



Atlas Pension Fund

Atlas Pension Islamic Fund

ANNUAL REPORT

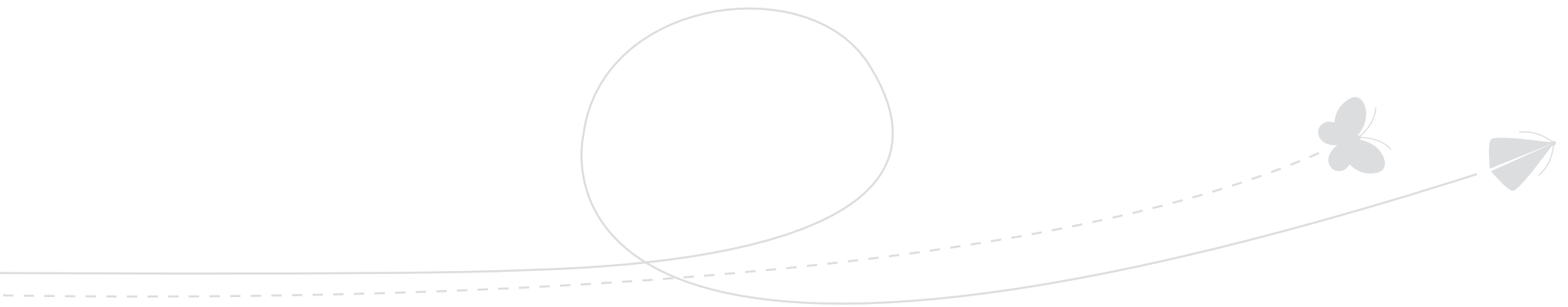
30 June 2019



Managed By

Atlas Asset Management

Rated AM2+ by PACRA
(as of June 28, 2019)



MANAGING TO THE CORE!

Even the most seemingly diminutive of creatures, hold for us an education. They exhibit qualities of organization that are indeed inspirational. Planning, teamwork and controlling are attributes of a successful and solid organizational structure. At Atlas Funds these elements form the core of our institution.



Company Profile

Atlas Asset Management Limited (AAML), an Atlas Group Company, was incorporated on 20th August, 2002 as an unlisted public limited company. AAML as a Non-Banking Finance Company (NBFC) is licensed & regulated by Securities & Exchange Commission of Pakistan to perform Asset Management and Investment Advisory Services as per the NBFC (Establishment and Regulations) Rules, 2003 & NBFC and Notified Entities Regulations, 2008 and as a Pension Fund Manager to manage voluntary pension funds (under Voluntary Pension System Rules, 2005). AAML is a wholly owned subsidiary of Shirazi Investments (Pvt.) Limited. AAML manages assets on behalf of retirement funds, welfare organizations, insurance companies, multinationals, NBFCs and individuals.

AAML is a wholly owned subsidiary of Shirazi Investments (Pvt.) Limited (SIL). As the parent company, SIL sponsors Atlas Group projects. Atlas Group is a diversified group dealing in engineering, financial services, power generation, real estate & trading.

AAML strives to be a market leader in providing quality fund management services with customer satisfaction as its aim, and is consistently committed to offering its investors the best possible risk adjusted returns on a diverse range of products, meeting not only the customers' current requirements but also exceeding their future expectations. With its strong emphasis on systems and controls, quality human resource and backing of Atlas Group, AAML enjoys a distinct advantage.



Vision

To be a market leader in providing quality fund management services with customer satisfaction as our premier goal.

Mutual Funds | Investment Plans | Pension Funds

Creativity

The ability to creatively inspire innovation and the will to foster positive social and environmental change



Mission

We are committed to offering our investors the best possible risk adjusted returns on a diverse range of products, providing a stimulating and challenging environment for our employees, and committing to the highest ethical and fiduciary standards. We firmly believe that by placing the best interests of our clients first, we will also serve the best interest of our employees, our shareholders and the communities in which we operate.

Growth | Returns | Tax Savings

Team Work

Giving unparalleled service, creating long-term, win-win relationships and focusing on executional excellence

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Organisation

Management Company

Atlas Asset Management Limited

Board of Directors of the Management Company

Chairman	Mr. Yusuf H. Shirazi (Non-Executive Director)
Directors	Mr. Tariq Amin (Independent Director) Ms Zehra Naqvi (Independent Director) Mr. Frahim Ali Khan (Non-Executive Director) Mr. Ali H. Shirazi (Non-Executive Director) Mr. M. Habib-ur-Rahman (Non-Executive Director)

Chief Executive Officer Mr. M. Abdul Samad
(Executive Director)

Company Secretary Ms Zainab Kazim

Board Committees

Audit Committee

Chairman	Mr. Tariq Amin
Members	Mr. Frahim Ali Khan Mr. M. Habib-ur-Rahman
Secretary	Mr. M. Uzair Uddin Siddiqui

Human Resource & Remuneration Committee

Chairman	Mr. Frahim Ali Khan
Members	Mr. Ali H. Shirazi Mr. M. Abdul Samad
Secretary	Ms Zainab Kazim

Investment Committee

Chairman	Mr. Muhammad Abdul Samad
Members	Mr. Ali H. Shirazi Mr. Khalid Mahmood Mr. Muhammad Umar Khan Mr. Fawad Javaid Mr. Faran-ul-Haq
Secretary	

Management Committee

Chairman	Mr. Muhammad Abdul Samad
Members	Mr. Khalid Mahmood Ms Qurrat-ul-Ain Jafari Ms Mishaal H. Shirazi Mr. Tariq Ahmed Siddiqui Ms Ayesha Farooq
Secretary	Mr. Muhammad Umar Khan

Risk Management Committee

Chairman	Mr. Muhammad Abdul Samad
Members	Mr. Khalid Mahmood
Secretary	Mr. Shaikh Owais Ahmed

Chief Financial Officer

Ms Qurrat-ul-Ain Jafari

Chief Internal Auditor

Mr. M. Uzair Uddin Siddiqui

Registered Office

Ground Floor, Federation House Sharae Firdousi, Clifton, Karachi - 75600
Tel: (92-21) 111-MUTUAL (6-888-25)
(92-21) 35379501-04
Fax: (92-21) 35379280
Email: info@atlasfunds.com.pk
Website: www.atlasfunds.com.pk

The above information is as at 20 September 2019.

Board of Directors of the Management Company

Mr. Yusuf H. Shirazi

Chairman

Mr. Shirazi is a Law graduate (LLB) with BA (Hons.) and JD (Diploma in Journalism) from Punjab University and AMP Harvard. He served in the financial services of the Central Superior Services of Pakistan for eight years where he authored 50 reports as to how the businesses are carried and tax assessed. He was an instructor in the Finance Services Academy on Law and Accounts. He is the author of seven books including "Aid or Trade" adjudged by the Writers Guild as the best book of the year and continues to be a columnist, particularly on matters - socio - politico - economic.

Mr. Shirazi is the Chairman of Atlas Group, which, among others, has joint ventures with GS Yuasa International, Honda, and MAN to name a few. Mr. Shirazi has been the President of Karachi Chamber of Commerce and Industry for two terms. He has been the founder member of Karachi Stock Exchange, Lahore Stock Exchange and International Chamber of Commerce and Industry. He has been on the Board of Harvard Business School Alumni Association and is the Founder President of Harvard Club of Pakistan and Harvard Business School Club of Pakistan. He has been a visiting faculty member at National Defense University, Navy War College and National School of Public Policy. He has been on the Board of Governors of LUMS, GIK and FC College (Chartered University) and Pakistan Institute of Management. Previously, he also served, among others, on the Board of Fauji Foundation Institute of Management and Computer Sciences (FFIMCS) and Institute of Space Technology - Space & Upper Atmosphere Research Commission (SUPARCO).

Mr. Shirazi has been awarded Sitara-e-Eisaar and Sitara-e-Imtiaz the top Civilian Awards. Sitara-e-Imtiaz conferred by the Government of Pakistan recognizes individuals who have made an "especially meritorious contribution to the security or national interests of Pakistan, world peace, cultural or other significant public endeavors". Sitara-e-Eisaar Award is in recognition of CSR activities in Pakistan. A distinguished Formanite Award for outstanding achievements as an entrepreneur was awarded by Forman Christian College - University Lahore.

The Government of Japan also acknowledged Mr. Shirazi's contributions to promote economic relationship between the two countries by conferring the Japanese National Award.

Mr. Frahim Ali Khan

Director

Mr. Frahim Ali Khan has over 50 years of experience in General Management, Finance, Investment and Taxation. He graduated in Commerce from the Karachi University in 1965 and also obtained a degree in law from the same University. He has also attended the Senior Managers' Program from Harvard University, USA, Financial Management from Stanford University, USA, and General Management Program from Insead University, France. He joined the Atlas Group in 1967 and has served in different senior positions. Currently, his other directorships include Atlas Insurance Limited, Atlas Engineering Limited, Atlas Power Limited, Shirazi Trading Company (Pvt.) Limited, Atlas Hi-Tech Limited, Atlas Autos (Pvt.) Limited, Atlas Metals (Pvt.) Limited and Atlas Foundation. Earlier, he has also served on the Boards of Atlas Honda Limited and Atlas Battery Limited, and has been the CEO of Shirazi Investments (Pvt.) Limited, Shirazi Trading Company (Pvt.) Limited, and former Atlas Investment Bank Limited.

