



MCB-ARIF HABIB
Savings and Investments Limited

ANNUAL REPORT 2022

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



PAKISTAN PENSION FUND

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Vision

To become synonymous with Savings

Mission

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

Core Values

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

FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings & Investments Limited Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	
Board of Directors	Mr. Haroun Rashid Mr. Nasim Beg Mr. Muhammad Saqib Saleem Mr. Ahmed Jahangir Mr. Kashif A. Habib Mirza Qamar Beg Syed Savail Meekal Hussain Ms. Mavra Adil Khan	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
Audit Committee	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Mr. Kashif A. Habib Syed Savail Meekal Hussain	Chairman Member Member Member Member
Human Resource & Remuneration Committee	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Syed Savail Meekal Hussain Ms. Mavra Adil Khan Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member Member
Chief Executive Officer	Mr. Muhammad Saqib Saleem	
Chief Operating Officer & Chief Financial Officer	Mr. Muhammad Asif Mehdi Rizvi	
Company Secretary	Mr. Altaf Ahmad Faisal	
Trustee	Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block 'B'S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcPakistan.com	
Bankers	Zari Taraqiati Bank Limited Habib Metropolitan Bank Limited Bank Al Falah Limited Allied Bank Limited National Bank Pakistan Askari Bank Limited JS Bank Limited Faysal Bank Limited Habib Bank Limited MCB Bank Limited Bank Al Habib Limited Soneri Bank Limited HBL Micro Finance Bank Limited	
Auditors	Yousuf Adil Chartered Accountants Cavish Court, A-35, Block-7 & 8 KCHSU, Shahrah-e-Faisal, Karachi-753550.	
Legal Advisor	Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
Transfer Agent	MCB-Arif Habib Savings & Investments Limited Adamjee House, 2nd Floor I.I. Chundrigar Road, Karachi.	
Rating	AM1 Asset Manager Rating assigned by PACRA	

REPORT OF THE DIRECTOR OF THE PENSION FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2022

Dear Investor,

On behalf of the Board of Directors, I am pleased to present **Pakistan Pension Fund** accounts review for the year June 30, 2022.

Economy and Money Market Review

Fiscal year 2022 (FY22) remained a difficult year for Pakistan as the country faced multiple challenges on macroeconomic front along with political uncertainty. While the economy weathered the Covid challenge relatively well, reopening of global economies and supply chain disruptions stimulated a spike in global commodity prices increasing pressure on trade deficit. Russia- Ukraine war pushed the commodity prices even further, exacerbating the already widening trade deficit with highest ever import bill during the year. A spike in energy and food prices coupled with a weak exchange rate led to a sharp pickup in domestic inflation. Commodity price led Inflationary trends were also visible in global economies particularly US and Eurozone and consequent tightening has raised fears of a broader recession.

Pakistan's economy was already coping with macroeconomic challenges and the political upheaval further aggravated the situation. The elevated political noise led to populist measures like fuel and power subsidies undermining the much needed fiscal adjustments. In addition, an unscheduled change of country's leadership and ensuring political uncertainty led to delay in policy actions and adjustments needed for IMF program.

The country posted a current account deficit of USD 15.2bn in 11MFY22 compared to a deficit of USD 1.1bn in the corresponding period last year. This was the largest CAD since FY18, when country witnessed a deficit of USD 15.9bn in first eleven months of the fiscal year. The deterioration came in primarily on the back of higher imports which grew by 36.5% in 11MFY22 compared to export growth of 26.7%. Trade Deficit increased by 45.5% to USD 36.1bn compared to USD 24.8bn in the same period last year. The unprecedented increase in imports mainly came from historic high prices of our commodity basket including crude oil, palm oil, coal coupled with one time vaccines imports.

Foreign exchange reserves of central bank declined by USD 7.4bn in FY22 on account of higher current account deficit and debt repayments. In addition, delay in IMF program led to slowdown in other foreign inflows which dragged the reserves to USD 9.8bn, implying an import cover of 1.7 months. These outflows coupled with widening current account deficit led PKR to weaken by 23.0% against USD since start of the fiscal year.

Inflation remained highly concerning as rising commodities continued to create challenges for policy makers. Headline inflation represented by CPI averaged 12.1% in FY22 compared to 8.9% in FY21. The rise mainly came from higher food prices, elevated energy costs (both electricity and fuel) and second round impact of PKR depreciation, which kept the prices of imported commodities high. Core inflation as measured by Non Food Non Energy also depicted an upwards trend with an increase of 12.3% in June 2022 compared to 6.9% in June 2021. Expectations of above 20% in the next fiscal year along with weak fiscal framework, led SBP to increase policy rate by a cumulative 625bps to 13.75% in the fiscal year to counter inflationary pressures and slowdown the overall aggregate demand. It further increased policy rate by 125 basis points to 15% in July-22.

On the fiscal side, FBR tax collection increased by 29.1% in FY22 to PKR 6,125bn compared to PKR 4,744bn during the same period last year. This exceeded the target by 25bn. The improved tax collection primarily on the back of higher customs duty and sales tax collected due to higher imports.

Secondary markets yields have increased significantly in FY22 as SBP started the monetary tightening cycle. The depreciation in the rupee along with persistently high energy prices will add pressure to inflation and we expect average inflation numbers to remain elevated in medium term. Bond yields for tenors of 3 years, 5 years and 10 years witnessed a rise of 4.5%, 3.4% and 3.0%, respectively during the period.

REPORT OF THE DIRECTOR OF THE PENSION FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2022

Equity Market Review

After posting a healthy gain of 38% in FY21, the benchmark KSE-100 Index corrected by 12.3% in FY22, losing 5,815 points to end the year at 41,541 points. The market remained volatile throughout the year, but took a downturn in the second half of the fiscal year as Russia-Ukraine war worsened several macroeconomic indicators fueling concern over external account position. The widening current account deficit, rapidly depleting reserves (PKR touching an all-time low of PKR211/USD), downgrade of Pakistan's outlook to negative by Moody's, and delay in the approval of IMF's sixth and seventh review created default fears among the investors. In addition, a high inflationary environment caused by a global commodity super cycle, rupee depreciation, and rising interest rates further added to the investors' woes. Moreover, the budget also proved to be a negative event for the market, incorporating painful but necessary measures to enhance revenue collection and control expenditures in line with the IMF's direction.

Fertilizer and Chemical were the outperformers during the year, posting a return of 13.9% and 6.1%, respectively. On the contrary, Cement remained the worst performing sector with a negative return of -43.8% thanks to rising international coal prices (+189% YoY to USD 332/ton). Average traded volume and value during FY22 went down by 45% (291mn shares) and value by 54% (USD 55mn), respectively.

During the year, MSCI reclassified Pakistan from the Emerging Markets Index to Frontier Markets Index. As a result, Foreign investors offloaded USD 298mn worth of equities during FY22. Individuals were the major buyers followed by Banks/DFIs. They bought shares worth USD 157mn and USD 115mn, respectively.

FUND PERFORMANCE

Debt Fund

The debt sub-fund generated an annualized return of 9.38% during the period under review. The fund's exposure towards PIBs stood at 23.1% and exposure in cash was 56.5% at period end.

The Net Assets of the Fund as at June 30, 2022 stood at Rs. 558.59 million as compared to Rs. 495.01 million as at June 30, 2021 registering an increase of 12.84%.

The Net Asset Value (NAV) per unit as at June 30, 2022 was Rs. 347.06 as compared to opening NAV of Rs. 317.31 per unit as at June 30, 2021 registering an increase of Rs. 29.75 per unit.

Money Market Fund

The money market sub-fund generated a return of 9.78% during the period. The fund's exposure towards cash stood at 98.5%.

The Net Assets of the Fund as at June 30, 2022 stood at Rs. 716.24 million as compared to Rs. 533.36 million as at June 30, 2021 registering an increase of 34.29%.

The Net Asset Value (NAV) per unit as at June 30, 2022 was Rs. 307.40 as compared to opening NAV of Rs. 280.02 per unit as at June 30, 2021 registering an increase of Rs. 27.38 per unit.

Equity Fund

The Equity sub-fund generated a return of -16.91% against the KSE-100 return of -5.056%. The sub-fund slightly increased its overall equity exposure to 98.5%. Sector-wise, the sub-fund mainly held exposure in Commercial Banks and Cement.

The Net Assets of the Fund as at June 30, 2022 stood at Rs. 831.98 million as compared to Rs. 904.78 million as at June 30, 2021 registering a decrease of 8.05%.

The Net Asset Value (NAV) per unit as at June 30, 2022 was Rs. 486.14 as compared to opening NAV of Rs. 585.07 per unit as at June 30, 2021 registering a decrease of Rs. -98.93 per unit.

REPORT OF THE DIRECTOR OF THE PENSION FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2022

Economy & Market – Future Outlook

The government has taken several harsh steps including increasing petroleum, electricity and gas prices to meet the IMF prior conditions. It has also increased interest rate to 15% and made changes in the FY23 Budget to targets primary fiscal surplus in FY23. These steps have led to a successful staff level agreement with IMF and should pave the way for the disbursement of USD 1.2bn from the fund under the combined 7th and 8th review of the Extended Fund Facility (EFF). The government was also able to convince IMF to increase funding by USD 1 billion to USD 7 billion and extend the duration till June 2023 compared to September 2022 earlier. IMF program shall provide stability to the external account and provide a window to policy makers requiring continued fiscal discipline and measured trade account policies in the short term while focus on the economic policies that can support sustainable growth in the long term.

Pakistan GDP growth clocked at 6.0% in FY22 with Agricultural, Industrial and Services sector grew by 4.4%, 7.2% and 6.2% respectively. However, we expect GDP growth to sharply decline to a range of 2.5-3.0% in FY23. The monetary tightening and rupee devaluation would lead to slowdown in economy and would impact industrial growth. The government is also focusing on controlling imports to curtail current account deficit which would affect services sector growth.

The international commodities have eased from their recent high but energy prices remain stubbornly high. We expect the government to keep a tight leash on imports and discourage unnecessary dollar outflows. The imports are expected to decrease by 14% YoY to USD 63bn as we will witness volumetric compression in several segments of the economy. Thus we expect the current account deficit to ease to USD 7.6bn (2.0% of GDP) in FY23 compared to expected current account deficit of USD 16.5bn (4.2% of GDP) in FY22.

Successful resumption of the IMF program will be a key prerequisite to keep the financial account in positive zone as we await funding commitment from friendly countries. Sustaining remittances along with bilateral and multilateral flows would also be crucial in managing our external position. USD/PKR is trading in a range of 225-230 due to ensuing political uncertainty and delay in IMF tranche. We expect Rupee to recover post disbursement of IMF tranche along with receipts from friendly countries. We expect however USD/PKR to depreciate by the close of fiscal year to 235.

CPI based inflation for June 2022 clocked at 21.3% on the back of increase in petroleum and electricity prices as the relief measures announced by the previous government were reversed. We will witness the second round impact of currency devaluation and petroleum price increase which will keep inflation elevated for the remainder of the year. We expect FY23 average inflation to clock at 21.8%. SBP increased the policy rate to 15% to slowdown aggregate demand and ward off inflationary pressures. Increasing interest rate to unnecessarily higher level impacts fiscal position and does little to tame cost push inflation. We thus SBP to balance monetary tightening and fiscal costs by maintaining negative interest rates

From capital market perspective, particularly equities, the correction in stock prices has further opened up valuation. The market has priced in the interest rate increase and currency depreciation. Market cap to GDP ratio has declined to 10.1%, a discount of 52% from its historical average. Similarly, risk premiums are close to 8.3%, compared to historical average of 2.2% signifying deep discount at which market is trading. We believe a micro view of sectors and stock will remain important and investment selection should focus on companies which trade at a deep discount to their intrinsic value. The market is currently trading at PER of 4.7x, while offering a dividend yield of 9.5%.

For debt holders, we expect Money Market Funds to continue to seamlessly mirror policy rates throughout the year. On the other hand, government bonds yields may continue to remain at elevated levels given inflationary pressure. We remain cautious at the current levels of bond yields and would continue to monitor the data points to capitalize on opportunities.

REPORT OF THE DIRECTOR OF THE PENSION FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2022

Mutual Fund Industry Review

The Net Assets of the open end mutual fund industry increased by about 19.2% during FY22 to PKR 1,214bn. Total money market funds grew by about 43.8% since June 2021. Within the money market sphere, the conventional funds dominated with a growth of about 56.4% to PKR 446bn while Islamic funds increased by 24.1% to PKR 225bn. In addition, the total fixed Income funds increased by about 21.9% since June 2021, as the conventional income funds rose by 27.9% to PKR 161bn. Equity and related funds declined by 23.1% as market witnessed a decline in FY22 eroding AUMS as concern over macroeconomic and geopolitical factors kept investors at bay.

