of listed companies	5.1	3,921,054	-	-	-	3,921,054	-
- sukuk certificates	5.2	-	1,091,063	80,771	-	1,171,834	195,262
		<u>3,921,054</u>	<u>1,091,063</u>	<u>80,771</u>	<u>-</u>	<u>5,092,888</u>	<u>195,262</u>

Investments at amortised cost

term deposits	5.3	-	180,000	40,000	-	220,000	-
commercial paper		-	227,499	143,400	-	370,899	-

Investment in gold	5.4	-	-	-	71,218	71,218	42,900
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Less: provision for impairment losses		-	(1,263)	(771)	-	(2,034)	(2,034)
		<u>3,921,054</u>	<u>1,497,299</u>	<u>263,400</u>	<u>71,218</u>	<u>5,752,971</u>	<u>7,854,015</u>

5.1 Investment designated at 'fair value through profit and loss - shares of listed companies

Name of the investee company	As at July '01, 2018	Purchases during the year	Cost of purchase during the year	Bonus / Rights issue during the year	Sales during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised (loss) / gain as at June 30, 2019	Percentage of net assets on the basis of market value of the respective sub fund (see note 5.1.2 below)	Percentage of paid-up capital of investee company
	-----Number of shares-----		Rupees in '000	-----Number of shares-----			-----Rupees in '000-----			-----%-----	

Equity Sub Fund

Sector / companies

Automobile Assembler

Atlas Honda Limited	-	20,300	7,906	4,060	-	24,360	7,906	7,836	(70)	0.19	0.02
Pak Suzuki Motor Company Limited	92,600	-	-	-	92,600	-	-	-	-	-	-
Honda Atlas Cars Pakistan Limited	273,500	15,000	3,265	-	288,500	-	-	-	-	-	-
Milfat Tractors Limited	25,000	25,550	22,096	-	-	50,550	51,797	43,593	(8,204)	1.07	0.12
Gandhara Industries Limited	84,650	65,000	13,679	84,650	33,500	200,800	62,266	17,544	(44,722)	0.43	0.47
										1.69	0.61

Automobile parts and Accessories

General Tyre & Rubber Company	62,500	-	-	21,350	83,850	-	-	-	-	-	-
Gandhara Nissan Limited	271,316	-	-	-	271,316	-	-	-	-	-	-

Cement

D.G Khan Cement Company Limited	637,900	1,582,400	153,079	-	1,742,500	477,800	41,549	27,015	(14,534)	0.66	0.11
Dewan Cement Limited	2,362,500	-	-	-	2,362,500	-	-	-	-	-	-
Lucky Cement Limited	653,456	314,000	154,180	-	175,000	792,456	397,541	301,506	(96,035)	7.38	0.25
Fauji Cement Company Limited	7,000	1,500,000	27,924	-	1,507,000	-	-	-	-	-	-
Cherat Cement Company Limited	741,000	-	-	-	741,000	-	-	-	-	-	-
Pioneer Cement Company Limited	545,100	675,000	35,445	-	1,217,500	2,600	133	59	(74)	-	-
Maple Leaf Cement Factory Limited	559,062	1,000,000	40,857	-	1,205,000	354,062	9,013	8,459	(554)	0.21	0.05
Kohat Cement Company Limited	586,400	-	-	175,920	103,500	658,820	62,370	34,608	(27,762)	0.85	0.33
Attock Cement Pakistan Limited	-	20,500	2,059	-	-	20,500	2,059	1,463	(596)	0.04	0.01
										9.14	0.75

Chemical

Engropolymer & Chemicals Limited	3,885,340	3,143,709	92,421	-	5,052,340	1,976,709	59,711	53,292	(6,419)	1.30	0.22
ICI Pakistan Limited	185,920	20,000	13,245	-	100	205,820	162,149	109,593	(52,556)	2.68	0.22
Sitara Chemical Industries Limited	36,600	-	-	-	-	36,600	13,481	11,195	(2,286)	0.27	0.17
Sitara Peroxide Limited	-	450,000	13,891	-	450,000	-	-	-	-	-	-
										4.25	0.61

Engineering

K.S.B Pumps Company Limited	99,200	-	-	-	31,700	67,500	18,900	6,818	(12,082)	0.17	0.51
Amreli Steels Limited	-	350,000	18,339	-	350,000	-	-	-	-	-	-
Crescent Steel & Allied Products Limited	77,300	-	-	-	77,300	-	-	-	-	-	-
International Steels Limited	269,200	1,246,000	81,946	-	1,156,100	359,100	15,138	14,260	(878)	0.35	0.08
International Industries Limited	227,500	20,000	3,601	-	38,000	209,500	47,781	16,146	(31,635)	0.40	0.17
Mughal Iron & Steel Industries Limited	573,000	-	-	-	573,000	-	-	-	-	-	-
										0.92	0.76