Mr. M. Habib-ur-Rahman

Director

Mr. M. Habib-ur-Rahman is an FCA from the Institute of Chartered Accountants in England & Wales and has attended management level programme (PMD) from Harvard Business School, USA. He has been a founding member and past Chairman / Director of the Mutual Funds Association of Pakistan. He played an instrumental role in setting up the first open-end mutual fund in the private sector in Pakistan. He has been Securities and Exchange Commission of Pakistan (SECP) nominee on the Board of Karachi Stock Exchange in 2000, 2001, & 2003, and has also been a member of SECP Advisory Group on Capital Markets, member of the SECP Enquiry Committee (appointed in 2001) on management of Exposure Rules by KSE / LSE and member of the SECP Enquiry Committee (appointed in 2013) on 2008 financial crisis. He was the Chief Executive Officer of Atlas Asset Management Limited from March 2004 till March 2018.

Mr. Tariq Amin

Independent Director

Mr. Tariq Amin is the Chairman of Orkila Pakistan (Private) Limited, a leading company dealing in chemicals. He is also on the Boards of Pakistan Gum and Chemicals Limited, the Salim Habib Education Foundation and the Education City. He has varied experience both in private and public sectors. He is a law graduate from the University of Karachi. He also holds a Masters degree in English from the University of Karachi and a Post Graduate Diploma in Development Administration from the University of Leeds. Mr. Amin has been past Chairman of the Privatization Commission, Sindh. He has also been President of the Overseas Investors Chambers of Commerce & Industry (OICCI) and also the Chairman of SITE Association of Industry for four years. Mr. Amin was conferred the civil award of Chevalier De L'ordre National Du Merite by the Government of France 2001.

Board of Directors of the Management Company

Mr. Ali H. Shirazi

Director

Mr. Ali H. Shirazi graduated with a BA from Yale University, U.S.A. in 2000 and thereafter completed his Masters in Law from Bristol University, U.K. in 2005. He has worked with the Bank of Tokyo-Mitsubishi in New York as well as American Honda in Torrance, California. He is the Chief Executive Officer at Atlas Battery Limited and is a member of the Group Executive Committee, responsible for Group's financial services. He is on the Board of Atlas Asset Management Limited, Atlas Engineering Limited, Atlas Insurance Limited, Atlas Metals (Private) Limited, Pakistan Society of Training and Development (Vice President), YPO (Young Professional Organization), National Management Foundation (sponsoring body of LUMS) and Techlogix International Limited. He is a 'Certified Director' from the Pakistan Institute of Corporate Governance.

Ms. Zehra Naqvi

Independent Director

Ms. Zehra Naqvi was the Chief Executive Officer of Chubb Insurance Pakistan, (a wholly owned subsidiary of Chubb INA International Holdings Limited, Delaware, USA) from September 2005 to September 2017. She has over 35 years of work experience in the insurance sector. Prior to joining Chubb, she worked with Royal Exchange Assurance, a branch of Guardian Royal Exchange, UK and Adamjee Insurance Company in Pakistan. Ms. Naqvi holds a B.Sc. Degree, and an MBA Degree from the Institute of Business Administration, Karachi University. She is a Chartered Insurer from the Chartered Insurance Institute, UK and is a Certified Director from Institute of Chartered Accountants of Pakistan. She presently serves as a Non-executive Director on the Board of Chubb Insurance Pakistan Limited and as an Independent Director on the Board of Abbott Laboratories Pakistan Limited. She has served as an elected Member of the Executive Committee of the Insurance Association of Pakistan and of the Executive Committee of The American Business Council.

Mr. M. Abdul Samad

Chief Executive Officer

Mr. Muhammad Abdul Samad has a vast experience of local investment management industry. He joined Atlas Asset Management Limited (AAML) in November 2005, and has held C-suite positions for over a decade, including the Chief Investment Officer and Chief Operating Officer positions. He attended Advanced Management Program at INSEAD, on nomination by the Atlas Group. In more than twelve years of his association with AAML, he has actively been involved in new business initiatives, marketing, human resource, and risk management & compliance areas. Mr. Samad was instrumental in the outsourcing of back office functions at AAML. He has also contributed to industry related issues at association level, and was a member of technical committee on retirement schemes. Prior to joining AAML, Mr. Samad spearheaded the research function at National Investment Trust Limited, and was also a part of various merger, acquisition and corporate governance related matters beside research. He has a significant Board experience, where he has served as a director on the board of nineteen listed companies, including Atlas Battery Limited, Lucky Cement, Berger Paints, Mirpurkhas Sugar, amongst others.



Give your **SAVINGS** the
ATLAS ASSET BENEFIT!

Growth | Returns | Tax Savings

Chairman's Review

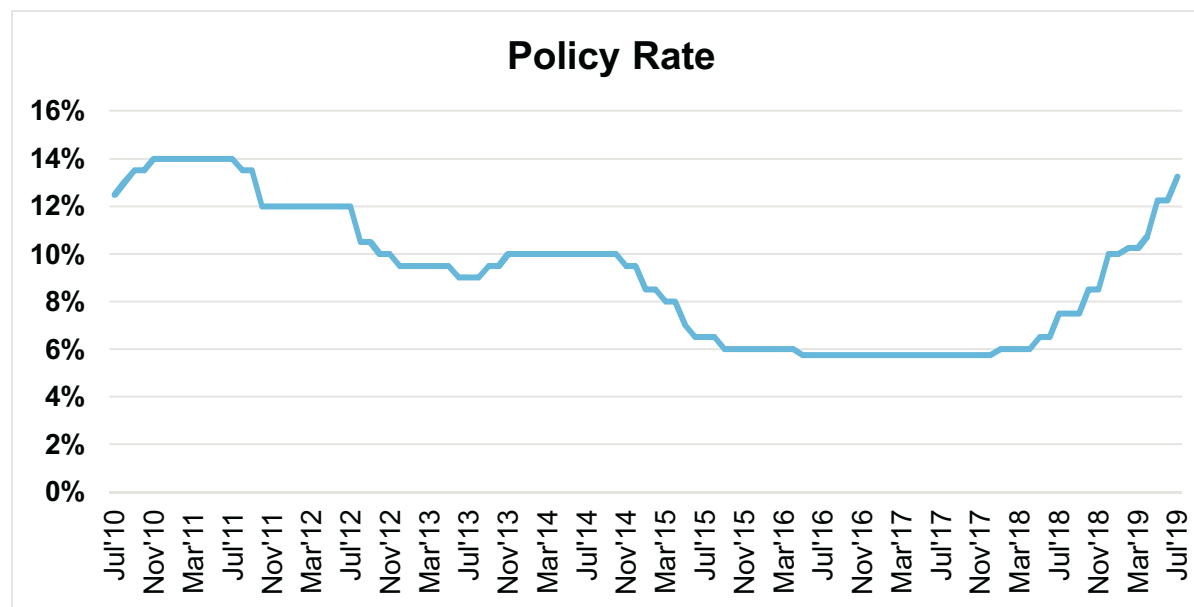
It is my pleasure to present to you the Annual Reports of Atlas Pension Fund (APF) and Atlas Pension Islamic Fund (APIF) for the financial year ended June 30, 2019.

THE ECONOMY

Pakistan's GDP witnessed growth of 3.29% in FY19 as compared to 5.80% in preceding year, reflecting a broad-based softening in domestic demand as monetary and fiscal policies have been tightened to contain macroeconomic imbalances. Average Consumer Price Index (CPI) inflation was within the target of 6.50% to 7.50% standing at 7.34% for the year. During FY19, the current account deficit was recorded at US\$ 13.51 billion as compared to US\$ 19.90 billion in the same period last year. The foreign exchange reserves of the country stood at US\$ 14.48 billion as of June, 2019 with SBP's share of US\$ 7.28 billion in the total liquid foreign exchange reserves. Foreign remittances for FY19 stood at US\$ 21.84 billion, which was an increase of 9.68% YoY compared to the corresponding period last year. The SBP in its latest monetary policy statement as on July 16, 2019 decided to increase policy rate by 100bps to 13.25% which is a cumulative increase of 750 bps since January, 2018.

THE MONEY MARKET

The Consumer Price Index (CPI) on average was recorded at 7.34% during financial year 2018-19, as compared to 3.92% for the financial year 2017-18. The YoY upsurge in inflation rate was due to Pak rupee depreciation and increase in energy and food prices.