In terms of the segment share, Money Market funds were the leader with a share of around 55.3%, followed by Income funds with a share of 24.6% and Equity and Equity related funds having a share of 18.9% as at the end of FY22.

Mutual Fund Industry Outlook

Increase in interest rates would encourage higher flows in the money market funds. Recent changes in Finance Act 2023 also incentivize investors to save and invest through Mutual funds. Prevailing yields of near 15% in fixed income funds are ideal for investors with a short term horizon and low risk profile. However recent correction in stock prices has opened up valuations and long term investors would look to add equity exposure at these highly attractive levels. Our operations remained seamless and given our competitive edge due to aggressive investment in digital access and online customer experience, the environment provides an opportunity with growing number of investors available online.

External Auditors

The fund's external auditors, **M/s Yousuf Adil Chartered Accountants** have expressed their willingness to continue as the fund auditors for the ensuing year ending June 30, 2023. The audit committee of the Board has recommended reappointment of **M/s Yousuf Adil Chartered Accountants** as auditors of the fund for the year ending June 30, 2023 and the Board of Directors also endorsed the recommendation of the Audit Committee.

ACKNOWLEDGMENT

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

On behalf of Directors,



Muhammad Saqib Saleem
Chief Executive Officer
August 15, 2022

ڈائریکٹرز رپورٹ

اظہار تشکر

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

منجانب ڈائریکٹرز



محمد ثاقب سلیم
چیف ایگزیکٹو آفیسر
15 اگست 2022ء

ڈائریکٹرز رپورٹ

کی جانی چاہیے جو اپنی اندرونی قدر میں بھرپور کمی پر تجارت کرتی ہیں۔ موجودہ طور پر مارکیٹ میں 4.7x کے PER پر تجارت ہو رہی ہے جبکہ ڈیویڈنڈ کی سطح 9.5 فیصد پر ہے۔

حاملین قرض کے لیے ہم توقع کرتے ہیں کہ بازار زر کے فنڈ سال بھر بلا رکاوٹ پالیسی شرحوں کی عکاسی جاری رکھیں گے۔ دوسری جانب حکومتی بانڈز متوقع پیداواری ختم میں شامل ہو چکے ہیں۔ ہم بانڈز کے منافع جات کی موجودہ سطحوں پر محتاط ہیں اور ڈیٹا پوائنٹس کی نگرانی جاری رکھیں گے تاکہ مواقع سے فائدہ اٹھایا جاسکے۔

میوچل فنڈ صنعت کا جائزہ

اوپن اینڈ میوچل فنڈ صنعت کے net اثاثہ جات مالی سال 2022ء کے دوران تقریباً 19.2 فیصد بڑھ کر 1,214 بلین روپے ہو گئے۔ Money مارکیٹ کی مجموعی فنڈز میں جون 2021ء سے اب تک تقریباً 43.8 فیصد اضافہ ہوا ہے۔ Money مارکیٹ کے دائرہ کار میں روایتی فنڈز حاوی رہے کیونکہ تقریباً 56.4 فیصد بڑھ کر 446 بلین روپے ہو گئے، جبکہ اسلاک فنڈز 24.1 فیصد بڑھ کر 225 بلین روپے ہو گئے۔ مزید برآں، مجموعی فکسڈ انکم فنڈز میں جون 2021ء سے اب تک تقریباً 21.9 فیصد اضافہ ہوا کیونکہ روایتی انکم فنڈز 27.9 فیصد بڑھ کر 161 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز 23.1 فیصد کم ہو گئے جس کی وجہ مالی سال 2022ء میں مارکیٹ میں انحطاط اور اثاثہ جات تحت الانظامیہ میں کمی ہے کیونکہ مجموعی معاشی و جغرافیائی سیاسی عوامل سے متعلق خدشات سرمایہ کاروں کی حوصلہ شکنی کا سبب بنے۔

شعبہ جاتی اعتبار سے مالی سال 2022ء کے اختتام پر Money مارکیٹ فنڈز تقریباً 55.3 فیصد حصے کے ساتھ سب سے آگے تھے، جبکہ دوسرے نمبر پر انکم فنڈز تھے جن کا 24.6 فیصد حصہ تھا، اور تیسرے نمبر پر ایکویٹی فنڈز اور متعلقہ فنڈز تھے جن کا 18.9 فیصد حصہ تھا۔

میوچل فنڈ کی صنعت کے مستقبل کا منظر

سود کی شرحوں میں اضافے سے Money مارکیٹ فنڈز میں آمدورفت کی حوصلہ افزائی ہوگی۔ فائننس ایکٹ 2023ء میں حالیہ تبدیلیوں سے بھی سرمایہ کاروں کو ترغیب ملے گی کہ وہ میوچل فنڈز کے ذریعے بچت اور سرمایہ کاری کریں۔ فکسڈ انکم فنڈز میں رائج الوقت تقریباً 15 فیصد منافع جات ایسے سرمایہ کاروں کے لیے موزوں ترین ہیں جو مختصر میعاد میں رہنا چاہتے ہیں اور زیادہ خطرہ مول لینا نہیں چاہتے۔ تاہم اسٹاک کی قیمتوں میں حالیہ تصحیح نے تعینات قدر کھول دی ہیں اور طویل المیعاد سرمایہ کاران پر کشش سطحوں پر ایکویٹی میں مزید پیسہ لگانا چاہیں گے۔ ہمارے آپریشنز بلا رکاوٹ جاری رہے، اور ڈیجیٹل رسائی اور آن لائن سہولیات میں بھرپور سرمایہ کاری کے نتیجے میں ہمیں جو سبقت حاصل ہے اس کی بدولت ہم آن لائن کام کرنے والے سرمایہ کاروں کی بڑھتی ہوئی تعداد سے استفادہ کر سکتے ہیں۔

خارجی آڈیٹرز

فنڈ کے خارجی آڈیٹرز M/s یوسف عادل چارٹرڈ اکاؤنٹنٹس نے سال مختتمہ 30 جون 2023ء کے لیے فنڈ کے آڈیٹرز کے طور پر جاری رکھنے کے لیے آمادگی کا اظہار کیا ہے۔ بورڈ کی آڈٹ کمیٹی نے M/s یوسف عادل چارٹرڈ اکاؤنٹنٹس کی دوبارہ تقرری کی سفارش کی ہے اور بورڈ آف ڈائریکٹرز نے بھی آڈٹ کمیٹی کی سفارش کی توثیق کی ہے۔

جاسکے۔ ان اقدامات کے نتیجے میں آئی ایم ایف کے ساتھ اسٹاف سطح کا ایک کامیاب معاہدہ ہو گیا ہے جس کے بعد ایکسٹینڈڈ فنڈ فیسلٹی (ای ایف ایف) کے مشترکہ ساتویں اور آٹھویں جائزے کے تحت فنڈ سے 1.2 بلین ڈالر کے اجراء کی راہیں ہموار ہوں گی۔ مزید برآں، حکومت آئی ایم ایف کو اس بات کے لیے قائل کرنے میں کامیاب ہوئی ہے کہ فنڈنگ کو 1 بلین ڈالر سے 7 بلین ڈالر کیا جائے اور ستمبر 2022ء کی بجائے جون 2023ء تک مدت کی توسیع کی جائے۔ آئی ایم ایف پروگرام سے خارجی اکاؤنٹ مستحکم ہوگا اور پالیسی سازوں کو درکار مختصر مدت میں بلا رکاوٹ مالیاتی نظم و ضبط اور پیمائش شدہ تجارتی اکاؤنٹ پالیسیوں اور طویل مدت میں قابل بقاء ترقی کے لیے معاشی پالیسیوں پر ارتکاز توجہ کے لیے راہ فراہم ہوگی۔

پاکستان کی مجموعی ملکی پیداوار (جی ڈی پی) مالی سال 2022ء میں 6.0 فیصد تھی۔ زرعی، صنعتی اور خدمات کے شعبوں نے بالترتیب 4.4 فیصد، 7.2 فیصد اور 6.2 فیصد ترقی کی۔ تاہم ہم سمجھتے ہیں کہ مالی سال 2023ء میں جی ڈی پی کی ترقی میں 2.5 سے 3.0 فیصد تک کی بڑی کمی آئے گی۔ مالیاتی سختی اور روپے کی قدر میں کمی کے نتیجے میں معیشت میں سست رفتاری آئے گی اور اس کا اثر صنعتی ترقی پر پڑے گا۔ مزید برآں حکومت درآمدات میں کمی پر توجہ مرکوز کر رہی ہے تاکہ کرنٹ اکاؤنٹ خسارہ کم کیا جاسکے جس سے خدمات کے شعبے کی ترقی متاثر ہوگی۔

بین الاقوامی اشیاء اپنی حالیہ بلندی سے نیچے آگئی ہیں لیکن توانائی کی قیمتیں بلندی پر ڈٹی ہوئی ہیں۔ ہم اُمید کرتے ہیں کہ حکومت درآمدات پر مضبوط لگام دے کر رکھے گی اور ڈالر کے غیر ضروری خارجی بہاؤ کی حوصلہ شکنی کرے گی۔ درآمدات متوقع طور پر 14 فیصد YoY کم ہو کر 63 بلین ڈالر ہو جائیں گی کیونکہ ہم دیکھیں گے کہ معیشت کے متعدد شعبوں کے حجم سکڑ جائیں گے۔ چنانچہ ہمیں اُمید ہے کہ مالی سال 2023ء میں کرنٹ اکاؤنٹ خسارہ 7.6 بلین ڈالر (جی ڈی پی کا 2.0 فیصد) کم ہوگا جبکہ اس کے بالمقابل مالی سال 2022ء میں متوقع کرنٹ اکاؤنٹ خسارہ 16.5 بلین ڈالر (جی ڈی پی کا 4.2 فیصد) تھا۔

آئی ایم ایف پروگرام کی کامیابی بحالی مالیاتی اکاؤنٹ کو مثبت حدود میں رکھنے کے لیے کلیدی شرط ہوگی، اور ہم دوست ممالک سے فنڈنگ کے منتظر بھی ہیں۔ باقاعدگی کے ساتھ ہونے والی ترسیلات اور اس کے ساتھ ساتھ دوطرفہ اور کثیرالجہتی بہاؤ بھی ہماری خارجی صورتحال کو سنبھالنے میں اہم کردار ادا کریں گے۔ ڈالر/روپے کی تجارت 225-230 کی حدود میں ہو رہی ہے جس کی وجہ متوقع سیاسی غیر یقینی حالات اور آئی ایم ایف کی قسط میں تاخیر ہے۔ ہم سمجھتے ہیں کہ آئی ایم ایف کی قسط کے اجراء اور دوست ممالک سے حصول کے بعد روپیہ کی قدر بحال ہوگی۔ تاہم مالی سال کے اختتام تک روپے کی ڈالر کے مقابلے میں قدر میں متوقع طور پر کمی آئے گی اور یہ 235 تک پہنچ سکتا ہے۔

سی پی آئی پر مبنی مہنگائی جون 2022ء کے لیے 21.3 فیصد کی سطح پر تھی جس کی وجہ پٹرول اور بجلی کی قیمتوں میں اضافہ تھا کیونکہ سابقہ حکومت کے اعلان کردہ امدادی اقدامات روک دیئے گئے۔ ہم روپے کی قدر میں کمی کے اثر کا دوسرا دور دیکھیں گے اور پٹرول کی قیمت میں اضافہ بھی ہوگا جس کے باعث سال کے بقیہ حصے میں مہنگائی بلند رہے گی۔ مالی سال 2023ء میں مہنگائی کا اوسط 21.8 فیصد متوقع ہے۔ ایس بی پی نے پالیسی شرح کو بڑھا کر 15 فیصد کر دیا تاکہ مجموعی مانگ کی رفتار اور مہنگائی کے دباؤ میں کمی لائی جاسکے۔ سود کی شرحوں میں غیر ضروری بلند سطح تک اضافے سے مالیاتی صورتحال متاثر ہوتی ہے اور cost-push مہنگائی کو قابو کرنے میں کوئی قابل ذکر مدد نہیں ملتی۔ چنانچہ ہم اُمید کرتے ہیں کہ ایس بی پی منفی شروح سود برقرار رکھنے کے ذریعے مالیاتی سختی اور لاگتوں کو متوازن کرے گا۔

کمپیٹل مارکیٹ، خصوصاً ایکویٹیز، کے نقطہ نظر سے اسٹاک کی قیمتوں میں تصحیح سے تعین قدر مزید کھل گئی ہے۔ مارکیٹ نے شرح سود میں اضافے اور روپے کی قدر میں کمی کو مد نظر رکھا ہے۔ مارکیٹ cap کا جی ڈی پی کے ساتھ تناسب کم ہو کر 10.1 فیصد ہو گیا ہے جو اس کے تاریخی اوسط سے 52 فیصد کی کمی ہے۔ اسی طرح، خطرات کے پریمیم 8.3 فیصد کے قریب ہیں، اور ان کے قدیم اوسط 2.2 فیصد سے موازنہ کرنے پر اس بھرپور کمی کا پتہ چلتا ہے جس پر مارکیٹ میں تجارت ہو رہی ہے۔ ہم سمجھتے ہیں کہ اسٹاک اور شعبہ جات کا مجموعی تناظر اہم رہے گا اور سرمایہ کاری کے انتخاب کے لیے ان کمپنیز پر توجہ مرکوز