Name of the investee company	As at July 01, 2018	Purchases during the year	Cost of purchase during the year	Bonus / Rights issue during the year	Sales during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised (loss) / gain as at June 30, 2019	Percentage of net assets on the basis of market value of the respective sub fund (see note 5.1.2 below)	Percentage of paid-up capital of investee company
	-----Number of shares-----	Rupees in '000	-----Number of shares-----			-----Rupees in '000-----			-----%-----		
Fertilizer											
Engro Corporation Limited (note 5.1.3)	1,412,200	222,000	74,127	133,920	295,000	1,473,120	423,968	391,261	(32,707)	9.58	0.26
Engro Fertilizers Limited	4,163,000	-	-	-	1,100,000	3,063,000	229,449	195,940	(33,509)	4.80	0.23
										14.38	0.49
Food and Personal Care Products											
Engro Foods Limited	100	-	-	-	100	-	-	-	-	-	-
National Foods Limited	-	100,000	18,800	-	-	100,000	18,800	18,416	(384)	0.45	0.16
Al-Shaheer Corporation Limited	33,160	-	-	-	-	33,160	904	418	(486)	0.01	0.02
At- Tahur Limited	-	688,318	14,455	-	680,000	8,318	175	164	(11)	-	0.01
										0.46	0.19
Investment Company											
Dawood Hercules Corporation Limited	585,200	82,000	9,980	-	667,200	-	-	-	-	-	-
Oil and Gas Exploration Companies											
Oil and Gas Development Company Limited	2,953,900	770,000	113,808	-	758,600	2,965,300	455,900	389,907	(65,993)	9.54	0.07
Pakistan Oilfields Limited	493,350	461,350	224,196	90,820	243,000	802,520	409,175	325,735	(83,440)	7.97	0.28
Pakistan Petroleum Limited	1,792,057	692,500	126,506	276,308	457,100	2,303,765	425,427	332,733	(92,694)	8.14	0.10
Mari Petroleum Company Limited	205,400	25,000	29,213	21,040	-	251,440	338,583	253,786	(84,797)	6.21	0.21
										31.86	0.66
Oil and Gas Marketing Companies											
Pakistan State Oil Company Limited	924,559	349,300	79,449	186,591	125,000	1,335,450	341,223	226,532	(114,691)	5.54	0.34
Attock Petroleum Limited	42,370	20,000	9,650	8,474	2,700	68,144	33,327	19,660	(13,667)	0.48	0.07
Sui Northern Gas Pipelines Limited	2,169,600	1,051,000	76,585	-	360,000	2,860,600	259,995	198,783	(61,212)	4.86	0.45
Sui Southern Gas Company Limited	-	142,500	2,722	-	-	142,500	2,722	2,947	225	0.07	0.02
Shell Pakistan Limited	-	30,300	9,803	-	30,300	-	-	-	-	-	-
Hascol Petroleum Limited	151,683	71,700	20,862	69,955	64,700	228,638	50,861	15,689	(35,172)	0.38	0.11
Hi-tech Lubricants	320,000	-	-	-	320,000	-	-	-	-	-	-
										11.33	0.99
Paper and Board											
Packages Limited	408,501	16,100	4,696	-	215,000	209,601	99,458	62,998	(36,460)	1.54	0.23
Cherat Packaging Limited	160,035	144,500	24,093	24,005	-	328,540	47,088	26,493	(20,595)	0.65	0.85
										2.19	1.08
Glass & Chemical											
Tariq Glass Industries Limited	-	382,600	36,274	-	-	382,600	36,274	29,319	(6,955)	0.72	0.52
Pharmaceuticals											
Abbott Laboratories (Pakistan) Limited	45,550	50	28	-	45,600	-	-	-	-	-	-
AGP Limited	806,000	109,000	9,393	-	85,000	830,000	73,396	56,880	(16,516)	1.39	0.30
GlaxoSmithKline Consumer Healthcare	17,500	-	-	-	-	17,500	7,088	3,378	(3,710)	0.08	0.01
GlaxoSmithKline Pakistan Limited	10,000	-	-	-	10,000	-	-	-	-	-	-
The Searle Company Limited	380,935	330,000	52,412	57,890	238,000	530,825	114,912	77,797	(37,115)	1.90	0.25
Highnoon Laboratories Limited	1,600	-	-	160	-	1,760	657	446	(211)	0.01	0.01
										3.38	0.57

Name of the investee company	As at July 01, 2018	Purchases during the year	Cost of purchase during the year	Bonus / Rights issue during the year	Sales during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised (loss) / gain as at June 30, 2019	Percentage of net assets on the basis of market value of the respective sub fund (see note 5.1.2 below)	Percentage of paid-up capital of investee company
	-----Number of shares-----		Rupees in '000		-----Number of shares-----		-----Rupees in '000-----		-----Rupees in '000-----	-----%-----	
Power Generation & Distribution											
The Hub Power Company Limited	2,158,145	1,489,662	116,442	-	398,500	3,249,307	279,035	255,883	(23,152)	6.26	0.28
K-Electric Limited (note 6.1.1)	23,742,500	5,618,500	31,882	-	2,750,000	26,611,000	151,133	116,822	(34,311)	2.86	0.28
										9.12	0.56
Refinery											
Attock Refinery Limited	69,200	-	-	550	69,750	-	-	-	-	-	-
National Refinery Limited	76,200	-	-	-	76,200	-	-	-	-	-	-
Textile Composite											
Nishat Mills Limited	654,800	478,500	65,539	-	600,600	532,700	73,175	49,722	(23,453)	1.22	0.15
Kohinoor Textile Limited	-	350,000	15,342	-	350,000	-	-	-	-	-	-
										1.22	0.15
Textile Weaving											
Feroze1888 Mills Limited	-	350,000	23,100	-	55,000	295,000	19,470	29,757	10,287	0.73	0.08
Technology & Communication											
Pakistan Telecommunication Company Limited	-	308,000	2,953	-	100,000	208,000	1,793	1,720	(73)	0.04	0.01
Avanceon Limited	155,000	545,000	39,693	113,000	442,500	370,500	19,008	18,169	(839)	0.44	0.19
Systems Limited	385,500	25,000	2,425	23,050	180,000	253,550	23,272	24,333	1,061	0.60	0.21
Netsol Technologies Limited	-	115,000	14,082	-	100,000	15,000	1,837	988	(849)	0.02	0.02
										1.10	0.43
Miscellaneous											
Shifa International Hospitals Limited	60	-	-	-	60	-	-	-	-	-	-
Vanaspati & Allied Industries											
Unity Foods Limited	922,500	2,318,669	30,459	-	1,215,500	2,025,669	22,718	20,864	(1,854)	0.51	0.37
Textile & Apparel											
Interloop Limited	-	2,713,500	124,518	-	-	2,713,500	124,518	120,127	(4,391)	-	-
Total			2,087,420			59,648,184	5,037,135	3,921,054	(1,116,081)		

5.1.1 All shares have a nominal value of Rs. 10 each except K-Electric Limited having nominal value of Rs. 3.50.

5.1.2 Net assets are as defined in Rule 2(1)(m) of VPS Rules.

5.1.3 145,000 shares (2018 : 145,000 shares) of Engro Corporation Limited having market value of Rs. 38.5120 million as at June 30, 2019 (2018: 45.51 million) , have been pledged as collateral in favour of National Clearing Company of Pakistan Limited against exposure margins and mark to market losses.