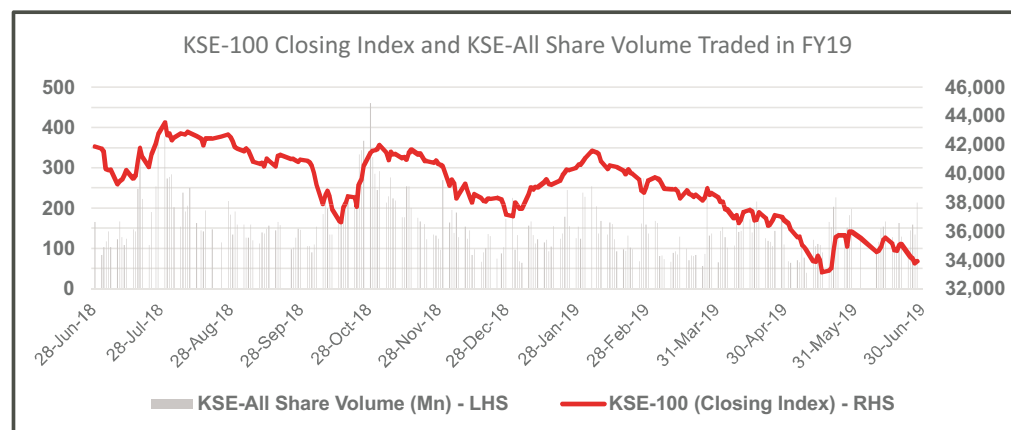


The growth in money supply (M2) witnessed an increase of 11.26% during 2018-19, which is Rs. 1,801.33 billion against the expansion of 9.71% (Rs. 1,416.28 billion) in preceding period last year. Net Foreign Assets (NFA) declined by Rs. 1,298.67 billion during 2018-19 as against the net contraction of Rs. 810.47 billion in the comparable period of fiscal year 2017-18. Net Domestic Asset (NDA) of banking system grew by 19.13% or Rs. 3,099.10 billion during 2018-19 as against an increase of 15.93% or Rs. 2,226.75 billion during the corresponding period last year. Overall NDA of the banking sector increased due to steady demand for private sector and Public Sector Enterprises (PSEs) credit and increase in government borrowing from the banking sector. Credit to private sector increased by Rs. 693.54 billion in FY19 due to high working capital requirement of corporates.

THE STOCK MARKET

The KSE-100 index decreased from 41,910.90 points as on June 29, 2018 to 33,901.58 points as on June 28, 2019, decreasing by 19.11%. The average volumes during the year decreased by 11.07% to 155.21 million shares from 174.53 million shares traded last year. Net Foreign portfolio outflow during FY19 was recorded at US\$ 356 million compared to outflow of US\$ 289 million in FY18. On the local front Individuals, Insurance Companies and Companies were the most active participants investing US\$ 166 million, US\$ 150 million and US\$ 111 million during FY19. Mutual Funds and Broker Proprietary Trading Accounts, on the other hand, reduced their exposure in the equity market by US\$ 146 million and US\$ 15 million, respectively.

During the period, the sectors that outperformed the market were Textile Composite, Fertilizer and Commercial Banks that posted 4.24%, -12.34% and -12.99% returns, respectively. Fertilizer sector outperformed KSE-100 index on the back of improved profitability due to uptick in retail prices by 28% to Rs.1,880/bag, partly to offset the impact of withdrawn cash subsidy (Rs.156/bag) and increase in gas prices (Rs.100/bag). Commercial Banks performed on account of 5.75% hike in policy rate during FY19 by the monetary policy committee of the State Bank of Pakistan. Sectors that remained subdued were Power Generation & Distribution Companies, Cement, Automobile Assemblers, Oil and Gas Marketing Companies, Refinery and Engineering posting -21.89%, -33.55%, -34.41%, -42.36%, -56.42%, and -60.52% returns, respectively. Oil & Gas Marketing Companies underperformed KSE-100 index due to economic slowdown and 58% decline in sales volume of furnace oil as the country shifted away from furnace oil based power generation to LNG and local coal based power generation in FY19. Cement sector und underperformed due to subdued local demand and lower local retention prices of cement. Refineries underperformed due to reduced demand for furnace oil on account of reduced dependence upon furnace oil based power generation. Engineering sector underperformed due to increase in cost of imported raw material post PKR devaluation against US\$ coupled with negative demand outlook in long/flat steel.



During FY19, scrips that outperformed the KSE-100 index were LOTCHEM, MEBL, GATM, SYS, BAHF, ENGRO, EFERT, BAFL, HUBC, OGDC, BWCL and MTL posting 38.64%, 35.40%, 15.63%, 6.30%, 2.43%, 0.26%, -1.55%, -3.5%, -8.33%, -8.75%, -13.79% and -18.39% returns, respectively. Scrips that underperformed KSE-100 index were NRL, HASCOL, CHCC, INIL, KTML, UNITY, DGKC, PAEL, FCCL, LUCK and POL posting -73.57%, -69.55%, -66.35%, -65.15%, -52.31%, -49.90%, -47.92%, 43.54%, -25.59%, -23.9% and -21.28% returns, respectively.

During FY19, new listings on the stock exchange were At-Tahur Limited and Interloop Limited. The amounts raised through IPO were Rs. 770 million and Rs. 5,025 million, respectively. As on June 30, 2019, the market capitalization of At-Tahur Limited and Interloop Limited were Rs. 2,891 million and Rs. 38,488, respectively. During FY18, new listings/IPOs were Habib Metro Modaraba, Orient Rental Modaraba, Matco Foods Limited and AGP Limited. The amounts raised through IPO/Offer for Sale of Habib Metro Modaraba, Orient Rental Modaraba, Matco Foods Limited and AGP Limited were Rs. 90 million, Rs. 150 million, Rs. 758 million and Rs. 2,800 million, respectively.

TAXATION - VOLUNTARY PENSION FUND SCHEMES

WORKER'S WELFARE FUND (WWF)

Against the decision of the Honorable Supreme Court of Pakistan (SCP) that declared the amendments made in the Finance Acts 2006 and 2008 pertaining to WWF as illegal citing that WWF was not in the nature of tax and could, therefore, not have been introduced through money bills, the Federal Board of Revenue (FBR) has filed a review petition in the SCP, which is pending for hearing. The Mutual Funds Association of Pakistan (MUFAP) consulted both legal and tax advisors who gave the opinion that the judgment has removed the very basis on which the demands were raised, therefore, there was no longer any liability against the mutual funds under the WWF Ordinance. Based on legal opinion, the entire provision against WWF held by the Mutual Funds and Voluntary Pension Funds till June 30, 2015 were reversed on January 12, 2017.

SINDH WORKER'S WELFARE FUND (SWWF)

As a consequence of the 18th amendment to the Constitution of Pakistan, Workers' Welfare Fund became a provincial subject. In May 2015 the Sindh Assembly passed the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) imposing SWWF on many entities, including financial institutions.

The Sindh Revenue Board (SRB) demanded the SWWF from mutual funds on the plea that mutual funds are defined as financial institution under The Financial Institutions (Recovery of Finances) Ordinance, 2001. MUFAP has collectively on behalf of asset management companies contested that mutual funds are not financial institutions or industrial establishments but were pass through investment vehicles and did not employ workers. Mutual funds are also not included in the definition of financial institutions in the Companies Act, 2017. MUFAP has taken up the matter with the Sindh Finance Division for resolution of the matter.

Although, based on legal opinion, SWWF is not applicable on mutual funds MUFAP has recommended that the provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015). Accordingly, the provision for SWWF is being made on a daily basis going forward.

FEDERAL EXCISE DUTY (FED)

The Finance Act, 2013 imposed Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMC's) with effect from June 13, 2013 and this was withdrawn on June 30, 2016. On September 04, 2013 a constitutional petition was filed in SHC jointly by various AMC's, challenging the levy of FED. In a separate petition the Honorable Sindh High Court declared that the FED was unconstitutional and cannot be charged where provinces are collecting sales tax. The Federation has filed an appeal in the Honorable Supreme Court of Pakistan. However, without prejudice, the mutual funds and pension funds have on prudent basis maintained the provision for FED till June 30, 2016.

WITHHOLDING TAX

With effect from July 01, 2015, FBR has required all entities whose income are exempt from income tax to obtain income tax exemption certificates from concerned commissioner of income tax by virtue of provision in section 159 of the Income Tax Ordinance, 2001 (Ordinance). So far mutual funds and approved pension funds were automatically allowed exemption from withholding tax by virtue of clause 47(B) of Part IV of the Second Schedule to Ordinance. The Company along with other AMC's filed a petition in the Honorable Sindh High Court against the new requirement of FBR. The Honorable Sindh High Court decided that the requirement of obtaining exemption certificate will apply to those entities as well whose income are otherwise exempt from tax. Thereafter, the company has filed a petition in the Supreme Court of Pakistan, on April 20, 2016 and the hearing is still pending. In the meanwhile VPS schemes are obtaining exemption certificates from Commissioner of Income Tax. However, any tax withheld is refundable.

FUND OPERATIONS - ATLAS PENSION FUND (APF)

The Net Asset Value of APF - Equity Sub Fund (ESF) decreased by 17.21% from Rs. 497.60 as on June 30, 2018 to Rs. 411.97 as on June 30, 2019. The APF- Equity Sub Fund mainly invested in Commercial Banks, Oil & Gas Exploration and Fertilizer sectors. The Net Asset Values of APF - Debt Sub Fund (DSF), APF - Money Market Sub Fund (MMSF) appreciated by 7.17% and 8.64% respectively. The APF - Debt- Sub Fund was mainly invested in high yielding bank deposits, PIBs, TFC/Sukuk and Treasury Bills whereas APF - Money Market Sub Fund was mainly invested in Treasury Bills and high yielding bank deposits. The Net Assets of APF stood at Rs. 1.12 billion as on June 30, 2019.