فنڈ کی کارکردگی

Debt فنڈ

زیر جائزہ مدت کے دوران Debt فلی فنڈ کا ایک سال پر محیط منافع 9.38 فیصد تھا۔ اختتام مدت پر فنڈ کی سرمایہ کاری PIBs میں 23.1 فیصد اور نقد میں 56.5 فیصد تھی۔

30 جون 2022ء کو فنڈ کے Inet اثاثہ جات 558.59 ملین روپے تھے، جو 30 جون 2021ء کو 495.01 ملین روپے کے مقابلے میں 12.84 فیصد اضافہ ہے۔

30 جون 2022ء کو Inet اثاثہ جاتی قدر (این اے وی) فی یونٹ 347.06 روپے تھی، جو 30 جون 2021ء کو ابتدائی این اے وی 317.31 روپے فی یونٹ کے مقابلے میں 29.75 روپے فی یونٹ اضافہ ہے۔

Money مارکیٹ فنڈ

دوران مدت Money مارکیٹ فلی فنڈ نے 9.78 فیصد منافع حاصل کیا۔ فنڈ کی سرمایہ کاری نقد میں 98.5 فیصد تھی۔

30 جون 2022ء کو فنڈ کے Inet اثاثہ جات 716.24 ملین روپے تھے، جو 30 جون 2021ء کو 533.36 ملین روپے کے مقابلے میں 34.29 فیصد اضافہ ہے۔

30 جون 2022ء کو Inet اثاثہ جاتی قدر (این اے وی) فی یونٹ 307.40 روپے تھی، جو 30 جون 2021ء کو ابتدائی این اے وی 280.02 روپے فی یونٹ کے مقابلے میں 27.38 روپے فی یونٹ اضافہ ہے۔

ایکویٹی فنڈ

ایکویٹی فلی فنڈ نے (16.91) فیصد منافع حاصل کیا، جبکہ KSE-100 انڈیکس کا منافع (5.056) فیصد تھا۔ فلی فنڈ نے ایکویٹی میں اپنی مجموعی سرمایہ کاری میں تھوڑا سا اضافہ کر کے اسے 98.5 فیصد کر دیا۔ شعبہ جاتی اعتبار سے فلی فنڈ کی زیادہ تر سرمایہ کاری کمرشل بینکوں اور سیمنٹ میں تھی۔

30 جون 2022ء کو فنڈ کے Inet اثاثہ جات 831.98 ملین روپے تھے، جو 30 جون 2021ء کو 904.78 ملین روپے کے مقابلے میں 8.05 فیصد کمی ہے۔

30 جون 2022ء کو Inet اثاثہ جاتی قدر (این اے وی) فی یونٹ 486.14 روپے تھی، جو 30 جون 2021ء کو ابتدائی این اے وی 585.07 روپے فی یونٹ کے مقابلے میں (98.93) روپے فی یونٹ کمی ہے۔

معیشت اور مارکیٹ - مستقبل کا منظر نامہ

حکومت نے متعدد سخت فیصلے کیے ہیں بشمول پٹرول، بجلی اور گیس کی قیمتوں میں اضافہ، تاکہ آئی ایم ایف کی شرائط پوری کی جاسکیں۔ علاوہ ازیں، سود کی شرح کو بڑھا کر 15 فیصد کیا ہے اور مالی سال 2023ء کے بجٹ میں تبدیلیاں کی ہیں تاکہ مالی سال 2023ء میں بنیادی مالیاتی surplus کو ہدف بنایا

نظر آیا اور جون 2022ء میں 12.3 فیصد اضافہ ہوا جبکہ جون 2021ء میں 6.9 فیصد تھا۔ اگلے مالی سال میں 20 فیصد سے زائد کی توقعات کے ساتھ ساتھ کمزور مالیاتی ڈھانچے کے نتیجے میں SBP نے پالیسی شرح میں زیر جائزہ مالی سال میں مجموعی طور پر 625 بیسیس پوائنٹس (bps) کا اضافہ کر کے اسے 13.75 فیصد کر دیا تاکہ مہنگائی کے دباؤ کا مقابلہ کیا جاسکے اور مجموعی طور پر کل مانگ کی رفتار میں کمی لائی جاسکے۔ جولائی 2022ء میں SBP نے پالیسی شرح میں مزید 125 bps کا اضافہ کر کے اسے 15 فیصد کر دیا۔

مالیاتی جہت میں ایف بی آر کی ٹیکس وصولی مالی سال 2022ء میں 29.1 فیصد بڑھ کر 6,125 بلین روپے ہو گئی جبکہ گزشتہ سال مماثل مدت کے دوران 4,744 بلین روپے تھی۔ یہ ہدف سے 25 بلین زائد تھا۔ ٹیکس وصولی میں بہتری کی بنیادی وجہ درآمدات میں اضافے کی بدولت کسٹمز ڈیوٹی میں اضافہ اور زیادہ سبز ٹیکس کی وصولی ہے۔

دوسری بات یہ کہ بازاروں کے منافع میں مالی سال 2022ء میں قابل ذکر اضافہ ہوا ہے کیونکہ SBP نے مالیاتی سختی کا چکر شروع کر دیا تھا۔ روپے کی قدر میں کمی کے ساتھ ساتھ توانائی کی مسلسل بلند قیمتوں سے مہنگائی پر دباؤ میں اضافہ ہوگا، اور ہماری توقع کے مطابق مہنگائی کا اوسط درمیانی مدت میں بلند رہے گا۔ تین سالہ، پانچ سالہ اور دس سالہ بانڈز کے منافعوں میں دوران مدت پالترتیب 4.5 فیصد، 3.4 فیصد اور 3.0 فیصد اضافہ ہوا۔

ایکویٹی مارکیٹ کا جائزہ

مالی سال 2021ء میں 38 فیصد بھرپور منافع پوسٹ کرنے کے بعد بیخ مارک KSE-100 انڈیکس میں مالی سال 2022ء میں 12.3 فیصد تنہج ہوئی، اور 5,815 پوائنٹس کم ہو کر اختتام سال پر 41,541 پوائنٹس تھا۔ بازار سال بھر غیر مستحکم رہا لیکن مالی سال کی نصف آخر میں تنزل کا شکار رہا کیونکہ روس یوکرین جنگ کے باعث متعدد مجموعی معاشیاتی اشارے مزید بگڑ گئے جس سے خارجی اکاؤنٹ کی صورتحال پر تشویش میں اضافہ ہو گیا۔ بڑھتے ہوئے کرنٹ اکاؤنٹ خسارے، تیزی سے گھٹتے ہوئے ذخائر (روپے کا پست ترین سطح تک پہنچنا یعنی 211 روپے فی ڈالر)، Moody's کا پاکستان کے مستقبل کے منظر نامے کی درجہ بندی میں کمی کرنا، اور آئی ایم ایف کے چھٹے اور ساتویں جائزے میں تاخیر سے سرمایہ کاروں میں دیوالیہ ہونے کی تشویش پیدا ہو گئی۔ علاوہ ازیں، عالمی سطح پر اشیاء کی super cycle کے باعث پیدا ہونے والی بلند مہنگائی کا ماحول، روپے کی قدر میں کمی، اور سود کی بڑھتی ہوئی شرحوں نے سرمایہ کاروں کی پریشانیوں میں مزید اضافہ کیا۔ مزید براں، بجٹ بھی مارکیٹ کے لیے منفی واقعہ ثابت ہوا جس میں تکلیف دہ لیکن ضروری اقدامات کیے گئے تاکہ آئی ایم ایف کی سمت کے مطابق آمدنی کے حصول میں بہتری آئے اور اخراجات پر قابو پایا جاسکے۔

دوران سال کھاد اور کیمیکل کارکردگی میں سبقت لے جانے والے شعبے تھے جنہوں پالترتیب 13.9 فیصد اور 6.1 فیصد منافع پوسٹ کیا۔ اس کے برعکس سینٹ کمزور ترین کارکردگی کا مظاہرہ کرنے والا شعبہ تھا جس نے (43.8) فیصد منفی منافع پوسٹ کیا اور اس کی وجہ کوئلے کی بڑھتی ہوئی بین الاقوامی قیمتیں تھیں (189+ فیصد YoY کے نتیجے میں 332 ڈالر فی ٹن)۔ مالی سال 2022ء کے دوران اوسط تجارتی حجم اور قدر میں پالترتیب 45 فیصد (291 ملین حصص) کمی اور 54 فیصد کمی (55 ملین ڈالر) ہوئی۔

دوران سال MSCI نے پاکستان کی درجہ بندی کو امر جنگ مارکیٹس انڈیکس سے تبدیل کر کے فرنیئر مارکیٹس انڈیکس کر دیا۔ اس کے نتیجے میں غیر ملکی سرمایہ کاروں نے 298 ملین ڈالر مالیت کی ایکویٹیز نکال لیں۔ جسکے بڑے خریدار افراد اور ان کے بعد بینک یا DFIs تھے جنہوں نے پالترتیب 157 ملین ڈالر اور 115 ملین ڈالر کی مالیت کے حصص خریدے۔

بورڈ آف ڈائریکٹرز کی طرف سے پاکستان پنشن فنڈ کے گوشواروں کا جائزہ برائے سال مختتمہ 30 جون 2022ء پیش خدمت ہے۔

معیشت اور بازار زر کا جائزہ

مالی سال 2022ء پاکستان کے لیے مشکل سال رہا کیونکہ ملک کو مجموعی معاشیاتی جہت میں متعدد چیلنج درپیش رہے اور ساتھ ساتھ سیاسی صورتحال بھی غیر یقینی رہی۔ اگرچہ معیشت نے کووڈ چیلنج کا بہتر انداز میں مقابلہ کیا لیکن عالمی معیشتوں کی بحالی اور زنجیر رسد میں رکاوٹوں کے باعث عالمی سطح پر اشیاء کی قیمتوں میں اضافہ ہوا جس سے تجارتی خسارے پر دباؤ میں بھی اضافہ ہوا۔ روس یوکرین جنگ کے نتیجے میں اشیاء کی قیمتیں مزید بڑھ گئیں جس کے باعث دوران سال اب تک کے سب سے بڑے درآمداتی بل نے پہلے سے پھلتے ہوئے تجارتی خسارے کو مزید متاثر کیا۔ توانائی اور اشیائے خورد و نوش کی قیمتوں میں اضافے کے ساتھ ساتھ زرمبادلہ کی کمزور شرح کے نتیجے میں مقامی سطح پر مہنگائی میں تیزی سے اضافہ ہوا۔ اشیاء کی قیمتوں سے ہونے والی مہنگائی کے رجحانات بھی عالمی معیشتوں میں واضح نظر آئے، خصوصاً امریکا اور یورپی خطے میں، اور اس کے نتیجے میں ہونے والی مالیاتی سختی کے باعث وسیع تر کساد بازاری کا خوف پیدا ہو گیا ہے۔

پاکستان کی معیشت پہلے ہی مجموعی معاشیاتی چیلنجوں سے نبرد آزما ہو رہی تھی اور سیاسی افراتفری نے حالات میں مزید بگاڑ پیدا کر دیا۔ بڑھتی ہوئی سیاسی الجھل کے نتیجے میں عوامی سطح کے اقدامات کیے گئے، مثلاً ایندھن اور بجلی کی سبسڈیز، جس سے مطلوبہ مالیاتی ترامیم کرنا مشکل ہو گیا۔ علاوہ ازیں، ملکی قیادت میں غیر متوقع تبدیلی اور اس سے پیدا ہونے والی سیاسی غیر یقینی صورتحال کے نتیجے میں آئی ایم ایف پروگرام کے لیے درکار پالیسی اقدامات اور ترامیم میں تاخیر ہوئی۔