Name of the investee company	As at July 01, 2018	Purchases during the year	Cost of purchase during the year	Bonus / Rights issue during the year	Sales during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised (loss) / gain as at June 30, 2019	Percentage of net assets on the basis of market value of the respective sub fund (see note 5.1.2 below)	Percentage of paid-up capital of investee company
	-----Number of shares-----		Rupees in '000	-----Number of shares-----			-----Rupees in '000-----		-----%-----		

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

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

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

Further, 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 Investment designated at 'fair value through profit or loss - sukuk certificates

Name of the Security	Maturity date	Profit rate per annum	As at July 01, 2018	Purchases during the year	Cost of purchase during the year	Sales during the year	Matured during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised (loss) / gain as at June 30, 2019	Percentage of net assets on the basis of market value of the respective sub fund (see note 5.1.2)
			Number of certificates	(Rupees in '000)	Number of certificates	----- (Rupees in '000) -----		---%---				
Debt Sub Fund												
GoP - Ijarah sukuk XVI (note 5.2.1)	December 18, 2018	Expected Profit rate is 6.33%	1,900	-	-	-	1,900	-	-	-	-	-
GoP - Ijarah sukuk XVII (note 5.2.1)	February 15, 2019	Expected Profit rate is 6.1%	1,650	1,100	109,175	220	2,530	-	-	-	-	-
GoP - Ijarah sukuk XVIII (note 5.2.1)	March 29, 2019	Expected Profit rate is 5.59%	3,000	9,250	922,308	8,000	4,250	-	-	-	-	-
GoP - Ijarah sukuk XIX (note 5.2.1)	June 30, 2020	Expected Profit rate is 5.24%	-	1,000	98,130	1,000	-	-	-	-	-	-
Eden Housing Limited (note 5.2.2)	September 29, 2014	3 months Kibor plus base rate of 2.5%	500	-	-	-	-	500	-	-	-	-
Security Leasing Corporation Limited II (note 5.2.3)	January 19, 2022	-	154	-	-	-	-	154	-	-	-	-
Fatima Fertilizer Company Limited (note 5.2.3)	November 28, 2021	6 months Kibor plus base rate of 1.10%	3,948	-	-	-	1,128	2,820	14,326	14,209	(117)	0.51
Dubai Islamic Bank Pakistan Limited (note 5.2.4)	July 14, 2027	6 months Kibor plus base rate of 0.5%	57	-	-	-	-	57	58,066	58,066	-	2.07
International Brand Limited (note 5.2.5)	November 15, 2021	12 months Kibor plus base rate of 0.5%	550	-	-	-	-	550	55,000	53,873	(1,127)	1.92

Name of the Security	Maturity date	Profit rate per annum	As at July 01, 2018	Purchases during the year	Cost of purchase during the year	Sales during the year	Matured during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised (loss) / gain as at June 30, 2019	Percentage of net assets on the basis of market value of the respective sub fund (see note 5.1.2)
			Number of certificates	(Rupees in '000)	Number of certificates	----- (Rupees in '000) -----		---%---				
K-electric Limited (note 5.2.3)	June 17, 2022	3 months Kibor plus base rate of 1.00%	1,600	-	-	-	400	1,200	6,082	6,041	(41)	0.22
Neelum Jhelum Power Company (note 5.2.5)	July 01, 2026	6 months Kibor plus base rate of 1.13%	500	-	-	468.75	31.25	-	-	-	-	-
Shakarganj Foods Product Limited (note 5.2.4)	July 10, 2024	3 months Kibor plus base rate of 1.75%	-	18	18,000	-	-	18	18,000	17,610	(390)	0.63
Javedan Corporation Limited (note 5.2.5)	October 04, 2026	6 months Kibor plus base rate of 1.75%	-	250	25,000	-	-	250	25,000	24,884	(116)	0.89
Agha Steels Industries Limited (note 5.2.4)	October 9, 2024	3 months Kibor plus base rate of 0.80%	-	50	50,000	-	-	50	50,000	50,000	-	1.78
Engro Polymer & Chemicals Limited (note 5.2.1)	July 11, 2026	3 months Kibor plus base rate of 0.90%	-	250	25,000	-	-	250	25,000	25,117	117	0.89
Pakistan Energy Sukuk I (note 5.2.1)	March 1, 2029	6 months Kibor plus base rate of 0.80%	-	6,500	650,000	-	-	6,500	650,000	650,000	-	23.16
The Hub Power Company Limited (note 5.2.3)	November 27, 2019	3 months Kibor plus base rate of 1.00%	-	380,000	190,000	-	-	380,000	190,000	190,000	-	6.77
Total					<u>2,087,613</u>				<u>1,091,474</u>	<u>1,089,800</u>	<u>(1,674)</u>	

Name of the Security	Maturity date	Profit rate per annum	As at July 01, 2018	Purchases during the year	Cost of purchase during the year	Sales during the year	Matured during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised (loss) / gain as at June 30, 2019	Percentage of net assets on the basis of market value of the respective sub fund (see note 5.1.2)
			Number of certificates	(Rupees in '000)	Number of certificates	----- (Rupees in '000) -----		---%---				

Money Market Sub Fund

GoP - Ijarah sukuk XVIII (note 5.2.1)	March 29, 2019	Expected Profit rate is 5.59%	1,050	-	-	1,050	-	-	-	-	-	-
Security Leasing Corporation Limited II (note 5.2.3)	January 19, 2022	-	154	-	-	-	-	154	-	-	-	-
The Hub Power Company Limited (note 5.2.3)	October 02, 2019	3 months Kibor plus base rate of 1.00%	-	16,000	80,000	-	-	16,000	80,000	80,000	-	3.86
Total					<u>80,000</u>			<u>80,000</u>	<u>80,000</u>	<u>-</u>		

5.2.1 The nominal value of the sukuk certificates is Rs.100,000 each.

5.2.2 The principal buy out reduces the face value per certificate instead of number of certificates. The face value of the sukuk certificates is Rs.984.38 each.