The Fund has made provision against SWWF, which up till June 30, 2019 amounted to Rs. 2,516,618 (Rs. 2.68 per unit) (ESF), Rs. 1,857,360 (Rs. 1.28 per unit) (DSF) and Rs. 1,304,782 (Rs. 0.93 per unit) (MMSF). The Scheme has also held provisions for FED liability that amounted to (ESF) Rs. 1,523,347, (DSF) Rs. 1,124,175, (MMSF) Rs. 706,273 up till June 30, 2016 which is Rs. 1.62, Rs.0.78, Rs. 0.50 per unit respectively as on June 30, 2019

FUND OPERATIONS - ATLAS PENSION ISLAMIC FUND (APIF)

The Net Asset Value of APIF - Equity Sub Fund (ESF) decreased by 19.14% from Rs. 609.34 as on June 30, 2018 to Rs. 492.71 as on June 30, 2019. The APIF- Equity Sub Fund mainly invested in Oil & Gas Exploration, Fertilizer, and Islamic Commercial Banks sectors. The Net Asset Values of APIF - Debt Sub Fund (DSF) and APIF - Money Market Sub Fund (MMSF) have appreciated by 7.30% and 7.57% respectively during the period under review. The APIF Debt Sub-Fund was mainly invested in Sukuk and high yielding bank deposits. Whereas, Money Market Sub Fund was mainly invested in DFIs and high yielding bank deposits. The Net Assets of APIF has stood at Rs. 1.15 billion as on June 30, 2019.

The Fund has made provision against SWWF, which up till June 30, 2019 amounted to Rs. 2,442,724 (Rs. 3.15 per unit) (ESF), Rs. 1,350,934 (Rs. 0.78 per unit) (DSF) and Rs. 1,112,750 (Rs. 0.66 per unit) (MMSF). The Scheme has held provision for FED liability which amounted to (ESF) Rs. 1,611,207, (DSF) Rs. 1,046,875, (MMSF) Rs. 644,724 up till June 30, 2016 which is Rs. 2.08, Rs. 0.60, Rs. 0.38 per unit respectively as on June 30, 2019

RATINGS

- **Asset Manager Rating**

The Pakistan Credit Rating Agency Limited (PACRA) has maintained asset manager rating of Atlas Asset Management Limited (AAML) to "AM2+" (AM Two Plus). The rating denotes high quality as the asset manager meets high investment management industry standards and benchmarks with noted strengths in several of the rating factors.

FUTURE OUTLOOK

The recent corrective actions which mainly includes monetary policy tightening, exchange rate adjustments and measures to boost exports would help in overcoming economic challenges. The significant decrease in the current account deficit supported by lower international oil prices and expected rise in exports on the back of export-friendly policies will easing pressure on external account. Furthermore, aid package given by UAE and Saudi Arabia has given much needed respite to the dwindling foreign exchange reserves. Moreover, recent induction into the IMF program will also help shore up foreign currency reserves as IMF will help mobilize further financing from multilateral and bilateral creditors and will unlock the potential inflows from international bond market as foreign investors tend to be more confident in IMF programs. Going forward, competitive currency, subsidized energy prices and government's focus towards export-led growth will help increase exports which will be instrumental in reducing current account deficit. However, continuous external flow would be required to maintain the stable balance of payments position over medium to long term.

ع خدا رحمت کندهای عاشقان پاک طینات را

God, please have mercy on these lovers of clean intention

These Funds are committed to prudent investment procedures and will continue to provide consistent long term returns to the investors.

AKNOWLEDGEMENT

I would like to thank the Securities and Exchange Commission of Pakistan, the Board of Directors, and the Group Executive Committee for their help, support and guidance. I also thank the financial institutions and the unit holders for their help, support and the confidence reposed in the Fund and the Chief Executive Officer, Mr. Muhammad Abdul Samad and his management team for their hard work, dedication, and sincerity of purpose.

Karachi: 26 September 2019

Yusuf H. Shirazi
Chairman

Directors' Report

The Board of Directors of Atlas Asset Management Limited, the Pension Fund Manager of Atlas Pension Fund (APF) and Atlas Pension Islamic Fund (APIF) take pleasure in presenting the Annual Reports of the APF and APIF along with the audited financial statements and Auditors' Report thereon for the year ended 30 June 2019.

FUND SIZE AND OPERATIONS

The Fund sizes, earnings per unit (EPS), and summary of issuance and withdrawal of units of the APF and APIF for the year ended 30 June 2019 in comparison to the year ended 30 June 2018 are as follows:

Atlas Pension Fund (APF)

Particulars	APF - Equity Sub Fund		APF - Debt Sub Fund		APF - Money Market Sub Fund	
	2019	2018	2019	2018	2019	2018
Net assets - Rs. million	386.84	393.87	377.83	375.46	356.47	266.91
Earnings / (loss) per unit - Rs.	(75.80)	(17.68)	20.62	12.03	18.28	11.43
Return - %	-17.21%	-2.97%	7.17%	4.96%	8.64%	5.36%
Issuance of units - Rs. million	80.62	63.72	72.12	67.64	106.70	55.77
Redemption of units - Rs. million	(16.47)	(42.83)	(96.67)	(72.28)	(42.84)	(41.94)
Participants' contribution table - disclosure in financial statements	Note 18	Note 18	Note 18	Note 18	Note 18	Note 18

Atlas Pension Islamic Fund (APIF)

Particulars	APIF - Equity Sub Fund		APIF - Debt Sub Fund		APIF - Money Market Sub Fund	
	2019	2018	2019	2018	2019	2018
Net assets - Rs. million	381.66	404.13	374.85	351.15	388.77	305.24
Earnings per unit - Rs.	(110.52)	(56.05)	15.31	8.68	14.42	7.79
Return - %	-19.14%	-9.54%	7.30%	3.58%	7.57%	4.02%
Issuance of units - Rs. million	132.44	108.02	108.46	114.52	133.06	105.27
Redemption of units - Rs. million	69.31	61.29	110.59	118.16	73.82	63.11
Participants' contribution table - disclosure in financial statements	Note 17	Note 15	Note 17	Note 15	Note 17	Note 15

As per the Trust Deed of the Fund, the income earned by the Sub-Funds shall be accumulated and retained in the Fund.

REVOCATION OF ATLAS PENSION FUND- GOLD SUB FUND

The Management Company allocated, with the consent of participants, units held by them of APF - Gold Sub Fund to other sub-funds. Consequently SECP gave its consent for revocation of the sub-fund. There is a claim for refund of tax amounting to Rs. 54,047 and also there are provisions in the books for Federal Excise Duty and Sindh Workers' Welfare Fund amounting to Rs. 0.35 million that has been made as an abundant precaution. Once these issues are resolved these will be allocated to seed capital and Participants proportionately with prior approval of the Trustee and if required of SECP.

CHAIRMAN'S REVIEW

The review included in the Annual Report deals inter alia with the performance of the Funds for the year and future prospects. The directors endorse the contents of the review.

STATEMENT BY THE BOARD OF DIRECTORS

The Board of Directors states that:

- The financial statements of APF and APIF, prepared by the Pension Fund Manager of the Funds, present fairly its state of affairs, the result of their operations, comprehensive income for the year, cash flows and movement in Participants' Sub-Funds.
- Proper books of account of APF and APIF have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of the financial statements and any departure therefrom has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There is no doubt about the Funds' ability to continue as a going concern.
- Key Financial data/ performance table is summarized in notes 22 and 21 to the financial statements of APF and APIF respectively.

CORPORATE GOVERNANCE

The Company strongly believes in following the highest standards of Corporate Governance, ethics, and good business practices, which are an integral part of the Atlas Group Culture. The Code of Conduct of the Company, approved in July 2012, defines the obligations and responsibilities of all - the Board members, the employees, and the Company towards the various stakeholders, each other, and the society as a whole. The Code of Conduct is available on the Company's website.

With regards to SECP letter No. SCD/RS/MUFAP/346/2018 dated April 18, 2018 addressed to MUFAP, whereby open ended collective investment schemes as well as unlisted asset management companies, managing such collective investment schemes, are exempted from the requirement of the new Listing Companies (Code of Corporate Governance) Regulations, 2017.

BOARD OF DIRECTORS OF THE PENSION FUND MANAGER AND COMMITTEES THEREOF

The Board of Directors of the Management Company comprises of one executive and six non-executive directors. The Board of Directors of AAML include: Mr. Yusuf H. Shirazi Chairman, Mr. Fahim Ali Khan Director, Mr. M. Habib-ur-Rahman Director, Mr. Tariq Amin Independent Director, Mr. Ali H. Shirazi Director, Ms Zehra Naqvi Independent Director and Mr. Muhammad Abdul Samad Chief Executive Officer.