مالی سال 2022ء کے ابتدائی گیارہ ماہ میں ملک کا CAD یعنی کرنٹ اکاؤنٹ خسارہ 15.2 بلین ڈالر تھا جبکہ گزشتہ سال مماثل مدت میں 1.1 بلین ڈالر تھا۔ یہ مالی سال 2018ء کے ابتدائی گیارہ ماہ میں ہونے والے 15.9 CAD بلین ڈالر کے بعد اب تک کا سب سے بڑا خسارہ تھا۔ اس تنازل کی بنیادی وجہ مالی سال 2022ء کے ابتدائی گیارہ ماہ میں درآمدات میں 36.5 فیصد اضافہ تھا جبکہ اس کے بالمقابل برآمدات میں اضافہ 26.7 فیصد تھا۔ تجارتی خسارہ 45.5 فیصد بڑھ کر 36.1 بلین ڈالر ہو گیا جبکہ گزشتہ سال مماثل مدت میں 24.8 بلین ڈالر تھا۔ درآمدات میں اس بے قابو اضافے کی بنیادی وجہ ہماری اشیاء کے دائرہ کار بشمول خام تیل، پام تیل اور کولے کی تازہ نئی بلند قیمتیں اور اس کے ساتھ ساتھ یکبارہ یکسین درآمدات تھی۔

مالی سال 2022ء میں مرکزی بینک کے زرمبادلہ کے ذخائر میں 7.4 بلین ڈالر کمی ہوئی جس کی وجہ کرنٹ اکاؤنٹ خسارہ اور قرضوں کی ادائیگیوں میں اضافہ ہے۔ علاوہ ازیں، آئی ایم ایف پروگرام میں تاخیر کے نتیجے میں دیگر غیر ملکی آمدات سست رفتاری کا شکار ہو گئیں اور اس کے باعث زرمبادلہ کے ذخائر کم ہو کر 9.8 بلین ڈالر ہو گئے جس کا مطلب 1.7 ماہ کا درآمداتی cover بنتا ہے۔ اس اخراجی بہاؤ اور اس کے ساتھ ساتھ پھلتے ہوئے کرنٹ اکاؤنٹ خسارے کے نتیجے میں مالی سال کے آغاز سے لے کر اب تک روپیہ ڈالر کے مقابلے میں 23.0 فیصد کمزور ہو گیا۔

مہنگائی بے حد تشویشناک رہی کیونکہ اشیاء کی بڑھتی ہوئی قیمتوں نے پالیسی سازوں کے لیے متعدد چیلنج پیدا کرنے کا سلسلہ جاری رکھا۔ ہیڈ لائن مہنگائی، جس کی ترجمانی CPI سے ہوتی ہے، کا اوسط مالی سال 2022ء میں 12.1 فیصد تھا جبکہ مالی سال 2021ء میں 8.9 فیصد تھا۔ اس اضافے کی بنیادی وجہ اشیائے خورد و نوش کی قیمتوں میں اضافہ، توانائی (بجلی اور ایندھن، دونوں) کی لاگتوں میں اضافہ، اور روپے کی قدر میں کمی کا دوسرا دور تھیں، جس کے باعث درآمد شدہ اشیاء کی قیمتیں بلند رہیں۔ بنیادی مہنگائی، جس کی پیمائش اشیائے خورد و نوش اور توانائی کے علاوہ سے ہوتی ہے، میں بھی اضافے کا رجحان

REPORT OF THE PENSION FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2022

Fund Type and Category

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

Investment Strategy

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

Manager's Review

Equity Sub - Fund

The Equity sub-fund generated a return of -16.91%. The sub-fund stood at 98.5% in equity exposure. Sector-wise, the sub-fund mainly held exposure in Commercial Banks and Cement.

The Net Assets of the Fund as at June 30, 2022 stood at Rs. 831.98 million as compared to Rs. 904.78 million as at June 30, 2021 registering a decrease of 8.0%. The Net Asset Value (NAV) per unit as at June 30, 2022 was Rs. 486.14 as compared to opening NAV of Rs. 585.07 per unit as at June 30, 2021 registering a decrease of Rs. 98.93 per unit.

Money Market Sub - Fund

The money market sub-fund generated a return of 9.78% during the period. The fund's exposure in Cash was 98.5%.

The Net Assets of the Fund as at June 30, 2022 stood at Rs. 716.24 million as compared to Rs. 533.36 million as at June 30, 2021 registering an increase of 34.3%. The Net Asset Value (NAV) per unit as at June 30, 2022 was Rs. 307.40 as compared to opening NAV of Rs. 280.02 per unit as at June 30, 2021 registering an increase of Rs. 27.38 per unit.

Debt Sub - Fund

The debt sub-fund generated an annualized return of 9.38% during the period under review. The fund's exposure in Cash stood at 56.5%, 18.7% in TFCs/Corporate Sukuks, while exposure in PIBs was 23.1% towards the period end.

The Net Assets of the Fund as at June 30, 2022 stood at Rs. 558.59 million as compared to Rs. 495.01 million as at June 30, 2021 registering an increase of 12.8%. The Net Asset Value (NAV) per unit as at June 30, 2022 was Rs. 347.06 as compared to opening NAV of Rs. 317.31 per unit as at June 30, 2021 registering an increase of Rs. 29.75 per unit.

REPORT OF THE PENSION FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2022

Asset Allocation (Equity Sub-fund) as of June 30, 2022 (% of Total Assets)

PPF-Equity (%age of Total Assets)	Jun-22
Cash	1.0%
Commercial Banks	26.7%
Cement	19.2%
Oil & Gas Exploration Companies	11.8%
Textile Composite	7.9%
Fertilizer	5.7%
Other equity sectors	27.2%
Others including receivables	0.5%

Asset Allocation (MM Sub-fund) as of June 30, 2022 (% of Total Assets)

PPF-Money Market (%age of Total Assets)	Jun-22
Cash	98.5%
T-Bills	0.0%
Others including receivables	1.5%
Term Deposits with Banks	0.0%

Asset Allocation (Debt Sub-fund) as of June 30, 2022 (% of Total Assets)

PPF-Debt (%age of Total Assets)	Jun-22
Cash	56.5%
PIBs	23.1%
Commercial Paper	0.0%
TFCs/Sukuks	18.7%
T-Bills	0.0%
Others including receivables	1.7%

Syed Abid Ali
Fund Manager

TRUSTEE REPORT TO THE PARTICIPANTS

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office:

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



TRUSTEE REPORT TO THE PARTICIPANTS

PAKISTAN PENSION FUND

Report of the Trustee pursuant to Regulation 67D (viii) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of Pakistan Pension Fund (the Fund) are of the opinion that MCB-Arif Habib Savings and Investments Limited being the Pension Fund Manager of the Fund has in all material respects managed the Fund during the year ended June 30, 2022 in accordance with the provisions of the constitutive documents of the Fund, the Voluntary Pension System Rules, 2005 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 27, 2022



INDEPENDENT AUDITOR'S REPORT TO THE PARTICIPANTS



Yousuf Adil
Chartered Accountants

Cavish Court, A-35, Block 7 & 8
KCHSU, Shahrah-e-Faisal
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Tel: +92 (0) 21 3454 6494-7
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INDEPENDENT AUDITOR'S REPORT

To the participants of Pakistan Pension Fund

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **Pakistan Pension Fund** (the Fund), which comprise the statement of assets and liabilities as at June 30, 2022, and the income statement and statement of comprehensive income, the statement of cash flows, the statement of movement in participants' sub funds for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2022, and of its financial performance and its cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

Basis for opinion

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

Information other than the financial statements and auditor's report thereon

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

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

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

Responsibilities of Fund Manager and Those Charged with Governance for the financial statements

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

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

Board of Directors of the Fund Manager are responsible for overseeing the Fund's financial reporting process.



Independent Correspondent Firm to
Deloitte Touche Tohmatsu Limited

INDEPENDENT AUDITOR'S REPORT TO THE PARTICIPANTS



YOUSUF ADIL

Yousuf Adil
Chartered Accountants

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Report on other legal and regulatory requirements

Based on our audit, we further report that in our opinion:

- a) the financial statements prepared for the year ended June 30, 2022 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) 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;
- c) 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;



Independent Correspondent Firm to
Deloitte Touche Tohmatsu Limited

INDEPENDENT AUDITOR'S REPORT TO THE PARTICIPANTS

 **YOUSUF ADIL**

Yousuf Adil
Chartered Accountants

Other matter

The financial statements of the Fund for the year ended June 30, 2021, were audited by another firm of Chartered Accountants who through their report dated September 21, 2021 expressed an unmodified opinion on those statements.

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


Chartered Accountants

Place: Karachi

Date: September 16, 2022

UDIN: AR202210057itfMZwrop

Independent Correspondent Firm to
Deloitte Touche Tohmatsu Limited

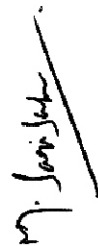
STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2022

June 30, 2022					June 30, 2021				
Note	Equity	Debt	Money	Total	Equity	Debt	Money	Total	
	Sub-Fund	Sub-Fund	Market Sub-Fund		Sub-Fund	Sub-Fund	Market Sub-Fund		
(Rupees '000)									
Assets									
5	29,651	452,486	707,121	1,189,258	19,575	441,179	534,910	995,664	
6	798,740	334,195	-	1,132,935	883,204	132,613	-	1,015,817	
7	299	11,387	11,110	22,796	55	4,020	2,719	6,794	
	-	-	-	-	1,378	-	-	1,378	
	-	10,000	-	10,000	3,708	389	274	4,371	
8	3,723	398	282	4,403	17,494	189,859	-	207,353	
	4,088	-	-	4,088					
Total assets	836,501	808,466	718,513	2,363,480	925,414	768,060	537,903	2,231,377	
Liabilities									
9	1,170	511	311	1,992	1,281	688	740	2,709	
10	99	65	78	242	109	58	62	229	
	359	198	223	780	212	127	125	464	
	-	246,473	-	246,473	7,434	264,828	-	272,262	
12	2,896	2,626	1,657	7,179	11,598	7,353	3,617	22,568	
Total liabilities	4,524	249,873	2,269	256,666	20,634	273,054	4,544	298,232	
Net assets	831,977	558,593	716,244	2,106,814	904,780	495,006	533,359	1,933,145	
Participants' sub funds (as per Statement of Movement in Participants' sub funds)									
	831,977	558,593	716,244		904,780	495,006	533,359		
(Number of units)					(Number of units)				
Number of units in issue	1,711,394	1,609,508	2,330,009		1,546,460	1,560,015	1,904,728		
(Rupees)					(Rupees)				
Net assets value per unit	486.14	347.06	307.40		585.07	317.31	280.02		

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The annexed notes from 1 to 24 form an integral part of these financial statements.

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



Chief Executive Officer



Director

20	PAKISTAN PENSION FUND
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The annexed notes from 1 to 24 form an integral part of these financial statements.

W. Savitsky

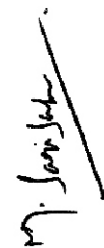
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Director

STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2022

	Year ended June 30, 2022				Year ended June 30, 2021			
	Equity	Debt	Money		Equity	Debt	Money	
	Sub-Fund	Sub-Fund	Sub-Fund	Market	Sub-Fund	Sub-Fund	Sub-Fund	Market
	(Rupees '000)				(Rupees '000)			
	Total				Total			
Net (loss) / income for the year after taxation	(171,202)	47,050	55,991	(68,161)	223,081	31,613	27,055	281,749
Other comprehensive income for the year	-	-	-	-	-	-	-	-
Total comprehensive (loss) / income for the year	(171,202)	47,050	55,991	(68,161)	223,081	31,613	27,055	281,749

The annexed notes from 1 to 24 form an integral part of these financial statements.