5.2.3 The nominal value of these sukuk certificates is Rs.5,000 each.

5.2.4 The nominal value of these sukuk certificates is Rs.1,000,000 each.

5.2.5 The nominal value of these sukuk certificates is Rs.1,00,000 each.

5.2.6 The agreement with Security Leasing Corporation Limited (SLCL) had been amended on February 19, 2012. In accordance with the revised terms no mark-up is payable on the said sukuk with the approval of contributors to the sukuk certificate. The sukuk certificates have been classified as non-performing by MUFAP on April 3, 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 sub fund and money market sub Fund has also been held as provision against the outstanding principal as at June 30, 2019.

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, 2019.



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

Name of non-compliant investment	Type of investments	Value of investment before provision	Provision held (if any)	Value of investment after provision
-----Rs in 000-----				
Debt Sub Fund				
Eden Housing Limited	Non-traded sukuk certificates	492	492	-
Security Leasing Corporation Limited II	Non-traded sukuk certificates	771	771	-
		1,263	1,263	-
Money Market Sub Fund				
Security Leasing Corporation Limited II	Non-traded sukuk certificates	771	771	-

5.2.8 Provision / (reversal) on sukuk certificates

	2019	2018
	(Rupees in '000)	
Debt Sub Fund		
Opening	1,263	1,263
Reversal against sukuk certificates	-	-
Closing	1,263	1,263
Money Market Sub Fund		
Opening	771	771
Reversal against sukuk certificates	-	-
Closing	771	771

5.3 Investment designated at 'amorised cost

Note	June 30, 2019	June 30, 2018
(Rupees in '000)		
Debt Sub Fund		
Term Deposits	5.3.1 180,000	1,239,000
Commercial Paper	5.3.2 227,499	-
	<u>407,499</u>	<u>1,239,000</u>
Money Market Sub Fund		
Term Deposits	5.3.1 40,000	353,000
Commercial Paper	5.3.2 143,400	-
	<u>183,400</u>	<u>353,000</u>

5.3.1 Term Deposits

Name of the Bank	Maturity date	Profit rate per annum	Face value-----				Rating	Percentage of net assets on the basis of total value of investments of the respective sub fund (see note 5.1.2)
			As at July 01, 2018	TDR's placed during the year	Matured during the year	As at June 30, 2019		
----- (Rupees in '000) -----								
Debt Sub Fund								
Dubar Islamic Bank Pakistan Limited	July 05, 2018	6.15%	400,000	-	400,000	-	AA-	-
Bank Al Habib Limited	July 30, 2018	6.05%	469,000	-	469,000	-	AA+	-
Orix Modarba	May 22, 2019	10.65%	180,000	-	180,000	-	AA+	-
Faysal Bank Limited	August 09, 2018	6.13%	190,000	-	190,000	-	AA	-
Dubar Islamic Bank Pakistan Limited	October 06, 2018	6.65%	-	400,000	400,000	-	AA-	-
Faysal Bank Limited	October 13, 2018	7.55%	-	350,000	350,000	-	AA	-
Bank Islami Pakistan Limited	October 29, 2018	8.10%	-	300,000	300,000	-	A+	-
Dubar Islamic Bank Pakistan Limited	November 15, 2018	8.60%	-	350,000	350,000	-	AA-	-
United Bank Limited	March 07, 2019	10.25%	-	300,000	300,000	-	AAA	-
Faysal Bank Limited	May 11, 2019	10.60%	-	160,000	160,000	-	AA	-
United Bank Limited	April 08, 2019	10.25%	-	300,000	300,000	-	AAA	-
United Bank Limited	June 08, 2019	10.60%	-	300,000	300,000	-	AAA	-
Orix Modarba	May 08, 2020	12.80%	-	180,000	-	180,000	AA+	6.41
Total					<u>180,000</u>			

Name of the Bank	Maturity date	Profit rate per annum	Face value-----				Rating	Percentage of net assets on the basis of total value of investments of the respective sub fund (see note 5.1.2)
			As at July 01, 2018	TDR's placed during the year	Matured during the year	As at June 30, 2019		
----- (Rupees in '000) -----							----- % -----	
Money Market Sub Fund								
Bank Al Habib Limited	July 30, 2018	6.05%	153,000	-	153,000	-	AA+	-
Orix Modarba	November 22, 2018	6.90%	40,000	-	40,000	-	AA+	-
Faysal Bank Limited	August 09, 2018	6.13%	160,000	-	160,000	-	AA	-
Orix Modarba	May 22, 2019	11.20%	40,000	-	40,000	-	AA+	-
Dubai Islamic Bank Pakistan Limited	October 06, 2018	6.65%	-	100,000	100,000	-	AA-	-
Faysal Bank Limited	October 13, 2018	7.55%	-	150,000	150,000	-	AA	-
Faysal Bank Limited	December 04, 2018	8.25%	-	200,000	200,000	-	AA	-
Dubai Islamic Bank Pakistan Limited	November 15, 2018	8.60%	-	150,000	150,000	-	AA-	-
Bank Islami Pakistan Limited	November 01, 2018	8.10%	-	200,000	200,000	-	A+	-
Faysal Bank Limited	May 11, 2019	10.60%	-	300,000	300,000	-	AA	-
Allied Bank Limited	May 01, 2019	10.70%	-	350,000	350,000	-	AAA	-
Orix Modarba	November 08, 2019	12.70%	-	40,000	-	40,000	AA+	1.93
Total						40,000		

5.3.2 Commercial Paper

Name of the investee company	Maturity date	Profit rate per annum	As at July 01, 2018	Purchases during the year	Cost of purchase during the year	Matured during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Percentage of net assets on the basis of market value (see note 5.1.2)
			----- Face Value-----			----- (Rupees in '000) -----			----%----	

Debt Sub Fund

Hascol Petroleum Limited CP (note 5.3.2.2)	January 4, 2019	6 months Kibor plus base rate of 1.25 %	-	63	62,459	63	-	-	-	-
Hascol Petroleum Limited CP (note 5.3.2.2)	July 15, 2019	6 months Kibor plus base rate of 1.50 %	-	64	60,332	-	64	63,696	63,696	2.27
K-electric Limited CP (note 5.3.2.2)	March 1, 2019	6 months Kibor plus base rate of 0.90 %	-	199	195,824	199	-	-	-	-
K-electric Limited CP (note 5.3.2.2)	September 2, 2019	6 months Kibor plus base rate of 0.90 %	-	167	157,613	-	167	163,803	163,803	5.84