During the year, six Board Meetings were held and attended as follows:

Serial no.	Name of Director	Status	Meetings attended	Out of total Meetings
1	Mr. Yusuf H. Shirazi	Chairman	4	6
2	Mr. Tariq Amin	Independent Director	6	6
3	Mr. Fahim Ali Khan	Non-Executive Director	6	6
4	Mr. M. Habib-ur-Rahman	Non-Executive Director	5	6
5	Mr. Ali H. Shirazi	Non-Executive Director	4	6
6	Ms Zehra Naqvi	Independent Director	6	6
7	Mr. Muhammad Abdul Samad	Chief Executive Officer	6	6

Committees of the Board comprise the Audit Committee, the Human Resource & Remuneration Committee, and the Investment Committee (which includes executive management personnel as required under the NBFC Regulations, 2008). These meetings were attended by the Directors as per the following details:

- **Audit Committee (AC) - four AC meetings were held during the year, and attended as follows:**

Serial no.	Name of Director	Status	Meetings attended
1	Mr. Tariq Amin	Independent Director	4
2	Mr. Fahim Ali Khan	Non-Executive Director	4
3	Mr. M. Habib -ur-Rahman	Non-Executive Director	4

- **Human Resource & Remuneration Committee (HR& RC) - two meetings were held during the year and attended as follows:**

Serial no.	Name of Director	Status	Meetings attended
1	Mr. Fahim Ali Khan	Non-Executive Director	2
2	Mr. Ali H. Shirazi	Non-Executive Director	2
3	Mr. M. Abdul Samad	Chief Executive Officer	2

- **Investment Committee** - forty nine meetings were held during the year and attended as follows:

Serial no.	Name of Director	Status	Meeting attended
1	Mr. Ali H. Shirazi	Non-Executive Director	10
2	Mr. M. Abdul Samad	Chief Executive Officer	45
3	Mr. Khalid Mahmood (executive management)	Chief Investment Officer - Member IC	46
4	Mr. M. Umar Khan (executive management)	Head of Portfolio Management - Member IC	40
5	Mr. Fawad Javaid (executive management)	Head of Fixed Income - Member IC	47
6	Mr. Faran-ul-Haq (executive management)	Head of Equities -Secretary IC	43

CORPORATE SOCIAL RESPONSIBILITIES (CSR) & DONATIONS

As per the CSR / Donations Policy of the Company approved by the Board, each year, the Company makes a contribution of 1% of the Management Company after tax profit to donations. In addition, the Shariah Compliant Atlas Pension Islamic Fund, as per their Constitutive documents, are required to purify their Shariah Non Compliant (Haram) income from the Fund. Such income, in accordance with the certification by the Shariah Advisor of these funds, is also donated to charitable institutions approved by the Shariah Advisor, on quarterly basis.

RATINGS UPDATE

ASSET MANAGER RATING

The Pakistan Credit Rating Agency Limited (PACRA) has maintained the asset manager rating of the Management Company to AM2+ (AM Two Plus) [2018: AM2+ (AM Two Plus)] on 30 June 2019. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

AUDITORS

The Audit Committee of the Board of Directors, in their meeting held on 24 September 2019, recommended the appointment of M/s. EY Ford Rhodes., Chartered Accountants, Karachi, as auditors of Atlas Pension Fund and Atlas Pension Islamic Fund for the financial year ending 30 June 2020. The Board approved the appointments.

ACKNOWLEDGEMENT

The Board of Directors of the Pension Fund Manager thanks the Securities and Exchange Commission of Pakistan for their valuable support, assistance and guidance. The Board also thanks the employees of the Pension Fund Manager and the Trustee, for their dedication and hard work and the participants, for their confidence in the Pension Fund Manager.

For and on behalf of the Board

Muhammad Abdul Samad
Chief Executive Officer

Karachi: 26 September 2019

Frahim Ali Khan
Director

Atlas Pension Fund

Corporate Information

Trustee

Central Depository Company of Pakistan Limited
99-B, Block 'B', S.M.C.H.S, Main Shahrah-e-Faisal, Karachi - 74400

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Legal Advisers

Bawaney & Partners

Bankers

Allied Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Soneri Bank Limited
Zarai Taraqati Bank Limited



Fund Manager's Report

The objective of Atlas Pension Fund (APF) is to provide the individuals with a portable, individualized, funded (based on defined contribution), flexible pension scheme assisting and facilitating them to plan and provide for their retirement. Atlas Pension Fund is a one-window facility to invest in diversified portfolio of equity, fixed income, money market and commodity securities/instruments. The Contributions received from the Participants is allocated among APF-Equity Sub Fund, APF-Debt Sub Fund and APF-Money Market Sub Fund in accordance with the Allocation Scheme selected by the Participants.

APF investment strategy is based on the belief that fundamental economic and sector analysis drives long term outperformance and that active portfolio management can produce consistently superior results than those produced through passive management. Fundamental analysis is used to identify overall portfolio, sectors, yield curve and credit positioning to provide sustainable rates of return.

EQUITY MARKET

The KSE-100 index decreased from 41,910.90 points as on June 29, 2018 to 33,901.58 points as on June 28, 2019, decreasing by 19.11%. The average volumes during the year decreased by 11.07% to 155.21 million shares from 174.53 million shares traded last year. Net Foreign portfolio outflow during FY19 was recorded at US\$ 356 million compared to outflow of US\$ 289 million in FY18. On the local front Individuals, Insurance Companies and Companies were the most active participants investing US\$ 166 million, US\$ 150 million and US\$ 111 million during FY19. Mutual Funds and Broker Proprietary Trading Accounts were net sellers US\$ 146 million and US\$ 15 million, respectively.

During the period, the sectors that outperformed the market were Textile Composite, Fertilizer and Commercial Banks that posted 4.24%, -12.34% and -12.99% returns, respectively. During FY19, scrips that outperformed the KSE-100 index were LOTCHEM, MEBL, GATM, SYS, BAHF, ENGRO, EFERT, BAFL, HUBC, OGDC, BWCL and MTL posting 38.64%, 35.40%, 15.63%, 6.30%, 2.43%, 0.26%, -1.55%, -3.5%, -8.33%, -8.75%, -13.79% and -18.39% returns, respectively. Scrips that underperformed KSE-100 index were NRL, HASCOL, CHCC, INIL, KTML, UNITY, DGKC, PAEL, FCCL, LUCK and POL posting -73.57%, -69.55%, -66.35%, -65.15%, -52.31%, -49.90%, -47.92%, 43.54%, -25.59%, -23.9% and -21.28% returns, respectively.

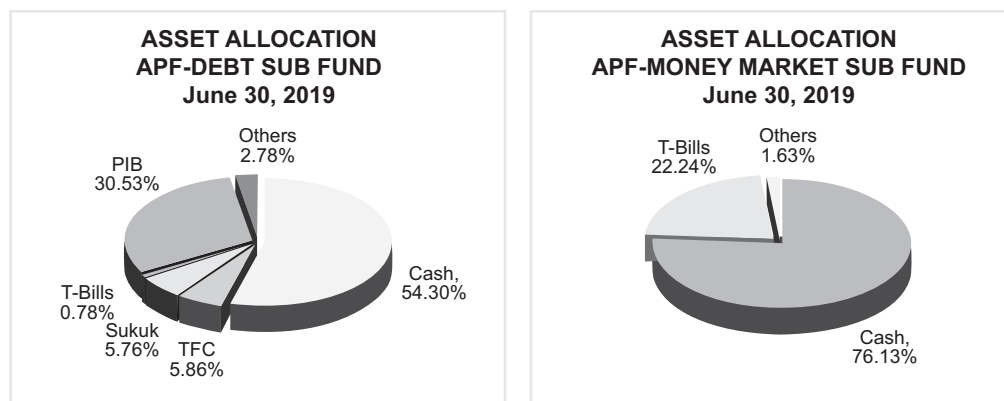
MONEY MARKET

The Consumer Price Index (CPI) on average was recorded at 7.34% during financial year 2018-19, as compared to 3.92% for the financial year 2017-18. The YoY upsurge in inflation rate was due to Pak rupee depreciation and increase in energy and food prices.

During the year, SBP has significantly tightened monetary policy, and allowed greater flexibility in the exchange rate adjustments to curb excessive aggregate demand and move towards macroeconomic stabilization. The SBP changed the monetary policy stance since January 2018 by increasing 650 basis points as on June 30, 2019 to anchor expected rise in inflation in view of reversal of international oil and commodities prices. In recent monetary policy announced on July 16, 2019, SBP further increased the policy rate by another 100 bps to 13.25%. The decision was taken on account of upside inflationary pressures from exchange rate depreciation since the last MPC meeting on 20th May 2019 and the likely increase in near term inflation from the one-off impact of recent adjustments in utility prices and other measures in the FY20 budget. Going forward, the MPC will be ready to take action depending on economic developments and data outturns. Unanticipated increases in inflation that adversely affect the inflation outlook may lead to further modest tightening. On the other hand, a greater than expected softening in domestic demand and downward revision in projected inflation would also provide grounds for easing monetary conditions.

FUND OPERATIONS

The Net Asset Value of APF - Equity Sub Fund (ESF) decreased by 17.21% from Rs. 497.60 as on June 30, 2018 to Rs. 411.97 as on June 30, 2019. The APF- Equity Sub Fund mainly invested in Commercial Banks, Oil & Gas Exploration and Fertilizer sectors. The Net Asset Values of APF - Debt Sub Fund (DSF), APF - Money Market Sub Fund (MMSF) appreciated by 7.17% and 8.64% respectively. The APF - Debt- Sub Fund was mainly invested in high yielding bank deposits, PIBs, TFC/Sukuk and Treasury Bills whereas APF - Money Market Sub Fund was mainly invested in Treasury Bills and high yielding bank deposits. The Net Assets of APF stood at Rs. 1.12 billion as on June 30, 2019.