Chief Executive Officer

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



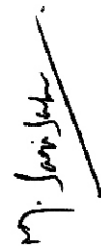
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2022

Note	June 30, 2022				June 30, 2021			
	Equity	Debt	Money Market	Total	Equity	Debt	Money Market	Total
	Sub-Fund	Sub-Fund	Sub-Fund		Sub-Fund	Sub-Fund	Sub-Fund	
(Rupees '000)								
CASH FLOWS FROM OPERATING ACTIVITIES								
Net (loss) / income for the year before taxation	(171,202)	47,050	55,991	(68,161)	223,081	31,613	27,055	281,749
Adjustments for non cash and other items:								
Mark-up income	(2,244)	(54,509)	(62,692)	(119,445)	(847)	(43,600)	(38,027)	(82,474)
Dividend income	(54,406)	-	-	(54,406)	(41,318)	-	-	(41,318)
Net loss / (gain) on sale of investments	59,110	2,324	(785)	60,649	(101,773)	2,328	871	(98,574)
Net unrealised loss / (gain) on revaluation of investments	156,534	(154)	-	156,380	(103,122)	(1,009)	-	(104,131)
(Reversal) / Provision for Sindh Workers' Welfare Fund (SWWF)	(8,551)	(4,532)	(2,234)	(15,317)	4,558	604	573	5,735
	150,443	(56,871)	(65,711)	27,861	(242,502)	(41,677)	(36,583)	(320,762)
(Increase) / decrease in assets	(20,759)	(9,821)	(9,720)	(40,300)	(19,421)	(10,064)	(9,528)	(39,013)
Investments	(131,180)	(203,752)	785	(334,147)	(41,185)	206,129	146,304	311,248
Advance against IPO	-	(10,000)	-	(10,000)	(17,494)	(189,859)	-	(207,353)
Receivable against sale of investment	13,406	189,859	-	203,265	(673)	539	(7)	(141)
Advance, deposits and other receivables	(15)	(9)	(8)	(32)	(59,352)	16,809	146,297	103,754
Increase / (decrease) in liabilities	(117,789)	(23,902)	777	(140,914)	(401)	(77)	27	351
Payable to pension fund manager	(111)	(177)	(429)	(717)	33	(8)	1	26
Payable to the trustee	(10)	7	16	13	14	(33)	5	(14)
Annual fee payable to the SECP	147	71	98	316	(6,124)	264,828	-	258,704
Payable against purchase of investments	(7,434)	(18,355)	-	(25,789)	(3,207)	(2,706)	-	(5,913)
Payable against redemption of units	-	-	-	-	(572)	(706)	42	(1,236)
Accrued and other liabilities	(151)	(195)	274	(72)	(9,455)	261,298	75	251,918
Dividend received	(7,559)	(18,649)	(41)	(26,249)	39,940	-	-	39,940
Mark-up received	55,784	-	-	55,784	971	45,369	36,593	82,933
	2,000	47,142	54,301	103,443	(47,317)	313,412	173,437	439,532
Net cash (used in) / generated from operating activities	(88,323)	(5,230)	45,317	(48,236)				
CASH FLOWS FROM FINANCING ACTIVITIES								
Net receipts from issuance of units	371,605	244,745	375,554	991,904	236,260	145,600	243,126	624,986
Net payments on redemption of units	(273,206)	(228,208)	(248,660)	(750,074)	(196,116)	(240,784)	(260,011)	(696,911)
Net cash generated from / (used in) financing activities	98,399	16,537	126,894	241,830	40,144	(95,184)	(16,885)	(71,925)
Net increase in cash and cash equivalents	10,076	11,307	172,211	193,594	(7,173)	218,228	156,552	367,607
Cash and cash equivalents at beginning of the year	19,575	441,179	534,910	995,664	26,748	222,951	378,358	628,057
Cash and cash equivalents at end of the year	29,651	452,486	707,121	1,189,258	19,575	441,179	534,910	995,664

The annexed notes from 1 to 24 form an integral part of these financial statements.

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



Chief Executive Officer

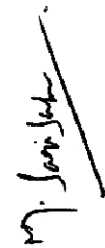


Director

STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB-FUNDS FOR THE YEAR ENDED JUNE 30, 2022

	June 30, 2022				June 30, 2021			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees '000)				(Rupees '000)			
Net assets at the beginning of the year	904,780	495,006	533,359	1,933,145	641,555	558,577	523,189	1,723,321
Amount received on issuance of units	371,605	244,745	375,554	991,904	236,260	145,600	243,126	624,986
Amount paid on redemption of units	(273,206)	(228,208)	(248,660)	(750,074)	(196,116)	(240,784)	(260,011)	(696,911)
	98,399	16,537	126,894	241,830	40,144	(95,184)	(16,885)	(71,925)
	1,003,179	511,543	660,253	2,174,975	681,699	463,393	506,304	1,651,396
Net income for the year	(171,202)	47,050	55,991	(68,161)	223,081	31,613	27,055	281,749
Net assets at the end of the year	831,977	558,593	716,244	2,106,814	904,780	495,006	533,359	1,933,145

The annexed notes from 1 to 24 form an integral part of these financial statements.



Chief Executive Officer

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



Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 The Pakistan Pension Fund (the Fund) was established under a Trust Deed executed between MCB-Arif Habib Savings and Investments Limited as Pension Fund Manager and Muslim Commercial Financial Services (Private) Limited (MCFSL) as Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on May 24, 2007 and was executed on June 04, 2007 under the Voluntary Pension System Rules, 2005 (VPS Rules). Habib Metropolitan Bank Limited (HMBL) was appointed as the new Trustee in place of MCFSL through a revised Trust Deed dated June 16, 2011 which was approved by SECP on July 07, 2011. Central Depository Company of Pakistan Limited was appointed as the new Trustee in place of HMBL through a revised Trust Deed dated July 21, 2014 which was approved by SECP on July 23, 2014.

The Trust Act, 1882 has been repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on August 12, 2021 the above mentioned Trust Deed has been registered under the Sindh Trust Act.

- 1.2 The Fund is an open-end pension fund consisting of three sub-funds namely; Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund. Units are offered for public subscription on a continuous basis. The number of units of any sub-fund purchased out of contributions depends on the Allocation Scheme selected by the respective Participant out of the allocation schemes offered by the Pension Fund Manager.
- 1.3 MCB-Arif Habib Savings and Investments Limited has been licensed to act as a Pension Fund Manager under the VPS Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is located at 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi, Pakistan.
- 1.4 The Pakistan Credit Rating Agency (PACRA) has assigned Management quality rating of 'AM1' dated October 06, 2021 to the Management Company.
- 1.5 Title to the assets of the Fund is held in the name of Central Depository Company Limited as Trustee of the Fund.

2. BASIS OF PREPARATION

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

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

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

2.2 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2022

The following standards, amendments and interpretations are effective for the year ended June 30, 2022. These standards, amendments and interpretations are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

	Effective from Accounting period beginning on or after
- Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions beyond 30 June 2021	April 01, 2021
- Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - Interest rate benchmark reform	January 01, 2021

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

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

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the 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' - Reference to the conceptual framework	January 01, 2022
- Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022
- Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41)	January 01, 2022
- Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
- Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
- Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023
- Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

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

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

2.4 Critical accounting estimates and judgements

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

- Classification and measurement of financial assets (notes 3.1.1.1 and 5)
- Impairment of financial assets (note 3.1.1.3)
- Taxation (notes 3.4 and 16)
- Classification and measurements of financial liabilities (note 3.1.2)

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

2.5 Basis of measurement

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

2.6 Functional and presentation currency

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Financial instruments

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

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

3.1.1 Financial Assets

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

3.1.1.1 Classification and measurement of financial assets

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

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

Financial assets at amortised cost (debt instruments)

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

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

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

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

3.1.1.2 Fair value measurement principles

The fair value of financial instruments is determined as follows:

Basis of valuation of government debt securities

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

Basis of valuation of debt securities

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

3.1.1.3 Impairment of financial assets

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

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

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

3.1.1.4 Derecognition

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

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

3.1.2 Financial liabilities

3.1.2.1 Classification and measurement of financial liabilities

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

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

3.1.2.2 Derecognition

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

3.1.3 Offsetting of financial instruments

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

3.2 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances and short term highly liquid investments with original maturity of three months or less, which are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value.

3.3 Provisions

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

3.4 Taxation

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

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

3.5 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that date. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load and any provision for duties and charges, if applicable. The sales load is payable to investment facilitators, distributors and the Management Company.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

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

3.6 Net asset value per unit

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

3.7 Revenue recognition

- Gain or loss on sale of investment is accounted for in the income statement in the period in which it arises.
- Unrealised gain / loss arising on revaluation of investments classified as 'at fair value through profit or loss' is included in the income statement in the period in which it arises.
- Dividend income is recognised when the right to receive the dividend is established.
- Income / profit from investments in term finance certificates / sukuks, MTS transactions and government securities is recognised on a time proportionate basis using effective interest rate method.
- Profit on bank balances is recognised on a time proportionate basis using bank's approved rates.

3.8 Expenses

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

3.9 Basis of allocation of expenses to each sub-fund

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

4 Earnings per unit

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

		June 30, 2022			
	Note	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000)					
5. BALANCES WITH BANKS					
Savings accounts	5.1	29,651	452,486	707,121	1,189,258

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

- 5.1** These are the savings accounts and carry interest at the rate ranging from 5.5% to 21% (2021: 5.50% to 8.85%) per annum. These include balances of Rs. 5.3 million (2021: Rs. 2.46 million) and Rs. Nil (2021: Rs.0.006 million) held with MCB Bank Limited and MCB Islamic Bank Limited respectively, related parties.

		June 30, 2022			
	Note	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000)					
6. INVESTMENTS					
At fair value through profit or loss					
Listed equity securities	6.1	798,740	-	-	798,740
Government securities	6.2	-	243,640	-	243,640
Term Finance Certificate / Sukuks	6.3	-	90,555	-	90,555
		798,740	334,195	-	1,132,935

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

Equity Sub-Fund

Name of the Investee Company	Number of shares					Balance as at June 30, 2022			Market value as a % of net assets of the sub-fund	% of the paid up capital of the investee company
	As at July 01, 2021	Purchased during the year	Bonus issue during the year	Right issue during the year	Sold during the year	As at June 30, 2022	Carrying Value	Unrealised (loss) / gain		
										(Rupees in '000')
Shares of listed companies - fully paid ordinary shares of Rs. 10 each unless stated otherwise										
Automobile Assembler										
Honda Atlas Cars(Pakistan) Limited	28,000	10,000	-	-	38,000	-	-	-	0.00%	-
Indus Motors Company Limited	16,800	-	-	-	16,800	-	-	-	0.00%	-
Pak Suzuki Motors Company Limited	26,000	5,500	-	-	31,500	-	-	-	0.00%	-
									0.00%	
Automobile Parts & Accessories										
Agriauto Industries Limited **	43,500	-	-	-	-	43,500	11,936	5,829	(6,107)	0.70%
Atlas Battery Limited	-	11,000	1,650	-	12,600	50	15	9	(6)	0.00%
Ghandhara Tyre & Rubber Company Limited	-	108,000	-	-	-	108,000	5,004	3,673	(1,331)	0.44%
Panther Tyres Limited	-	65,000	-	-	65,000	-	-	-	-	0.00%
Thal Limited **	45,000	-	-	-	15,000	30,000	12,683	8,089	(4,594)	0.97%
							29,638	17,600	(12,038)	2.11%
										7.64%
Cable & Electrical Goods										
Pak Elektron Limited*	-	450,000	-	324,000	-	774,000	16,052	12,299	(3,753)	1.48%
							16,052	12,299	(3,753)	1.48%
										0.09%
Cement										
Attock Cement Pakistan Limited	101,500	9,000	-	-	88,500	22,000	3,223	1,463	(1,760)	0.18%
Bestway Cement Limited	48,600	40,000	-	-	23,600	65,000	10,069	8,254	(1,815)	0.99%
Cherat Cement Company Limited	-	162,000	-	-	42,000	120,000	16,690	11,165	(5,525)	1.34%
D.G Khan Cement Limited*	-	180,300	-	-	41,300	139,000	8,973	8,688	(285)	1.04%
Fauji Cement Company Limited	-	2,651,000	-	-	-	2,651,000	44,546	37,565	(6,981)	4.52%
Gharibwal Cement Limited	134,500	-	-	-	134,500	-	-	-	-	0.00%
Kohat Cement Limited	127,010	67,000	-	-	59,800	134,210	26,425	17,465	(8,960)	2.10%
Lucky Cement Limited	81,150	47,000	-	-	71,150	57,000	44,324	26,165	(18,159)	3.14%
Maple Leaf Cement Factory Limited	783,000	854,000	-	-	270,000	1,367,000	53,230	37,387	(15,843)	4.49%
Pioneer Cement Limited	194,000	105,000	-	-	299,000	-	-	-	-	0.00%
							207,480	148,152	(59,328)	17.80%
										16.01%
Chemicals										
Archroma Pakistan Limited	10,500	7,150	-	-	7,650	10,000	5,724	5,490	(234)	0.66%
Berger Paints Pakistan Limited	135,000	-	-	-	135,000	-	-	-	-	0.00%
Engro Polymer and Chemicals Limited	307,714	-	-	-	307,714	-	-	-	-	0.00%
							5,724	5,490	(234)	0.66%
										0.03%