Money Market Sub Fund

					<u>476,228</u>						<u>227,499</u>
Hascol Petroleum Limited CP (note 5.3.2.2)	January 4, 2019	6 months Kibor plus base rate of 1.25 %	-	48	47,469	48	-	-	-	-	
Hascol Petroleum Limited CP (note 5.3.2.2)	July 15, 2019	6 months Kibor plus base rate of 1.50 %	-	80	75,415	-	80	79,645	79,645	3.84	
K-electric Limited CP (note 5.3.2.2)	March 1, 2019	6 months Kibor plus base rate of 0.90 %	-	42	41,226	42	-	-	-	-	

Name of the investee company	Maturity date	Profit rate per annum	As at July 01, 2018	Purchases during the year	Cost of purchase during the year	Matured during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Percentage of net assets on the basis of market value (see note 5.1.2)
			----- Face Value-----			----- (Rupees in '000)-----			-----%-----	

K-electric Limited CP (note 5.3.2.2)	September 2, 2019	6 months Kibor plus base rate of 0.90 %	-	65	61,346	-	65	63,755	63,755	3.08
			<u>1,177,912</u>			<u>143,400</u>				

5.3.2.1 The securities are valued on the basis of amortization to its face value as per the requirements of Circular 33 of 2012 with respect to thinly and nonn traded debt securities with residual maturity of upto six months.

5.3.2.2 The nominal value of commercial paper is Rs.1,000,000 each.

5.3.2.3 The nominal value of commercial paper is Rs.5,000.

5.4 Investment in gold

Commodity	As at July 01, 2018	Purchases during the year	Cost of purchase during the year	Sales during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised gain as at June 30, 2019	Net Assets of the Fund on the basis of investments (note 5.1.2)
	----- (Quantity in Tola)-----				----- (Rupees in '000)-----			----- (%)-----	
Total Gold	717	146	10,395	-	863	53,295	71,218	17,923	84.466
Total			<u>10,395</u>			<u>53,295</u>	<u>71,218</u>	<u>17,923</u>	

5.4.1 The Pakistan Mercantile Exchange (PMEX) delivers refined Gold in 10 TOLA Bars. These are physically held by PMEX under their custody in the vaults of a commercial bank.

5.4.2 The investment in gold of Rs. 71.218 million has been measured at fair value based on the quoted market price in active markets.

6 DEPOSITS AND OTHER RECEIVABLES

	2019					2018
	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	1,271	14,969	23,393	56	39,689	24,424
Profit receivable on sukus certificates	-	38,213	2,393	-	40,606	14,382
Advance tax	4,747	-	-	-	4,747	4,747
Advance against investments	-	-	-	-	-	500
	8,618	53,282	25,886	56	87,842	46,853

7 PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED

(Al Meezan) - PENSION FUND MANAGER

		2019					2018
		Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund	Total	Total
		----- (Rupees in '000) -----					
Management remuneration	7.1	5,172	3,332	2,445	96	11,045	11,314
Sindh Sales Tax on management fee	7.2	672	433	318	12	1,435	1,471
		5,844	3,765	2,763	108	12,480	12,785

7.1 Under the provisions of the Trust Deed the Pension Fund Manager is entitled to an annual management fee not exceeding 1.5% of the net assets of each sub-fund calculated during the year for determining the net asset value of the units of the sub-funds.

7.2 The Sindh Provincial Government has levied Sindh Sales Tax (SST) on the remuneration of the Pension Fund Manager and sales load through Sindh Sales Tax on Services Act 2011 effective from July 1, 2011. During the year SST at the rate of 13 percent (2018: 13 percent) was charged on the remuneration of Pension Fund Manager and sales load.

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

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, 2019 is as follows:

Average net asset value	Tariff per annum
Amount upto Rs. 1 billion	Rs. 0.3 million or 0.15% p.a of net asset value, whichever is higher
Amount exceeding Rs. 1 billion upto 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 upto 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 It includes amount payable in respect of Sindh Sales Tax at the rate of 13 percent (June 2018: 13 percent) on remuneration of the Trustee through the Sindh Sales Tax on Services Act, 2011.

9. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents annual fee at the rate of one thirtieth of one per cent of the average annual net asset value of the Pension Fund payable to SECP under Rule 36 of VPS Rules.

10 ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	2019					2018
		Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund	Total	Total
		----- (Rupees in '000) -----					
Provision for Sindh Workers' Welfare Fund	13	38,142	9,776	4,438	492	52,848	45,799
Federal Excise Duty on remuneration of the Pension Fund Manager	10.1	15,436	8,816	2,449	-	26,701	25,915
Sindh Sales Tax on Federal Excise Duty on remuneration of the Pension Fund	10.2	1,800	962	242	-	3,004	3,004
Charity payable	10.3	4,225	-	-	-	4,225	3,710
Brokerage payable		3,027	105	-	7	3,139	1,047
Custodian Charges Payable		-	-	-	107	107	37
Sindh Sales Tax withheld on brokerage		-	-	-	-	-	22
		62,630	19,659	7,129	606	90,024	79,534

- 10.1** 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 September 04, 2013.

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 for 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, 2019 would have been higher by Rs. 1.42 (2018: Rs. 1.37) per unit, Re. 0.74 (2018: Re. 0.68) per unit and Re. 0.27 (2018: Re. 0.50) per unit for Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund respectively.

During the current year, the AMC has returned the FED accrual amounting Rs. 0.786 million related to June 13, 2013 till September 04, 2013 which the Fund paid to the AMC along with management remuneration. The AMC kept it as accrual due to

- 10.2** It represents amount payable in respect of Sindh Sales Tax at the rate of 13 percent (2018: 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.

The amount of FED and SST accrued on FED on remuneration of the Pension Fund Manager will be paid via Pension Fund Manager to the taxation authorities, if required.