The Fund has made provision against SWWF, which up till June 30, 2019 amounted to Rs. 2,516,618 (Rs. 2.68 per unit) (ESF), Rs. 1,857,360 (Rs. 1.28 per unit) (DSF) and Rs. 1,304,782 (Rs. 0.93 per unit) (MMSF). The Scheme has also held provisions for FED liability that amounted to (ESF) Rs.1,523,347, (DSF) Rs.1,124,175, (MMSF) Rs.706,273 up till June 30, 2016 which is Rs.1.62, Rs.0.78, Rs.0.50 per unit respectively as on June 30, 2019.

ALLOCATION SCHEMES

The management company is offering six allocation schemes including Lifecycle and Customized options. The selection of Allocation Scheme will allow participant to have a focused investment strategy in accordance with his /her risk profile. The performance of various Allocation Schemes offered under Atlas Pension Fund is as under:

Allocation Schemes	Proportionate Investment in			Return
	Equity	Debt	Money Market	FY 2018-19
High Volatility	80%	20%	Nil	-12.33%
Medium Volatility	50%	40%	10%	-5.74%
Low Volatility	25%	60%	15%	0%
Lower Volatility	Nil	60%	40%	7.76%

ALLOCATION SCHEMES HISTORICAL PERFORMANCE:

Allocation Schemes	Return					
	FY-14	FY-15	FY16	FY17	FY18	FY19
High Volatility	29.81%	19.51%	5.18%	24.02%	-1.38%	-12.33%
Medium Volatility	21.54%	16.57%	5.98%	17.01%	1.04%	-5.74%
Low Volatility	14.66%	14.29%	6.71%	11.15%	3.04%	0%
Lower Volatility	7.73%	10.99%	7.02%	5.36%	5.12%	7.76%

During the year under review, the Investment Committee held forty-nine meetings to review investment of the Fund and the Risk Committee held twenty meetings to review risk management.

Fawad Javaid
Head of Fixed Income

Faran Ul Haq
Head of Equities

Karachi: 26 September 2019

TRUSTEE REPORT TO THE PARTICIPANTS

Report of the Trustee pursuant to Rule 31(h) of the Voluntary Pension System Rules, 2005

We, Central Depository Company of Pakistan Limited, being the Trustee of Atlas Pension Fund (the Fund) are of the opinion that Atlas Asset Management Limited being the Pension Fund Manager of the Fund has in all material respects managed the Fund during the year ended June 30, 2019 in accordance with the provisions of the constitutive documents of the Fund and the Voluntary Pension System Rules, 2005.

Karachi: 27 September 2019

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

INDEPENDENT AUDITORS' REPORT TO THE PARTICIPANTS

We have audited the annexed financial statements comprising:

- i. Statement of Assets and Liabilities;
- ii. Income Statement and Statement of Comprehensive Income;
- iii. Cash Flow Statement; and
- iv. Statement of Movement in Participants' Sub-Fund,

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

Pension Fund Manager's responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion:

- a) the financial statements have been prepared in accordance with the relevant provisions of the Trust Deed and the Voluntary Pension System Rules, 2005 including the guidelines there under;
- b) a true and fair view is given of the disposition of the Fund as at June 30, 2019 and of the transactions of the Fund for the year ended June 30, 2019 in accordance with the Accounting and Reporting Standards as applicable in Pakistan;

-
- c) the allocation and reallocation of units of the sub-funds for all the participants have been made according to the Voluntary Pension System Rules, 2005;
 - d) the cost and expenses debited to the pension fund and apportionment of expenses between sub-funds are as specified in the constitutive documents of the pension fund;
 - e) proper books and records have been kept by the Pension Fund Manager and the financial statements prepared are in agreement with the pension fund's books and records;
 - f) we were able to obtain all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit; and
 - g) no zakat was deductible at source under the Zakat and Usher Ordinance, 1980.

Emphasis of Matter

We draw attention to note 1.7 to the financial statements, which describes that the financial statements of Atlas Pension Fund - Gold Sub Fund have not been prepared on going concern basis because the said sub-fund was revoked on 23 February 2018. Our opinion is not modified in this respect because of this matter.

Date: 27 September 2019

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Amyr Malik

STATEMENT OF ASSETS AND LIABILITIES

AS AT 30 JUNE 2019

2019							2018						
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Gold Sub-Fund - Revoked	Others (note 6.1)	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Gold Sub-Fund - Revoked	Others (note 6.1)	Total	
Note	Rupees						Rupees						
ASSETS													
Bank balances	41,344,974	207,328,248	273,833,250	408,828	12,276,191	535,191,491	42,243,660	192,382,790	153,927,957	374,852	9,581,181	398,510,440	
Receivable against sale of investments	1,456,099	-	-	-	-	1,456,099	1,484,163	-	-	-	-	1,484,163	
Investments - net	342,903,226	163,892,998	80,005,461	-	-	586,801,685	355,990,634	181,266,748	112,781,978	-	-	650,039,360	
Dividend receivable	131,882	-	-	-	-	131,882	649,123	-	-	-	-	649,123	
Interest accrued	98,088	6,942,761	1,606,244	-	-	8,647,093	144,199	1,220,289	218,440	1,457	-	1,584,385	
Receivable against sale of units	5,133,440	3,000,132	4,047,755	-	-	12,181,327	3,366,546	3,135,575	2,040,699	-	-	8,542,820	
Security deposit and other receivables	916,224	686,751	220,164	61,418	54,287	1,938,844	913,724	684,056	217,662	61,418	2,852	1,879,712	
Total assets	391,983,933	381,850,890	359,712,874	470,246	12,330,478	1,146,348,421	404,792,049	378,689,458	269,186,736	437,727	9,584,033	1,062,690,003	
LIABILITIES													
Payable against redemption of units	89,061	327,149	561,386	-	-	977,596	30,572	181,436	394,459	-	-	606,467	
Payable against purchase of investments	-	-	-	-	-	-	5,832,658	-	-	-	-	5,832,658	
Payable to the Pension Fund Manager	2,252,308	1,566,070	978,414	238,537	-	5,035,329	2,287,243	1,553,543	937,867	238,537	-	5,017,190	
Payable to the Central Depository Company of Pakistan Limited - Trustee	51,940	53,398	48,506	-	-	153,844	56,727	52,195	37,618	-	-	146,540	
Payable to the Securities and Exchange Commission of Pakistan	128,688	129,207	101,699	-	-	359,594	123,460	122,639	83,438	-	-	329,537	
Payable to the auditors	84,514	84,818	66,667	4,207	-	240,206	66,640	66,247	45,061	4,207	-	182,155	
Unallocated profit	-	-	-	109,400	-	109,400	-	-	-	76,881	-	76,881	
Payable to Sub-Funds	-	-	-	-	12,181,327	12,181,327	-	-	-	-	8,542,820	8,542,820	
Accrued expenses and other liabilities	2,536,049	1,859,076	1,481,995	118,102	149,151	6,144,373	2,524,923	1,250,534	781,612	118,102	1,041,213	5,716,384	
Total liabilities	5,142,560	4,019,718	3,238,667	470,246	12,330,478	25,201,669	10,922,223	3,226,594	2,280,055	437,727	9,584,033	26,450,632	
NET ASSETS	386,841,373	377,831,172	356,474,207	-	-	1,121,146,752	393,869,826	375,462,864	266,906,681	-	-	1,036,239,371	
REPRESENTED BY:													
PARTICIPANTS' SUB-FUNDS (as per statement attached)	386,841,373	377,831,172	356,474,207	-	-	1,121,146,752	393,869,826	375,462,864	266,906,681	-	-	1,036,239,371	
NUMBER OF UNITS IN ISSUE													
	938,997	1,449,032	1,407,176	-			791,532	1,543,116	1,144,654	-			
NET ASSET VALUE PER UNIT													
	411.97	260.75	253.33	-			497.60	243.31	233.18	-			
CONTINGENCIES AND COMMITMENTS													
14													
The annexed notes 1 to 24 form an integral part of these financial statements.													

For Atlas Asset Management Limited
(Pension Fund Manager)