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Name of the Investee Company	Number of shares					Balance as at June 30, 2022			Market value as a % of net assets of the sub-fund	% of the paid up capital of the investee company
	As at July 01, 2021	Purchased during the year	Bonus issue during the year	Right issue during the year	Sold during the year	As at June 30, 2022	Carrying Value	Unrealised (loss) / gain		
Commercial Banks										
Allied Bank Limited	195,000	-	-	-	195,000	-	-	-	0.00%	0.00%
Bank Al Falah Limited	580,000	-	-	-	-	580,000	18,664	18,560 (104)	2.23%	3.26%
Bank Al Habib Limited	348,460	-	-	-	348,460	-	-	-	0.00%	0.00%
The Bank of Punjab	830,000	-	-	-	830,000	-	-	-	0.00%	0.00%
Faysal Bank Limited	-	1,231,000	-	-	-	1,231,000	28,811	28,387 (424)	3.41%	8.11%
Habib Bank Limited	462,000	148,500	-	-	130,000	480,500	58,485	43,889 (14,596)	5.28%	3.28%
Habib Metropolitan Bank Limited	340,000	330,500	-	-	-	670,500	28,192	26,183 (2,009)	3.15%	6.40%
MCB Bank Limited*	-	75,000	-	-	75,000	-	-	-	0.00%	0.00%
Meezan Bank Limited	80,000	256,035	12,000	-	-	348,035	42,497	39,321 (3,176)	4.73%	0.02%
United Bank Limited	442,134	106,030	-	-	318,164	230,000	28,371	26,020 (2,351)	3.13%	0.25%
Bankislami Pakistan Limited	-	1,383,000	-	-	-	1,383,000	17,437	16,651 (786)	2.00%	0.12%
							222,457	199,011 (23,446)	23.93%	21.44%
Engineering										
Agha Steel Limited	-	175,000	-	-	175,000	-	-	-	-	-
Aisha Steel Mill Limited*	-	1,294,500	-	-	594,500	700,000	11,121	7,735 (3,386)	0.93%	0.08%
Amreli Steels Limited	-	516,500	-	-	296,500	220,000	8,883	5,157 (3,726)	0.62%	0.07%
International Industries Limited	-	2,136	-	-	-	2,136	235	222 (13)	0.03%	0.00%
Mughal Iron and Steel Industries Limited*	-	202,000	19,350	-	21,350	200,000	19,168	11,528 (7,640)	1.39%	0.06%
							39,407	24,642 (14,765)	2.97%	0.21%
Fertilizer										
Engro Fertilizer Limited	474	250,000	-	-	-	250,474	22,001	22,202 201	2.67%	0.02%
Engro Corporation Limited	67,920	112,000	-	-	82,920	97,000	27,591	24,938 (2,653)	3.00%	0.02%
Falima Fertilizer Company Limited*	-	275,000	-	-	-	275,000	9,760	10,395 635	1.25%	0.01%
							59,352	57,535 (1,817)	6.92%	0.05%
Food & Personal Care Products										
Murree Brewery Company Limited	14,500	-	-	-	-	14,500	8,436	5,872 (2,564)	0.71%	0.05%
National Foods Limited**	675	-	168	-	-	843	155	122 (33)	0.01%	0.00%
Shezan International Limited	13,255	-	1,325	-	-	14,580	4,392	2,479 (1,913)	0.30%	0.15%
The Organic Meat Company Limited	288,000	305,000	23,000	-	316,000	300,000	6,860	6,552 (308)	0.79%	0.24%
							19,843	15,025 (4,818)	1.81%	0.44%
Glass & Ceramics										
Shabbir Tiles & Ceramics Limited**	280,000	180,000	-	-	-	460,000	13,249	6,730 (6,519)	0.81%	0.19%
Tariq Glass Industries Limited	-	86,000	-	-	-	86,000	9,766	8,928 (838)	1.07%	0.06%
							23,015	15,658 (7,357)	1.88%	0.25%
Insurance										
EFU General Insurance Limited	2,300	-	-	-	-	2,300	267	256 (11)	0.03%	0.00%
							267	256 (11)	0.03%	0.00%

33 PAKISTAN PENSION FUND

33 PAKISTAN PENSION FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Name of the Investee Company	Number of shares					Balance as at June 30, 2022			Market value as a % of net assets of the sub-fund	% of the paid up capital of the investee company
	As at July 01, 2021	Purchased during the year	Bonus issue during the year	Right issue during the year	Sold during the year	As at June 30, 2022	Carrying Value	Market value		
(Number of shares)										
(Rupees in '000')										
(%)										
Refinery										
Attock Refinery Limited	-	34,000	-	-	-	34,000	4,561	5,977	1,416	0.72%
							4,561	5,977	1,416	0.03%
Technology & Communications										
Avanceon Limited	96,000	10,000	11,000	-	62,000	55,000	4,035	4,285	250	0.02%
Systems Limited	-	32,000	28,500	-	3,500	57,000	20,849	18,802	(2,047)	0.02%
TRG Pakistan Limited	35,000	45,000	-	-	80,000	-	-	-	-	0.00%
Octopus Digital Limited	-	145,499	-	-	145,499	-	-	-	-	0.00%
Air Link Communication Limited	-	193,000	-	-	-	193,000	11,902	7,795	(4,107)	0.05%
							36,786	30,882	(5,904)	0.09%
Textile Composite										
Gul Ahmed Textile Mills Limited	393,360	90,141	-	-	205,000	278,501	13,349	9,416	(3,933)	0.05%
Interloop Limited	272,500	-	8,175	-	150,000	130,675	8,884	7,971	(913)	0.01%
Kohinoor Textile Mills Limited	135,800	15,500	-	-	-	151,300	11,113	7,565	(3,548)	0.30%
Nishat Chunian Limited*	-	720,549	-	-	-	720,549	35,016	32,271	(2,745)	0.30%
Nishat Mills Limited*	-	149,259	-	-	50,000	99,259	7,693	7,336	(357)	0.03%
							76,055	64,559	(11,496)	0.69%
Total as at June 30, 2022							955,274	798,740	(156,534)	
Total as at June 30, 2021							780,083	883,204	103,121	

*These transactions relating to shares of related parties

**These have a face value of Rs. 5 per share

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

	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	----- (Number of shares) -----	----- (Number of shares) -----	----- (Amount) -----	----- (Amount) -----
Bank Alfalah limited	50,000	50,000	1,600	1,609
Oil & Gas Development Company Limited	100,000	100,000	7,867	9,503
The Hub Power Company Limited	110,995	110,995	7,567	8,843
	260,995	210,995	17,034	19,955

6.1.2 As at June 30, 2022, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs.0.825 million (2021: Rs. 0.7006 million).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

In this regard, a constitutional petition had been filed by Voluntary Pension Schemes (VPSs) through their Trustees in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by VPSs. The petition was based on the fact that because VPSs are exempt from deduction of income tax under Clause 57(3) (Viii) of Part I to the Second Schedule of the Income Tax Ordinance, 2001, the withholding tax provision should also not be applicable on bonus shares received by VPSs. A stay order had been granted by the Honorable High Court of Sindh in favor of VPSs.

During the year ended June 30, 2018, the Supreme Court of Pakistan passed a judgement on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, the VPSs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The VPSs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically during the current year. Subsequent to the year ended June 30, 2019, the VPSs have filed a fresh constitutional petition via CP 4653 dated July 11, 2019. In this regard, on July 15, 2019, the Honorable High of Sindh has issued notices to the relevant parties and has ordered that no third party interest on bonus shares issued to the Funds in lieu of their investments be created in the meantime. The matter is still pending adjudication and the Funds have included these shares in their portfolio, as the management is confident that the decision of the constitutional petition will be in favor of the VPSs.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

6.2 Government securities - at fair value through profit or loss

Debt Sub-Fund

Name of security	Issue date	Face value			Balance as at June 30, 2022			Market value as % of net assets of sub-fund
		As at July 01, 2021	Purchased during the year	Sold during the year	As at June 30, 2022	Carrying Value	Market value	
(Rupees in '000')								
Pakistan Investment Bonds								
Pakistan Investment Bonds - 3 years	August 20, 2020	-	100,000	-	-	-	-	-
Pakistan Investment Bonds - 3 years	August 05, 2021	-	600,000	-	-	-	-	-
Pakistan Investment Bonds - 5 years	July 12, 2018	50,000	200,000	-	-	-	-	-
Pakistan Investment Bonds - 5 years	October 15, 2020	25,000	375,000	-	-	-	-	-
Pakistan Investment Bonds - 5 years	April 29, 2022	-	200,000	100,000	100,000	81,156	80,878	(278)
Pakistan Investment Bonds - 10 years	December 10, 2020	-	150,000	100,000	50,000	37,648	37,589	(59)
Pakistan Investment Bonds - 15 years	October 31, 2006	3,500	-	3,500	-	-	-	-
Pakistan investment bonds - 20 years	June 10, 2004	1,900	-	-	1,900	1,933	1,778	(155)
Total as at June 30, 2022					120,737	120,245	(492)	
Total as at June 30, 2021					78,202	78,290	88	

Name of security	Issue date	Face value			Balance as at June 30, 2022			Market value as % of net assets of sub-funds	
		As at July 01, 2021	Purchased during the year	Sold during the year	As at June 30, 2022	Carrying Value	Market value		Unrealised (loss) / gain
(Rupees in '000')									
Pakistan Investment Bonds - FRB									
Pakistan Investment Bonds - 2 years	August 26, 2021	-	425,000	375,000	50,000	49,775	49,655	(120)	8.89%
Pakistan Investment Bonds - 3 years	October 22, 2020	-	100,000	100,000	-	-	-	-	0.00%
Pakistan Investment Bonds - 5 years	May 06, 2021	-	400,000	325,000	75,000	73,740	73,740	-	13.20%
Total as at June 30, 2022						123,515	123,395	(120)	
Total as at June 30, 2021						-	-	-	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Debt Fund Sub-Fund

Name of security	Issue date	Face value			Balance as at June 30, 2022			Market value as % of net assets of sub-funds
		As at July 01, 2021	Purchased during the year	Sold / matured during the year	As at June 30, 2022	Carrying Value	Market value	
Treasury Bills								
Market Treasury Bills - 3 months	July 02, 2021	-	825,000	825,000	-	-	-	-
	July 15, 2021	-	500,000	500,000	-	-	-	-
	July 29, 2021	-	500,000	500,000	-	-	-	-
	August 12, 2021	-	500,000	500,000	-	-	-	-
	August 26, 2021	-	500,000	500,000	-	-	-	-
	September 09, 2021	-	500,000	500,000	-	-	-	-
	October 07, 2021	-	500,000	500,000	-	-	-	-
	November 18, 2021	-	100,000	100,000	-	-	-	-
	December 02, 2021	-	100,000	100,000	-	-	-	-
	December 16, 2021	-	600,000	600,000	-	-	-	-
	December 30, 2021	-	550,000	550,000	-	-	-	-
	January 27, 2022	-	500,000	500,000	-	-	-	-
	April 07, 2022	-	100,000	100,000	-	-	-	-
	Market Treasury Bills - 6 months	March 25, 2021	-	250,000	250,000	-	-	-
July 02, 2021		-	500,000	500,000	-	-	-	-
July 15, 2021		-	500,000	500,000	-	-	-	-
July 29, 2021		-	500,000	500,000	-	-	-	-
August 12, 2021		-	500,000	500,000	-	-	-	-
August 26, 2021		-	500,000	500,000	-	-	-	-
September 09, 2021		-	600,000	600,000	-	-	-	-
December 16, 2021		-	250,000	250,000	-	-	-	-
January 27, 2022		-	500,000	500,000	-	-	-	-
April 28, 2022		-	250,000	250,000	-	-	-	-
December 30, 2021		-	300,000	300,000	-	-	-	-
Market Treasury Bills - 12 months								
Total as at June 30, 2022						244,252	243,640	(612)
Total as at June 30, 2021						78,202	78,290	88

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Money Market Sub-Fund

Name of security	Issue Date	Face value			Balance as at June 30, 2022			Market value as % of net assets of sub-funds	
		As at July 01, 2021	Purchased during the year	Sold / matured during the year	As at June 30, 2022	Carrying Value	Market value		Unrealised (loss) / gain
Treasury Bills									
Market Treasury Bills - 3 months	July 02, 2021	-	500,000	500,000	-	-	-	-	
	July 15, 2021	-	500,000	500,000	-	-	-	-	
	July 29, 2021	-	500,000	500,000	-	-	-	-	
	August 12, 2021	-	500,000	500,000	-	-	-	-	
	August 26, 2021	-	500,000	500,000	-	-	-	-	
	September 09, 2021	-	500,000	500,000	-	-	-	-	
	October 07, 2021	-	500,000	500,000	-	-	-	-	
	December 16, 2021	-	500,000	500,000	-	-	-	-	
	December 30, 2021	-	500,000	500,000	-	-	-	-	
	January 27, 2022	-	500,000	500,000	-	-	-	-	
	April 07, 2022	-	500,000	500,000	-	-	-	-	
	Market Treasury Bills - 6 months	March 25, 2021	-	525,000	525,000	-	-	-	-
		July 02, 2021	-	500,000	500,000	-	-	-	-
July 15, 2021		-	500,000	500,000	-	-	-	-	
July 29, 2021		-	500,000	500,000	-	-	-	-	
August 12, 2021		-	500,000	500,000	-	-	-	-	
August 26, 2021		-	500,000	500,000	-	-	-	-	
September 09, 2021		-	500,000	500,000	-	-	-	-	
December 16, 2021		-	500,000	500,000	-	-	-	-	
January 13, 2022		-	171,000	171,000	-	-	-	-	
January 27, 2022		-	500,000	500,000	-	-	-	-	
April 28, 2022		-	250,000	250,000	-	-	-	-	
June 02, 2022		-	26,000	26,000	-	-	-	-	
Total as at June 30, 2022									
Total as at June 30, 2021									