- 10.3** 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. 4.23 million (2018: Rs. 3.71 million) is outstanding in this regard after making charity payments of Rs 3.70 million (2018: Rs 2.50 million) to renowned charitable institutions. None of the directors of the Pension Fund Manager of the Fund were interested in any of donee's.

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.

12. CONTINGENCIES AND COMMITMENTS

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

13. SINDH WORKERS' WELFARE FUND

As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs/ mutual funds, the MUFAP had recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act (i.e. starting from May 21, 2015).

In current year, SWWF recognized in all funds except equity sub fund as there is net loss in it. Had the provision not been made, the net asset value per unit of the Fund as at June 30, 2019 would have been higher by Rs. 3.52, Re. 0.82, Re. 0.50 and Rs. 0.76 per unit for Equity Sub Fund, Debt Sub Fund, Money Market Sub Fund and Gold Sub Fund respectively.

14. AUDITORS' REMUNERATION

	2019					2018
	Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund	Total	Total
	(Rupees in '000)					
Audit fee	85	85	85	73	328	272
Half yearly review	33	33	33	33	132	120
Out of pocket expenses	2	2	2	2	8	20
	120	120	120	108	468	412

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 at agreed rates and terms.

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 respectively.

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:

2019					2018
Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund	Total	Total

----- (Rupees in '000) -----

Al Meezan Investment Management Limited
(Al Meezan) - Pension Fund Manager

Remuneration payable	5,172	3,332	2,445	96	11,045	11,314
Sindh Sales Tax and Federal Excise Duty on management fee	672	433	318	12	1,435	1,471
Investments as at June 30, 2019: (Equity sub fund: 260,077 units; Gold Sub Fund: 300,000) as at June 30, 2018 (Equity sub fund: 260,077 units ; Gold Sub Fund : 300,000 units)	98,199	-	-	39,145	137,344	159,163

Meezan Bank Limited (MBL)

Bank balance	5,696	8,643	14,860	11,966	41,165	51,488
Profit receivable on saving account	236	75	139	54	504	736

Central Depository Company of Pakistan
Limited (CDC) - Trustee

Trustee fee payable	296	191	140	5	632	641
Sindh Sales Tax on trustee fee payable	39	25	18	1	83	84
Deposits	100	100	100	-	300	300

Directors and Executives of the
Pension Fund Manager

Investments 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) as at June 30, 2018: (Equity sub fund: 961,580 units; Debt sub fund: 376,620 units; Money Market sub fund: 9,173 units ; Gold Sub Fund : 155,053 units)	461,253	108,383	21,792	29,542	620,970	576,612
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15.6 Detail of transactions with connected person and related parties are as follow:

For the year ended June 30, 2019					For the year ended June 30, 2018
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	76,410	40,239	22,089	887	139,625	130,832
Sindh Sales Tax and Federal Excise Duty on management fee	9,933	5,231	2,872	115	18,151	17,009

Meezan Bank Limited (MBL)

Profit on savings account	4,082	505	456	348	5,391	1,765
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Central Depository Company of Pakistan
Limited (CDC) - Trustee

Remuneration for the year	4,313	2,273	1,249	50	7,885	7,534
Sindh Sales Tax on trustee fee	561	296	162	7	1,026	980
CDS Charges for the year	195	41	7	-	243	197

Directors and Executives of the
Pension Fund Manager

Units issued (Equity Sub Fund: 296,402 units; Debt Sub Fund: 158,185 units; Money Market Sub Fund: 100,758 units; Gold sub fund: 75,413 units)	133,751	36,025	22,912	8,312	203,215	100,721
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Units redeemed / reallocated (Equity

Sub Fund 36,366 units; Debt Sub Fund: 75,772 units; Money Market Sub Fund: 16,898 units; Gold sub fund: 4,065 units)	3,001	16,939	3,342	497	24,279	41,023
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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 provides 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, 2019 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, 2019, the net income for the year would increase / decrease by Rs. 196 million (net off SWWF) (2018: Rs. 263 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 statements of assets and liabilities 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

The Fund's interest rate risk arises from the balance in saving accounts and investments in debt securities. The net assets of the Fund will increase / decrease by approximately Rs. 46.952 million (2018: approximately Rs. 32.35 million) if the market interest rates increase / decrease by 100 basis.

b) Sensitivity analysis for fixed rate instruments

Since the Fund does not have investment in fixed rate security, therefore, is not exposed to fair value interest rate risk.



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

As at June 30, 2019					
Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		

----- (Rupees in '000) -----

On-balance sheet financial instruments

Financial assets

Bank balances	3.00% to 12.50%	3,305,427	-	-	1,295	3,306,722
Investments						
- Investments designated at fair value through profit or loss upon initial recognition'						
- shares of listed companies		-	-	-	3,921,054	3,921,054
- sukuk certificates - net of provision	KIBOR +2.25% 6.13% to 12.80%	-	270,000	900,571		1,170,571
- Investment designated at amortised cost		-	-	-	590,899	590,899
Receivable against sale of investments (net)		-	-	-	3,698	3,698
Deposits and other receivables		-	-	-	87,842	46,853
Dividend receivable		-	-	-	15,260	15,260
Receivable against change of plan / change of fund manager / issuance of units		-	-	-	14,759	14,759
		3,305,427	270,000	900,571	4,634,807	9,069,816

Financial liabilities

Payable to Al Meezan Investment Management Limited - Pension Fund Manager		-	-	-	12,480	12,480
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	715	715
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		3,246	-	-	-	3,246
		3,246	-	-	37,809	41,055
On-balance sheet gap		3,302,181	270,000	900,571	4,596,998	9,028,761

Off-balance sheet financial instruments

Off-balance sheet gap

Total interest rate sensitivity gap

Cumulative interest rate sensitivity gap

3,302,181	270,000	900,571
3,302,181	3,572,181	4,472,752

As at June 30, 2018					
Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		

(Rupees in '000)