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2019

		2019					2018				
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Gold Sub-Fund - Revoked	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Gold Sub-Fund - Revoked	Total
Note		-----Rupees-----					-----Rupees-----				
INCOME											
Interest income	15	1,458,375	37,759,919	29,227,481	33,051	68,478,826	1,938,730	23,017,689	15,452,563	77,450	40,486,432
Dividend income		19,957,395	-	-	-	19,957,395	19,532,957	-	-	-	19,532,957
Realised loss on sale of investments at fair value through profit or loss - net		(16,958,095)	-	-	-	(16,958,095)	(24,428,527)	-	-	-	(24,428,527)
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		(67,362,813)	-	-	-	(67,362,813)	(2,980,379)	-	-	-	(2,980,379)
		(84,320,908)	-	-	-	(84,320,908)	(27,408,906)	-	-	-	(27,408,906)
Realised loss on sale / maturity of 'available for sale investments' - net		-	-	-	-	-	-	(15,909)	(58,918)	-	(74,827)
Realised loss on sale / maturity of 'fair value through other comprehensive income investments' - net		-	(2,938,498)	(457,226)	-	(3,395,724)	-	-	-	-	-
		(62,905,138)	34,821,421	28,770,255	33,051	719,589	(5,937,219)	23,001,780	15,393,645	77,450	32,535,656
EXPENSES											
Remuneration of Pension Fund Manager	10.1	5,797,868	2,910,273	1,527,423	-	10,235,564	5,561,112	2,762,264	1,252,811	-	9,576,187
Sindh sales tax on remuneration of the Pension Fund Manager	10.2	753,723	378,335	198,565	-	1,330,623	722,945	359,094	162,865	-	1,244,904
Remuneration to the Central Depository Company of Pakistan Limited - Trustee	11.1	565,577	567,739	446,735	-	1,580,051	553,390	549,827	374,038	-	1,477,255
Sindh Sales tax on Trustee Fee	11.2	73,525	73,806	58,076	-	205,407	71,941	71,478	48,625	-	192,044
Annual fee - Securities and Exchange Commission of Pakistan		128,688	129,207	101,699	-	359,594	123,460	122,639	83,438	-	329,537
Auditors' remuneration	16	92,578	89,783	72,229	-	254,590	61,455	74,270	46,300	-	182,025
Legal and professional charges		146,776	159,193	77,960	-	383,929	65,052	75,322	49,857	-	190,231
Securities' transaction cost and settlement charges		643,274	7,744	7,128	-	658,146	804,598	10,745	9,371	-	824,714
Bank charges		66,692	17,427	30,478	532	115,129	93,018	29,075	20,967	569	143,629
Provision for Sindh Workers' Welfare Fund	12.1	-	609,758	524,999	-	1,134,757	-	378,942	266,908	-	645,850
		8,268,701	4,943,265	3,045,292	532	16,257,790	8,056,971	4,433,656	2,315,180	569	14,806,376
Net (loss) / income for the year		(71,173,839)	29,878,156	25,724,963	32,519	(15,538,201)	(13,994,190)	18,568,124	13,078,465	76,881	17,729,280
(Loss) / earnings per unit		(75.80)	20.62	18.28	-		(17.68)	12.03	11.43	-	

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

**For Atlas Asset Management Limited
(Pension Fund Manager)**

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019					2018				
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Gold Sub-Fund - Revoked	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Gold Sub-Fund - Revoked	Total
		-----Rupees-----					-----Rupees-----				
Net (loss) / income for the year		(71,173,839)	29,878,156	25,724,963	32,519	(15,538,201)	(13,994,190)	18,568,124	13,078,465	76,881	17,729,280
Income that may be re-classified subsequently to Income Statement											
Net unrealised diminution on re-measurement of investments classified as 'fair value through other comprehensive income'	17	-	(2,963,586)	(14,421)	-	(2,978,007)	-	-	-	-	-
Net unrealised diminution on re-measurement of investments classified as 'available for sale'		-	-	-	-	-	-	(721,638)	(6,880)	-	(728,518)
Total comprehensive (loss) / income for the year		(71,173,839)	26,914,570	25,710,542	32,519	(18,516,208)	(13,994,190)	17,846,486	13,071,585	76,881	17,000,762

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

**For Atlas Asset Management Limited
(Pension Fund Manager)**

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB FUND FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019					2018				
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Gold Sub-Fund - Revoked	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Gold Sub-Fund - Revoked	Total
		Rupees					Rupees				
Net assets at beginning of the year		393,869,826	375,462,864	266,906,681	-	1,036,239,371	386,965,790	362,254,775	240,000,640	37,359,715	1,026,580,920
Issue of units											
- Directly by participants	18	80,618,062	72,125,634	106,701,400	-	259,445,096	63,724,897	67,637,228	55,773,924	177,974	187,314,023
Redemption of units											
- Directly by participants	13	(13,586,869)	(94,940,800)	(42,660,014)	-	(151,187,683)	(42,806,959)	(71,969,995)	(41,641,965)	(37,614,570)	(194,033,489)
- Transfer to other Pension Fund	13	(2,885,807)	(1,731,096)	(184,402)	-	(4,801,305)	(19,712)	(305,630)	(297,503)	-	(622,845)
		(16,472,676)	(96,671,896)	(42,844,416)	-	(155,988,988)	(42,826,671)	(72,275,625)	(41,939,468)	(37,614,570)	(194,656,334)
Net other (loss) / income for the year		(54,215,744)	32,816,654	26,182,189	-	4,783,099	10,434,337	18,584,033	13,137,383	76,881	42,232,634
Capital loss on sale of investments at fair value through profit or loss - net		(16,958,095)	-	-	-	(16,958,095)	(24,428,527)	-	-	-	(24,428,527)
Loss on sale / maturity of 'available for sale investments' - net		-	-	-	-	-	-	(15,909)	(58,918)	-	(74,827)
Loss on sale / maturity of 'fair value through other comprehensive income investments' - net		-	(2,938,498)	(457,226)	-	(3,395,724)	-	-	-	-	-
Net unrealised diminution on re-measurement of investments classified as 'available for sale'		-	-	-	-	-	-	(721,638)	(6,880)	-	(728,518)
Net unrealised diminution on re-measurement of investments classified as 'fair value through other comprehensive income'		-	(2,963,586)	(14,421)	-	(2,978,007)	-	-	-	-	-
Total comprehensive (loss) / income for the year		(71,173,839)	26,914,570	25,710,542	-	(18,548,727)	(13,994,190)	17,846,486	13,071,585	76,881	17,000,762
Net assets at end of the year		386,841,373	377,831,172	356,474,207	-	1,121,146,752	393,869,826	375,462,864	266,906,681	-	1,036,239,371

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

**For Atlas Asset Management Limited
(Pension Fund Manager)**

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2019

	2019						2018					
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Gold Sub-Fund - Revoked	Others (note 6.1)	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Gold Sub-Fund Revoked	Others (note 6.1)	Total
	Rupees						Rupees					
CASH FLOWS FROM OPERATING ACTIVITIES												
Net (loss) / income for the year	(71,173,839)	29,878,156	25,724,963	32,519	-	(15,538,201)	(13,994,190)	18,568,124	13,078,465	76,881	-	17,729,280
Adjustments for:												
Interest income	(1,458,375)	(37,759,919)	(29,227,481)	(33,051)	-	(68,478,826)	(1,938,730)	(23,017,689)	(15,452,563)	(77,450)	-	(40,486,432)
Dividend income	(19,957,395)	-	-	-	-	(19,957,395)	(19,532,957)	-	-	-	-	(19,532,957)
Realised loss on sale of investments at fair value through profit or loss - net	16,958,095	-	-	-	-	16,958,095	24,428,527	-	-	-	-	24,428,527
Realised loss on sale / maturity of fair value through other comprehensive income investments - net	-	2,938,498	457,226	-	-	3,395,724	-	-	-	-	-	-
Realised loss on sale / maturity of available for sale investments - net	-	-	-	-	-	-	-	15,909	58,918	-	-	74,827
Net unrealised diminution on re-measurement of investments classified as financial assets at fair value through profit or loss	67,362,813	-	-	-	-	67,362,813	2,980,379	-	-	-	-	2,980,379
Provision for Sindh Workers' Welfare Fund	-	609,758	524,999	-	-	1,134,757	-	378,942	266,908	-	-	645,850
	(8,268,701)	(4,333,507)	(2,520,293)	(532)	-	(15,123,033)	(8,056,971)	(4,054,714)	(2,048,272)	(569)	-	(14,160,526)
(Increase) / decrease in assets												
Receivable against sale of investments	28,064	-	-	-	-	28,064	403,955	-	-	-	-	403,955
Margin deposits with Pakistan Mercantile Exchange Limited against future contracts	-	-	-	-	-	-	-	-	-	7,045,426	-	7,045,426
Security deposit and other receivables	(2,500)	(2,695)	(2,502)	-	(51,435)	(59,132)	(1,708,991)	21,888,962	8,683,805	676,430	-	29,540,206
	25,564	(2,695)	(2,502)	-	(51,435)	(31,068)	(1,305,036)	21,888,962	8,683,805	7,721,856	-	36,989,587
(Decrease) / increase in liabilities												
Payable against redemption of units	58,489	145,713	166,927	-	-	371,129	(34,535,366)	82,892	145,968	-	-	(34,306,506)
Payable against purchase of investments	(5,832,658)	-	-	-	-	(5,832,658)	(2,667,556)	-	-	-	-	(2,667,556)
Payable to the Pension Fund Manager	(34,935)	12,527	40,547	-	-	18,139	(47,873)	34,104	19,186	(34,512)	-	(29,095)
Payable to Central Depository Company of Pakistan Limited - Trustee	(4,787)	1,203	10,888	-	-	7,304	(7,108)	6,499	5,523	(5,158)	-	(244)
Payable to the Securities and Exchange Commission of Pakistan	5,228	6,568	18,261	-	-	30,057	(10,856)	20,259	8,377	(12,096)	-	5,684
Payable to the auditors	17,874	18,571	21,606	-	-	58,051	(8,670)	8,623	2,807	(2,605)	-	155
Unallocated profit	-	-	-	32,519	-	32,519	-	-	-	76,881	-	76,881
Payable to Sub-Funds	-	-	-	-	3,638,507	3,638,507	-	-	-	-	-	-
Accrued expenses and other liabilities	11,126	(1,216)	175,384	-	(892,062)	(706,768)	(6,581)	(1,681)	(1,510)	32,086	5,821,910	5,844,224
	(5,779,663)	183,366	433,613	32,519	2,746,445	(2,383,720)	(37,284,010)	150,696	180,351	54,596	5,821,910	(31,076,457)
Interest received	1,504,486	9,127,760	5,007,265	1,989	-	15,641,500	1,967,867	10,595,304	6,151,156	144,804	-	18,859,131
Dividend received	20,474,636	-	-	-	-	20,474,636	19,870,099	-	-	-	-	19,870,099
Investments made during the year	(355,448,221)	(2,297,453,344)	(2,225,460,393)	-	-	(4,878,361,958)	(429,153,230)	(1,915,977,005)	(1,266,238,930)	-	-	(3,611,369,165)
Investments sold / matured during the year	284,214,721	2,331,834,697	2,280,597,675	-	-	4,896,647,093	420,567,127	1,876,031,113	1,212,392,329	(731,481)	-	3,508,259,088
	(49,254,378)	43,509,113	60,144,547	1,989	-	54,401,271	13,251,863	(29,350,588)	(47,695,445)	(586,677)	-	(64,380,847)
Net cash (used in) / generated from operating activities (carried forwarded)	(63,277,178)	39,356,277	58,055,365	33,976	2,695,010	36,863,450	(33,394,154)	(11,365,644)	(40,879,561)	7,189,206	5,821,910	(72,628,243)

CASH FLOW STATEMENT (Continued...)