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

Name of security	Issue Date	Face / redemption value	Interest rate per annum	Maturity date
Pakistan Investment Bonds				
Pakistan Investment Bonds - 5 years	April 29, 2022	100,000,000	7.50%	April 29, 2027
Pakistan Investment Bonds - 10 years	December 10, 2020	50,000,000	8.00%	December 10, 2030
Pakistan investment bonds - 20 years	June 10, 2004	1,900,000	10.00%	June 10, 2024
Pakistan Investment Bonds - FRB				
Pakistan Investment Bonds - 2 years	August 06, 2021	50,000,000	15.12%	August 06, 2023
Pakistan Investment Bonds - 5 years	May 06, 2021	75,000,000	14.71%	May 06, 2026

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

Debt Sub-Fund

Name of security	Issue date	Number of certificates			Balance as at June 30, 2022			Market value as % of net assets of sub-funds	
		As at July 01, 2021	Purchased during the year	Sold during the year	As at June 30, 2022	Carrying Value	Market value		Unrealised (loss) / gain
----- (Number of certificates) ----- (Rupees in '000') ----- % -----									
Term finance certificates									
Bank Al Habib Limited	30-Sep-21	-	5,000	-	5,000	24,995	25,720	725	
The Bank of Punjab	23-Dec-16	50	-	-	50	5,039	5,009	(30)	
Jahangir Siddiqui & Co Limited. - 5th Issue	18-Jul-17	5,000	-	-	5,000	8,630	9,023	393	
Sukuks									
Aspin Pharma (Private) Limited	30-Nov-17	130	-	130	-	-	-	-	
Pak Elektron Limited	15-Nov-21	-	20	-	20	20,000	19,886	(114)	
Meezan Bank Limited - 2nd Issue	9-Jan-20	30	-	-	30	31,125	30,917	(208)	
Total as at June 30, 2022						89,789	90,555	766	
Total as at June 30, 2021						53,401	54,323	922	

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

Name of security	Number of certificates	Principal Outstanding / redemption value		Interest rate per annum	Maturity	Secured / unsecured	Rating
		Per certificate	Total (Rs '000)				
Un-listed							
The Bank of Punjab Limited	50	99,780	4,989	6 Month KIBOR + 1.00%	23-Dec-26	Unsecured	AA
Jahangir Siddiqui & Co.Limited - 10th Issue	5,000	1,750	8,750	6 Month KIBOR + 1.40%	18-Jul-23	Secured	AA+
Meezan Bank Limited	30	1,000,000	30,000	6 Month KIBOR + 0.90%	9-Jan-30	Unsecured	AAA
Pak Elektron Limited	20	1,000,000	20,000	3 Month KIBOR + 1.3%	15-Feb-23	Secured	A+
Bank Al Habib Limited	5,000	4,993	24,965	6 Month KIBOR + 0.75%	30-Sep-31	Unsecured	AAA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

7. INTEREST RECEIVABLE

Mark-up on:

- Pakistan investment bonds
- Term finance certificates
- Savings accounts

June 30, 2022			
Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000')			
-	4,166	-	4,166
-	1,921	-	1,921
299	5,300	11,110	16,709
299	11,387	11,110	22,796

Mark-up on:

- Pakistan investment bonds
- Term finance certificates
- Savings accounts

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

8. ADVANCES, DEPOSITS AND OTHER RECEIVABLES

Deposits against:

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

Advance tax

Others

June 30, 2022			
Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000')			
2,500	-	-	2,500
200	200	200	600
662	-	-	662
325	181	65	571
36	17	17	70
3,723	398	282	4,403

Receivable against:

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

Advance tax

Others

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

		June 30, 2022			
	Note	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
----- (Rupees in '000') -----					
9. PAYABLE TO THE PENSION FUND MANAGER					
Remuneration payable to the pension fund manager	9.1	1,035	452	275	1,762
Sindh sales tax payable on remuneration of pension fund manager	9.2	135	59	36	230
		1,170	511	311	1,992

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

9.1 This represents remuneration of the Pension Fund Manager at the rate of 1.5% for Equity (2021:1.5%), 1% for Debt (2021: 1.5%) and 0.5% for money market (2021: 1.5%).. The remuneration is paid to the Pension Fund Manager on a monthly basis in arrears.

9.2 Sales tax on management remuneration has been charged at the rate of 13% (2021: 13%).

		June 30, 2022			
	Note	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
----- (Rupees in '000') -----					
10. PAYABLE TO TRUSTEE					
Remuneration payable	10.1	87	57	69	213
Sales tax on remuneration payable	10.2	12	8	9	29
		99	65	78	242

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

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

- 10.2** Sales tax on trustee remuneration has been charged at the rate of 13% (2021: 13%).

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

This represents annual fee to the SECP at the rate of one twenty-fifth of one percent (2021: one twenty-fifth of one percent) of average annual net assets of each sub-fund, revised as per SRO 260(I)/2019 dated December 24, 2019.

		June 30, 2022			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
		(Rupees in '000')			
12. ACCRUED EXPENSES AND OTHER LIABILITIES	Note				
Provision for Sindh Workers' Welfare Fund	12.1	-	-	-	-
Provision for Federal Excise Duty on remuneration of Pension Fund Manager	12.2	2,420	2,405	1,151	5,976
Brokerage payable		301	6	-	307
Auditors' remuneration		175	98	109	382
Payable against redemption of units		-	-	22	22
Others		-	117	375	492
		2,896	2,626	1,657	7,179

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

12.1 Provision for Sindh Workers' Welfare Fund

During the period, SRB through its letter dated August 12, 2021 has intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. Accordingly all Asset Management Companies in consultation with SECP reversed the cumulative provision for SWWF on August 13, 2021.

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

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

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

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Pension Fund Manager with effect from July 01, 2016. However, being prudent, the provision for FED made prior to this period has been maintained by the Fund which at June 30, 2022 aggregates to Rs.2.42 (2021: Rs.2.42 million), Rs.2.40 (2021: Rs.2.40) million and Rs.1.15 (2021: Rs.1.15) million in Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund is being retained in the financial statements of the Sub-Funds, respectively as the matter is pending before the Supreme Court of Pakistan. Had the said provision for FED not been recorded in the financial statements of the Sub-Funds, the net assets value of the Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund as at June 30, 2022 would have been higher by Rs.1.41 (2021: Rs.1.56) per unit, Rs.1.49 (2021: Rs.1.54) per unit and Rs.0.49 (2021: Rs.0.6) per unit respectively.

13. NUMBER OF UNITS IN ISSUE

	June 30, 2022			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	----- (Units) -----			
Total units outstanding at beginning of the year	1,546,460	1,560,015	1,904,728	5,011,203
Add: Units issued during the year	668,420	732,348	1,266,952	2,667,720
Less: Units redeemed during the year	(503,486)	(682,855)	(841,671)	(2,028,012)
Total units in issue at the end of the year	1,711,394	1,609,508	2,330,009	5,650,911

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

14. CONTRIBUTION TABLE

	June 30, 2022						
	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Total (Rupees)
	Units	(Rupees'000)	Units	(Rupees'000)	Units	(Rupees'000)	
Opening balance	1,546,460	667,028	1,560,015	380,535	1,904,728	458,232	1,505,795
Issue of units	668,420	371,605	732,348	244,745	1,266,952	375,554	991,904
Redemption of units	(503,486)	(273,206)	(682,855)	(228,208)	(841,671)	(248,660)	(750,074)
Closing balance	1,711,394	765,427	1,609,508	397,072	2,330,009	585,126	1,747,625

15. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2022 and June 30, 2021.

16. AUDITORS' REMUNERATION

Annual audit fee	142	66	85	293
Half yearly review fee	63	38	37	138
Sales tax	21	12	12	45
Out of pocket expenses	25	11	22	58
	251	127	156	534

17. TAXATION

Annual audit fee	142	85	85	312
Half yearly review fee	63	38	37	138
Sales tax	21	12	12	45
Out of pocket expenses	18	11	11	40
	244	146	145	535

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

18. TRANSACTIONS WITH CONNECTED PERSONS

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

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

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

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

June 30, 2022				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees)			
18.1 Transactions during the year				
MCB Arif Habib Savings and Investments Limited - Pension Fund Manager				
Remuneration of Pension Fund Manager	14,229	7,225	7,352	28,806
Sales tax on remuneration of Pension Fund Manager	1,850	939	956	3,745
Central Depository Company of Pakistan Limited - Trustee				
Remuneration of Central Depository Company Limited - Trustee	1,179	650	729	2,558
Sales tax on remuneration of Trustee	153	85	95	333
Settlement charges	69	8	7	84
Group / Associated companies				
MCB Bank Limited				
Mark-up earned	63	70	61	194
Bank charges	4	5	6	15
Purchase of 75,000 (2021: Nil) shares	11,582	-	-	11,582
Sale of 75,000 (2021: Nil) shares	11,925	-	-	11,925
Aisha Steel Mills Limited				
Purchase of 1,294,500 (2021: Nil) shares	21,158	-	-	21,158
Sale of 594,500 (2021: Nil) shares	10,040	-	-	10,040
Fatima Fertilizer Company Limited				
Purchase of 275,000 (2021: Nil) shares	9,760	-	-	9,760
Nishat Chunian Limited				
Purchase of 720,549 (2021: Nil) shares	35,016	-	-	35,016
Pak Elektron Limited				
Purchase of 774,000 (2021: Nil) shares	11,516	-	-	11,516
Nishat Mills Limited				
Purchase of 149,259 (2021: Nil) shares	11,793	-	-	11,793
Sale of 50,000 (2021: Nil) shares	4,578	-	-	4,578
D.G. Khan Cement Company Limited				
Purchase of 180,300 (2021: Nil) shares	11,951	-	-	11,951
Sale of 41,300 (2021: Nil) shares	2,848	-	-	2,848
Arif Habib Limited - Brokerage House				
Brokerage expense*	138	-	-	138
Next Capital Limited - Brokerage House				
Brokerage expense*	-	3	-	3

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

	June 30, 2021			
	Equity	Debt	Money	Total
	Sub-Fund	Sub-Fund	Market Sub-Fund	
	(Rupees)			
MCB Arif Habib Savings and Investments Limited - Pension Fund Manager				
Remuneration of Pension Fund Manager	12,702	7,633	7,495	27,830
Sales tax on remuneration of Pension Fund Manager	1,651	992	974	3,617
Central Depository Company of Pakistan Limited - Trustee				
Remuneration of Central Depository Company Limited - Trustee	1,073	645	633	2,351
Sales tax on remuneration of Trustee	140	84	83	307
Settlement charges	80	7	6	93
Group / Associated companies				
MCB Bank Limited				
Mark-up earned	31	71	33	135
Bank charges	5	7	6	18
Arif Habib Limited - Brokerage House				
Brokerage expense*	132	-	-	132

	June 30, 2022			
	Equity	Debt	Money	Total
	Sub-Fund	Sub-Fund	Market Sub-Fund	
	(Rupees in '000')			
18.2 Balances outstanding at year end:				
MCB Arif Habib Savings and Investments Limited - Pension Fund Manager				
Remuneration payable	1,035	452	275	1,762
Sindh sales tax payable on remuneration	135	59	36	230
Central Depository Company of Pakistan Limited - Trustee				
Remuneration payable	87	57	69	213
Sindh sales tax payable on remuneration	12	8	9	29
Security deposit	200	200	200	600

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

	June 30, 2022			Total
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	
	(Rupees in '000')			
Group / Associated companies				
MCB Bank Limited				
Bank balance	1,630	1,560	2,112	5,302
Aisha Steel Mills Limited				
700,000 Shares (June 2021: Nil)	7,735	-	-	7,735
Fatima Fertilizer Company Limited				
275,000 Shares (June 2021: Nil)	10,395	-	-	10,395
Nishat (Chunian) Limited				
720,549 Shares (June 2021: Nil)	32,273	-	-	32,273
Pak Elektron Limited				
774,000 Shares (June 2021: Nil)	12,299	-	-	12,299
Nishat Mills Limited				
99,259 Shares (June 2021: Nil)	7,336	-	-	7,336
D.G. Khan Cement Company Limited				
139,000 Shares (June 2021: Nil)	8,688	-	-	8,688
Brokerage payable*	90	-	-	90
	June 30, 2021			Total
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	
	(Rupees in '000')			
MCB Arif Habib Savings and Investments Limited - Pension Fund Manager				
Remuneration payable	1,134	609	655	2,398
Sindh sales tax payable on remuneration	147	79	85	311
Central Depository Company of Pakistan Limited - Trustee				
Remuneration payable	96	51	55	202
Sindh sales tax payable on remuneration	13	7	7	27
Security deposit	200	200	200	600
Group / Associated companies				
MCB Bank Limited				
Bank balance	304	815	1,339	2,458
MCB Islamic Bank Limited				
Bank balance	-	6	-	6
Arif Habib Limited - Brokerage House				
Brokerage payable*	77	-	-	77