On-balance sheet financial instruments

Financial assets						
Bank balances	2.00% to 6.60%	1,449,408	-	-	1,477	1,450,885
Investments						
- Held for trading (shares of listed companies)		-	-	-	5,265,792	5,265,792
- Held for trading (sukuk certificates)		-	760,095	-	-	760,095
- Investments designated at fair value through profit or loss upon initial recognition ¹						
- Sukuk certificates	KIBOR + 2.25%	-	-	193,228	-	193,228
- Investment designated at amortised cost	5.70% to 6.40%	-	-	-	1,592,000	1,592,000
Receivable against sale of investments (net)		-	-	-	-	-
Dividend receivable		-	-	-	15,610	15,610
Receivable against change of plan / change of fund manager / issuance of units		-	-	-	401	401
		1,449,408	760,095	193,228	6,875,280	9,278,011

Financial liabilities

Payable to Al Meezan Investment Management Limited						
- Pension Fund Manager		-	-	-	12,785	12,785
Payable to Central Depository Company of Pakistan Limited						
- Trustee		-	-	-	725	725
Payable to auditors		-	-	-	240	240
Payable against purchase of investments (net)		-	-	-	6,499	6,499
Payable against withdrawal / change of plan		-	-	-	8,060	8,060
Accrued expenses and other liabilities		1,084	-	-	-	1,084
		1,084	-	-	28,309	29,393

On-balance sheet gap

1,448,324	760,095	193,228	6,846,971	9,248,618
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Off-balance sheet financial instruments

Off-balance sheet gap

-	-	-	-	-
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Total interest rate sensitivity gap

1,448,324	760,095	193,228
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Cumulative interest rate sensitivity gap

1,448,324	2,208,419	2,401,647
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16.1.3 Currency risk

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

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:

Rating agency	2019				2018				
	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	-	0.00%	-	0%	655,442	31.40%	104,653	23%	
AA	JCR-VIS	1,089,800	85.82%	80,000	67%	193,228	9.26%	-	-
AA-	PACRA	180,000	14.18%	40,000	33%	1,239,000	59.35%	353,000	77%
		<u>1,269,800</u>	<u>100%</u>	<u>120,000</u>	<u>100%</u>	<u>2,087,670</u>	<u>100%</u>	<u>457,653</u>	<u>100%</u>

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 minimize 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	2019	
		(Rs. in '000)	(%)
AAA	JCR-VIS, PACRA	1,062,654	36%
AA+	JCR-VIS, PACRA	486,495	16%
AA	JCR-VIS, PACRA	433,761	15%
A+	JCR-VIS, PACRA	983,812	33%
		<u>2,966,722</u>	<u>100%</u>

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, 2019 along with comparative is tabulated below:

Financial assets exposed to credit risk	2019	2018
	(Rupees in '000)	
Bank balances	3,306,722	1,450,885
Investments	1,762,733	1,828,128
Receivable against sale of investment	3,698	-
Dividend receivable	15,260	15,610
Deposits and other receivables	83,095	42,106
Receivable against change of plan / change of fund manager	14,759	401
	<u>5,186,267</u>	<u>3,337,130</u>

The Fund does not have any collateral against any of the aforementioned assets. The issuer of the sukus, 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 funds 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, 2019 and June 30, 2018 is tabulated below:

2019				
Maturity up to				Total
Three months	Six months	One year	More than one year	

(Rupees in '000)

Payable to Pension Fund Manager	12,480	-	-	-	12,480
Payable to Trustee	715	-	-	-	715
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
	<u>9,095,599</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,095,599</u>

2018				
Maturity up to				Total
Three months	Six months	One year	More than one year	

(Rupees in '000)

Payable to Pension Fund Manager	12,785	-	-	-	12,785
Payable to Trustee	725	-	-	-	725
Payable to auditors	240	-	-	-	240
Payable against purchase of investments (net)	6,499	-	-	-	6,499
Payable against withdrawal / change of plan	8,060	-	-	-	8,060
Accrued expenses and other liabilities	4,794	-	-	-	4,794
Net assets attributable to redeemable units	9,257,013	-	-	-	9,257,013
	<u>9,290,116</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,290,116</u>



17. PARTICIPANTS' FUND RISK MANAGEMENT

All units and fractions thereof represent an undivided share in the respective sub-fund and rank pari passu as to their rights in the net assets and earnings of that sub-fund. The relevant movements are shown on the 'statement of movement in participants' sub-funds'.

Each participant has a beneficial interest in the Fund proportionate to the units held by such participant in the respective sub-fund in his individual pension account (IPA). The liability of the participant is limited to the number of units, held by each participant in his IPA. These are only redeemable in case of retirement, premature encashment / redemption, death of the participant, and change of Pension Fund Manager, change of allocation schemes and / or rebalancing of the IPA according to the percentages selected allocation schemes.

In accordance with risk management policies stated in note 16, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet early withdrawal requests, such liquidity being augmented by disposal of investments where necessary.

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

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

	Carrying amount					Fair value			
	Investments	Other receivables	Cash and cash equivalents	Other payables	Total	Level 1	Level 2	Level 3	Total
June 30, 2019	Note (Rupees in '000)								
Financial assets - measured at fair value									
Investments									
- Investments designated at fair value through profit									
- shares of listed companies	18.3	3,921,054	-	-	3,921,054	3,921,054	-	-	3,921,054
- sukuk certificates	18.3	1,171,834	-	-	1,171,834	-	1,171,834	-	1,171,834
		<u>5,092,888</u>			<u>5,092,888</u>	<u>3,921,054</u>	<u>1,171,834</u>		<u>5,092,888</u>
Financial assets - not measured at fair value									
Bank balances	18.3	-	-	3,306,722	3,306,722	-	-	-	-
Investments designated at amortised cost	18.3	590,899	-	-	590,899	-	-	-	-
Dividend receivable	18.3	-	15,260	-	15,260	-	-	-	-
Deposits and other receivables	18.3	-	83,095	-	83,095	-	-	-	-
Receivable against change of plan / change of fund manager / issuance of units	18.3	-	14,759	-	14,759	-	-	-	-
		<u>590,899</u>	<u>113,114</u>	<u>3,306,722</u>	<u>4,010,735</u>				
Total		<u>5,683,787</u>	<u>113,114</u>	<u>3,306,722</u>	<u>9,103,623</u>	<u>3,921,054</u>	<u>1,171,834</u>		<u>5,092,888</u>
Financial liabilities - not measured at fair value									
Payable to Al Meezan Investment Management Limited									
- Pension Fund Manager	18.3	-	-	12,480	12,480	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	18.3	-	-	715	715	-	-	-	-
Payable to auditors	18.3	-	-	252	252	-	-	-	-
Payable against purchase of investments (net)	18.3	-	-	17	17	-	-	-	-
Payable against withdrawal / change of plan	18.3	-	-	24,345	24,345	-	-	-	-
Accrued expenses and other liabilities	18.3	-	-	3,246	3,246	-	-	-	-
				<u>41,055</u>	<u>41,055</u>				

18.1 There were no transfers between above levels during the year.

18.2 Underlying the definition of fair values is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

18.3 The Fund has not disclosed fair value for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value and are carried at amortised cost.