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

18.3 Participant Fund

For the year ended June 30, 2022

	As at July 01, 2021	Issued for cash	Redeemed	As at June 30, 2022	As at July 01, 2021	Issued for cash	Redeemed	As at June 30, 2022
	(Units)		(Rupees'000)		(Rupees'000)		(Rupees'000)	

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

- Pakistan Pension Fund - Equity	252,196	-	-	252,196	147,552	-	-	122,603
- Pakistan Pension Fund - Debt	253,109	-	-	253,109	80,314	-	-	87,844
- Pakistan Pension Fund - Money Market	300,000	-	-	300,000	84,006	-	-	92,220

Key management personnel

- Pakistan Pension Fund - Equity	9,428	1,403	7,486	3,345	5,516	794	4,086	1,626
- Pakistan Pension Fund - Debt	1,049	785	104	1,730	333	260	34	600
- Pakistan Pension Fund - Money Market	224	190	24	390	63	55	7	120

For the year ended June 30, 2021

	As at July 01, 2020	Issued for cash	Redeemed	As at June 30, 2021	As at July 01, 2020	Issued for cash	Redeemed	As at June 30, 2021
	(Units)		(Rupees'000)		(Rupees'000)		(Rupees'000)	

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

- Pakistan Pension Fund - Equity	252,196	-	-	252,196	111,135	-	-	147,552
- Pakistan Pension Fund - Debt	253,109	-	-	253,109	75,518	-	-	80,314
- Pakistan Pension Fund - Money Market	300,000	-	-	300,000	79,587	-	-	84,006

Key management personnel

- Pakistan Pension Fund - Equity	4,832	8,026	(3,430)	9,428	2,129	4,366	(1,829)	5,516
- Pakistan Pension Fund - Debt	3,683	1,566	(4,200)	1,049	1,099	484	(1,279)	333
- Pakistan Pension Fund - Money Market	996	412	(1,184)	224	264	113	(319)	63

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

19. FINANCIAL RISK MANAGEMENT

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

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

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

19.1 Market risk

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

The Pension Fund Manager manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Board and regulations laid down by the SECP and the VPS Rules.

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

19.1.1 Currency risk

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

19.1.2 Interest rate risk

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

a) Sensitivity analysis for variable rate instruments

Presently, Debt Sub-Fund holds KIBOR based Pakistan Investment Bonds, Pakistan Investment Bonds FRB, profit bearing term finance certificates and Sukuk bonds exposing the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR, with all other variables held constant, the net assets of the Fund as on June 30, 2022 and net income for the year then ended would have been higher / lower by Rs.2.14 million (2021: Rs.54 million).

The Fund holds balances in deposit accounts with banks, exposing the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR, with all other variables held constant, the net assets of the Fund as on June 30, 2022 and net income for the year then ended would have been higher / lower by Rs.11.89 million (2021: 9.96 million).

b) Sensitivity analysis for fixed rate instruments

Debt Sub-Fund holds Pakistan Investment Bonds which are classified as 'at fair value through profit or loss', exposing the Sub-Fund to interest rate risk. In case of 100 basis points increase / decrease in rates announced by FMAP (Financial Markets Association of Pakistan) or Reuters on June 30, 2022, with all other variables held constant, the net assets of the Fund and net income for the year would have been lower / higher by Rs.1.2 million (2021: 0.78 million).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

The composition of the Fund's investment portfolio, KIBOR rates and rates announced by State Bank of Pakistan is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2022 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

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

19.1.3 Price risk

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

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

In case of 5% increase / decrease in KSE 100 index on June 30, 2022, the net assets relating to the Equity Sub-Fund and total net assets of the Fund would increase / decrease by Rs.39.94 million (2021: Rs.44.16 million) as a result of gains / losses on equity securities classified as at fair value through profit or loss.

The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Sub-Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 index, having regard to the historical volatility of the index. The composition of the Sub-Fund's investment portfolio and the correlation thereof to the KSE index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2022 is not necessarily indicative of the effect on the Sub-Fund's net assets of future movements in the level of KSE 100 index.

19.2 Credit risk

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

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

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

The Fund's maximum exposure to credit risk related to receivables at June 30, 2022 and June 30, 2021 is the carrying amounts of following financial assets.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

June 30, 2022			
Equity Sub-Fund	Debt Sub-Fund	Market Sub-Fund	Total
----- (Rupees in '000') -----			
Bank balances	29,651	452,486	707,121
Investments	798,740	90,555	-
Advance against IPO	-	10,000	-
Mark-up receivable	299	7,221	11,110
Receivable against sale of investments	4,088	-	-
Advance, deposits and other receivables	2,736	217	217
	835,514	560,479	718,448
			2,104,441

June 30, 2021			
Equity Sub-Fund	Debt Sub-Fund	Market Sub-Fund	Total
----- (Rupees in '000') -----			
Balances with banks	19,575	441,179	534,910
Investments	883,204	54,323	-
Mark-up receivable	55	4,020	2,719
Receivable against sale of investments	17,494	189,859	-
Deposits and other receivables	3,398	217	217
	923,726	689,598	537,846
			2,151,170

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

The analysis below summaries the credit rating quality of the Fund's financial assets as at June 30, 2022 and June 30, 2021.

	June 30, 2022	June 30, 2021
	----- (%) -----	----- (%) -----
Bank balances by rating category		
A-/A2	0.00%	0.00%
AA/A1+	0.00%	2.86%
AA-/A1+	0.00%	0.00%
AA+/A1+	4.00%	2.86%
AAA/A1+	82.00%	96.89%
AAA/A+	14.00%	0.25%
Term Finance Certificates by rating category		
	----- (%) -----	
A	0.00%	12.29%
A+	21.96%	0.00%
AA	5.53%	65.97%
AA-	0.00%	0.00%
AA+	9.96%	56.80%
AAA	62.55%	0.00%

The maximum exposure to credit risk before any credit enhancement as at June 30, 2022 is the carrying amount of the financial assets.

Concentration of credit risk

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

52 PAKISTAN PENSION FUND

On-balance sheet financial instruments	
Financial assets	
Balances with banks	
Investments	
Advance against IPO	
Mark-up receivable	
Receivable against sale of investments	
Deposits and other receivables	
Financial liabilities	
Payable to the Pension Fund Manager	
Payable to the Trustee	
Payable against purchase of investments	
Accrued expenses and other liabilities	
On-balance sheet gap	

There is no off-balance sheet financial instrument that exist as at year ended June 30, 2022.

On-balance sheet financial instruments	
Financial assets	
Balances with banks	
Investments	
Dividend receivable	
Mark-up receivable	
Receivable against sale of investments	
Deposits and other receivables	
Financial liabilities	
Payable to the Pension Fund Manager	
Payable to the Trustee	
Payable against purchase of investments	
Accrued expenses and other liabilities	
On-balance sheet gap	

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

19.3 Liquidity risk

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

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

	As at June 30, 2022						
	Equity Sub-Fund			Debt Sub-Fund		Money Market Sub-Fund	
	Upto one month	More than one month upto three months	More than three months and upto one year	Upto one month	More than one month upto three months	More than three months and upto one year	More than three months and upto one year
Total							
1,762	1,035	-	-	452	-	275	-
213	87	-	-	57	-	69	-
246,473	-	-	-	246,473	-	-	-
1,175	301	162	-	123	91	397	101
249,623	1,423	162	-	247,105	91	741	101

Financial Liabilities

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

	As at June 30, 2021						
	Equity Sub-Fund			Debt Sub-Fund		Money Market Sub-Fund	
	Upto one month	More than one month upto three months	More than three months and upto one year	Upto one month	More than one month upto three months	More than three months and upto one year	More than three months and upto one year
Total							
2,398	1,134	-	-	609	-	655	-
202	96	-	-	51	-	55	-
272,262	7,434	-	-	264,828	-	-	-
1,042	278	155	-	296	94	129	90
275,904	8,942	155	-	265,784	94	839	90

Financial Liabilities

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

19.4 Financial instruments by category

Financial Assets
bank balances
investments
Advance against IPO
Mark-up receivable
Receivable against sale of investments
Deposits and other receivables

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

- Financial Assets
- Balances with banks
- investments
- Mark-up receivable
- Receivable against sale of investments
- Deposits and other receivables

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

20. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

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

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

Level 1: quoted prices in active markets for identical assets or liabilities;

Level 2: those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2022 and June 30, 2021, the Fund held the following instruments measured at fair values:

<u>June 30, 2022</u>	Note	Level 1	Level 2	Level 3	Total
		----- (Rupees) -----			
Equity Sub-Fund					
Listed equity securities		798,740	-	-	798,740
Debt Sub-Fund					
Government Securities -					
Pakistan Investment Bonds	20.1.1	-	243,640	-	243,640
Term Finance Certificates / Sukuks	20.1.2	-	90,555	-	90,555
		798,740	334,195	-	1,132,935
<u>June 30, 2021</u>					
Equity Sub-Fund					
Listed equity securities		883,204	-	-	883,204
Debt Sub-Fund					
Government Securities -					
Pakistan Investment Bonds	20.1.1	-	78,290	-	78,290
Government Securities -					
Treasury bills	20.1.1	-	-	-	-
Term Finance Certificates / Sukuks	20.1.2	-	47,877	6,446	54,323
Commercial Paper	20.1.3	-	-	-	-
		883,204	126,167	6,446	1,015,817

During the year ended June 30, 2022, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

20.1 Valuation techniques used in determination of fair values within level 2

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

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

20.2 Valuation techniques used in determination of fair values within level 3

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

21. PERFORMANCE TABLE

Performance Information	Equity Sub-Fund				
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
	(Rupees in '000)				
Net (loss) / income after taxation	(171,202)	223,324	11,105	(42,542)	7,373
Realised capital gains / (losses)	(59,110)	101,773	38,542	(18,954)	(14,536)
Unrealised (losses) / gains	(156,534)	103,122	(47,263)	(135,278)	(24,557)
Impairment loss on available-for-sale investment	-	-	-	-	9,472
Dividend income and profit income	56,650	42,165	39,121	42,259	31,939
Net assets value per unit	486.14	585.07	440.67	432.30	511.85
Transactions in securities					
- Purchases	697,837	807,551	526,257	490,089	831,574
- Sales	571,194	835,365	554,981	355,293	756,886
Total contribution received	371,605	236,260	201,054	267,653	139,725

Performance Information	Debt Sub-Fund				
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
	(Rupees in '000)				
Net income / (loss) after taxation	47,050	29,582	78,069	(25,702)	54,733
Realised capital gains / (losses)	(2,324)	(2,328)	22,355	(888)	(59)
Unrealised gains / (losses)	154	1,009	2,927	(1,701)	(1,131)
Mark-up income	54,509	7,968	13,434	19,190	17,185
Net assets value per unit	347.06	317.31	298.36	257.43	239.67
Transactions in securities					
- Purchases	12,586,185	5,863,961	14,550,423	2,498,103	2,533,724
- Sales	12,447,476	6,313,844	14,378,002	2,850,047	2,598,903
Total contribution received	244,745	145,600	256,738	163,502	131,016

Performance Information	Money Market Sub-Fund				
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
	(Rupees in '000)				
Net income after taxation	55,991	28,067	56,849	52,645	41,315
Realised capital gains / (losses)	785	(871)	3,274	(170)	85
Unrealised gains / (losses)	-	-	1,184	(2)	10
Mark-up income	62,692	12,984	15,827	14,488	7,007
Net assets value per unit	307.40	280.02	265.29	236.74	219.42
Transactions in securities					
- Purchases	10,180,807	4,547,004	12,154,631	1,037,416	1,053,663
- Sales	9,997,902	3,798,557	11,517,601	1,506,798	1,085,808
Total contribution received	375,554	243,126	274,106	205,975	79,574

Lowest and highest issue price of units during the year

PPF Equity Sub-Fund		PPF Debt Sub-Fund		PPF Money Market Sub-Fund	
Lowest Issue price	Highest Issue price	Lowest Issue price	Highest Issue price	Lowest Issue price	Highest Issue price
(Rupees)					
475.88	607.11	317.38	347.06	280.11	307.40

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

22. PARTICIPANTS' FUND RISK MANAGEMENT

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

All units, including the core units, and fractions thereof represent an undivided share in the pertinent sub-funds of the fund and rank pari passu as to their rights in the net assets and earnings of such sub-fund and are not tradable or transferable. Each participant has a beneficial interest in the sub-fund proportionate to the units held by such participant in such sub-fund.

23. GENERAL

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

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


24. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 15 2022 by the Board of Directors of the Pension Fund Manager.

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



Chief Executive Officer



Director

MCB-Arif Habib Savings and Investments Limited

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