19. PERFORMANCE TABLE

	For the year ended June 30, 2019	For the year ended June 30, 2018	Percentage change	For the year ended June 30, 2017	For the year ended June 30, 2016	For the year ended June 30, 2015
	(Rupees)		(%)	(Rupees in '000)		
EQUITY SUB FUND						
Net (loss)/ income	(1,268,816)	(1,070,301)	(20)	983,882	627,422	575,199
Net realised (loss)/ gain on sale of investments	(310,877)	(397,392)	33	262,772	83,000	33,649
Unrealised (diminution) / appreciation on 're-measurement of Investments at 'fair value through profit or loss' (net)	(1,116,081)	(759,404)	(71)	499,111	443,793	413,933
Dividend income	229,481	260,126	(16)	189,475	134,962	83,044
Profit on savings accounts with banks	17,620	6,088	115	10,049	5,324	6,048
Transactions in securities			-			
Purchases	2,087,420	2,450,808	(13)	2,904,774	3,050,708	1,851,923
Sales	2,316,077	1,854,015	24	1,937,982	2,144,252	2,597,064
Total contribution received	1,616,733	1,739,581	-	-	1,390,729	1,171,025
Total net asset value	4,086,115	5,431,850	(23)	5,806,229	4,099,339	2,740,148
Net asset value per unit (Rs.)	377.5765	494.8205	(20)	592.32	491.95	416.67
DEBT SUB FUND						
Net income	185,361	74,278	150	118,284	85,892	86,322
Net realised (loss) / gain on sale of investments	(1,418)	(17,356)	(92)	103	(4,885)	(3,568)
Unrealised appreciation / (diminution) on 're-measurement of investments at 'fair value through profit or loss'	(1,674)	(11,557)	(86)	17,117	10,943	(1,867)
Profit on savings accounts with banks	79,474	17,532	353	53,711	15,707	7,077
Profit on term deposit receipts	48,300	50,442	(4)	22,259	17,720	8,147
Profit on sukuk certificates	109,711	73,901	48	53,251	66,385	94,122
Transactions in securities						
Purchases	2,563,841	249,325	928	814,971	2,486,333	486,514
Sales	3,152,538	(46,183)	(6,926)	813,828	1,853,448	688,797
Total contribution received	1,434,919	1,254,161	-	-	805,986	642,794
Total net asset value	2,807,052	11,701,249	(76)	11,701,249	1,997,375	1,398,572
Net asset value per unit (Rs.)	236.1122	220.5205	7	214.59	204.48	195.69
MONEY MARKET SUB FUND						
Net income	141,302	28,316	399	27,952	17,554	21,721
Net realised gain / (loss) on sale of investments	122	(2,953)	-	-	(1,391)	67
Unrealised appreciation / (diminution) on 're-measurement of investments at 'fair value through profit or loss'	-	(2,363)	(100)	2,931	1,187	(82)
Profit on savings accounts with banks	93,200	15,469	502	18,530	10,327	4,801
Profit on term deposit receipts	32,155	13,472	139	2,745	1,245	-
Profit on sukuk certificates	15,603	12,503	25	7,987	11,973	24,278
Transactions in securities						
Purchases	1,177,912	-	-	285,848	465,848	160,141



	For the year ended June 30, 2019	For the year ended June 30, 2018	Percentage change	For the year ended June 30, 2017	For the year ended June 30, 2016	For the year ended June 30, 2015
	(Rupees)		(%)	(Rupees in '000)		
Sales	1,372,165	(177,392)	(874)	155,343	603,601	223,907
Total contribution received	2,701,257	-	1,199	-	225,300	156,548
Total net asset value	2,072,836	1,013,598	105	662,819	453,309	337,801
Net asset value per unit (Rs.)	234.2456	218.2775	7	212.18	203.23	195.36

GOLD SUB FUND

Net income / (loss)	18,682	5,403	246	(4,493)	-	-
Net realised gain on sale of investments	-	79	-	-	-	-
Unrealised appreciation / (diminution) on 're-measurement of investments at 'fair value through profit or loss'	17,923	6,347	182	(3,112)	-	-
Profit on savings accounts with banks	349	133	162	138	-	-
Profit on term deposit receipts	-	-	-	-	-	-
Profit on sukuk certificates	-	-	-	-	-	-
Transactions in securities	-	-	-	-	-	-
Purchases	10,395	-	-	734	-	-
Sales	-	866	-	-	-	-
Total contribution received	20,322	-	-	-	-	-
Total net asset value	84,316	49,960	69	43,243	-	-
Net asset value per unit (Rs.)	130.4834	101.5719	28	90.59	-	-

Net Asset value per unit (Rs.)	Equity sub fund		Debt sub fund		Money market sub fund		Gold Sub Fund	
	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest
	issue price	issue price	issue price	issue price	issue price	issue price	issue price	issue price
	(Rupees)							
For the year ended June 30, 2019	361.1785	510.7351	220.5925	236.1122	218.3530	234.2456	94.7600	133.8669
For the year ended June 30, 2018	457.3652	600.0524	213.9056	220.4958	211.9147	218.2535	89.1073	103.2814

20. COMMODITY RISK MANAGEMENT

20.1 Commodity risk

Commodity risk represent 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 fund.

22. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 19, 2019 by the Board of Directors of the Pension Fund Manager.

For Al Meezan Investments Management Limited
(Pension Fund Manager)

DIR

Chief Executive Office

Chief Financial Officer

Director