FOR THE YEAR ENDED 30 JUNE 2019

	2019						2018					
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Gold Sub-Fund - Revoked	Others (note 6.1)	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Gold Sub-Fund - Revoked	Others (note 6.1)	Total
Note	Rupees						Rupees					
Net cash (used in) / generated from operating activities (brought forward)	(63,277,178)	39,356,277	58,055,365	33,976	2,695,010	36,863,450	(33,394,154)	(11,365,644)	(40,879,561)	7,189,206	5,821,910	(72,628,243)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts on issue of units - Directly by participants	78,851,168	72,261,077	104,694,344	-	-	255,806,589	63,724,897	67,637,228	55,773,924	177,974	-	187,314,023
Payment on redemptions of units - Directly by participants - Transfer to other Pension Fund	(13,586,869) (2,885,807) (16,472,676)	(94,940,800) (1,731,096) (96,671,896)	(42,660,014) (184,402) (42,844,416)	- - -	- - -	(151,187,683) (4,801,305) (155,988,988)	(42,806,959) (19,712) (42,826,671)	(71,969,995) (305,630) (72,275,625)	(41,641,965) (297,503) (41,939,468)	(37,614,570) - (37,614,570)	- - -	(194,033,489) (622,845) (194,656,334)
Net cash generated from / (used in) financing activities	62,378,492	(24,410,819)	61,849,928	-	-	99,817,601	20,898,226	(4,638,397)	13,834,456	(37,436,596)	-	(7,342,311)
Net (decrease) / increase in cash and cash equivalents	(898,686)	14,945,458	119,905,293	33,976	2,695,010	136,681,051	(12,495,928)	(16,004,041)	(27,045,105)	(30,247,390)	5,821,910	(79,970,554)
Cash and cash equivalents at beginning of the year	42,243,660	192,382,790	153,927,957	374,852	9,581,181	398,510,440	54,739,588	208,386,831	180,973,062	30,622,242	3,759,271	478,480,994
Cash and cash equivalents at end of the year	41,344,974	207,328,248	273,833,250	408,828	12,276,191	535,191,491	42,243,660	192,382,790	153,927,957	374,852	9,581,181	398,510,440

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

**For Atlas Asset Management Limited
(Pension Fund Manager)**

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** The Atlas Pension Fund (APF) was established under a Trust Deed executed between Atlas Asset Management Limited (AAML) as Pension Fund Manager and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on 8 June 2007 and was executed under the Voluntary Pension System Rules, 2005 (VPS Rules). The Trust Deed has been amended through the First Supplement Trust Deed dated 6 June 2013 and Second Supplement Trust Deed dated 3 September 2018, with the approval of the SECP. The Offering Document of the Fund has been revised through the First, Second, Third, Fourth and Fifth Supplements dated 18 December 2008, 28 March 2011, 15 July 2013, 31 March 2015 and 4 August 2015 respectively. The Pension Fund Manager of the Fund 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 Pension Fund Manager is situated at Ground Floor, Federation House, Shahra-e-Firdousi, Clifton, Karachi.
- 1.2** The objective of Atlas Pension Fund (APF) is to provide individuals with a portable, individualised, funded (based on defined contribution) and flexible pension scheme assisting and facilitating them to plan and provide for their retirement. The Fund operates under an umbrella structure and is composed of Sub-Funds, each being a collective investment scheme.
- 1.3** Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.
- 1.4** In June 2013, the Pension Fund Manager obtained approval from the SECP for the establishment of a fourth sub fund, the APF - Gold Sub Fund. The APF Gold Sub Fund (APF-GSF) was established under the First Supplement Trust Deed executed on 6 June 2013 between AAML as the Pension Fund Manager and the CDC as the Trustee. The First Supplemental Trust Deed was approved by the SECP under the Voluntary Pension System Rules, 2005 (VPS Rules) vide letter no.9(1)SEC/SCD/PW-AAML-01/536 dated 14 June 2013, and the core investment of Rs. 30 million by the Pension Fund Manager was invested on 28 June 2013. Approval of the 3rd Supplemental Offering Document of the Fund was received on 15 July 2013 from the SECP, whereafter, the APF - GSF was launched for public subscription w.e.f. 16 July 2013.
- 1.5** At present, the Fund consists of the following three Sub-Funds. A Sub fund (i.e. Gold-Sub Fund) (refer note 1.7) was revoked on 23 February 2018. These are as follows:

APF - Equity Sub-Fund (APF - ESF)

The objective of APF - ESF is to achieve long term capital growth. APF - ESF shall invest primarily in equity securities, with a minimum investment of 90% of its net asset value in listed shares.

APF - Debt Sub-Fund (APF - DSF)

The objective of APF - DSF is to provide regular income and shall invest primarily in tradable debt securities with the weighted average duration of the investment portfolio of the Sub-Fund not exceeding ten years.

APF - Money Market Sub-Fund (APF - MMSF)

The objective of APF - MMSF is to provide regular income and shall invest primarily in short term debt securities with the weighted average time to maturity of net assets of the Sub-Fund not exceeding one year.

APF - Gold Sub-Fund (APF - GSF) - Revoked (refer note 1.7)

The objective of APF - GSF was to provide the capital appreciation through investment in Gold or Gold futures contracts traded on the Pakistan Mercantile Exchange Limited.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

- 1.6** The Sub-Funds' units of APF - ESF, APF - DSF and APF - MMSF are issued against contributions by the eligible participants on a continuous basis since 28 June 2007 and units of APF- GSF with effect from 16 July 2013 and can be redeemed by surrendering them to the Fund.

The participants of the Fund voluntarily determine the contribution amount subject to the minimum limit fixed by the Pension Fund Manager. Such contributions received from the participants are allocated among the Sub-Funds, in accordance with their respective preferences and in line with the prescribed allocation policy. The units held by the participants in the Sub-Funds can be redeemed on or before their retirement and in case of disability or death subject to conditions laid down in the Offering Document, VPS Rules and the Income Tax Ordinance, 2001. According to the Trust Deed, there shall be no distribution from the Sub-Funds, and all income earned by the Sub-Funds shall be accumulated and retained in the Fund.

1.7 Revocation of APF (Gold Sub Fund)

The Board of Directors of Atlas Asset Management Limited, the Pension Fund Manager of Atlas Pension Fund in their meeting held on 26 October 2017 decided to revoke APF-Gold Sub Fund. The SECP has approved the revocation of APF - Gold Sub Fund vide their letter no.SCD/PRDD/VPS/AAML/327/2017 dated 27 December 2017. Thereafter, the units of the sub-fund were not offered to participants. The Pension Fund Manager requested SECP for refund of seed capital and waiver of three months' notice period before refund of seed capital as there is only one participant in APF - Gold Sub Fund i.e. the Pension Fund Manager. The approval for the same was granted by SECP vide their letter no.SCD/PRDD/VPS/AAML/21/2018 dated 7 February 2018. Accordingly, the final settlement was made to the participant. The financial statements of Atlas Pension Fund - Gold Sub Fund represents liabilities towards Government and others.

Resultantly, the financial statements of APF - Gold Sub Fund have not been prepared on going concern basis. Therefore, the assets and liabilities of APF - Gold Sub Fund are measured at lower of their carrying amount and fair value less cost to sell.

- 1.8** The Pension Fund Manager of the Fund has been given quality rating of AM2+ by The Pakistan Credit Rating Agency Limited.

2 BASIS OF PREPARATION

Statement of compliance

- 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 the Voluntary Pension System Rules, 2005 (the VPS Rules); and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of the VPS Rules or provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the requirements of the VPS Rules or provisions of and directives issued under the Companies Act, 2017 have been followed.

- 2.2** This is the first set of financial statements in which IFRS -9 Financial Instruments has been applied. Changes to significant accounting policies are described in note 3. The SECP vide letter ref SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of impairment requirements of International Financial Reporting Standard (IFRS) 9 "Financial Instruments" in relation to debt securities for mutual funds. Accordingly, the impairment requirements of IFRS 9 have not been considered for debt securities and requirements of SECP Circular 33 of 2012 have continued to be followed.

2.3 Basis of measurement

These financial statements have been prepared under the historical cost convention except for investments which have been measured at their respective fair values.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2.4 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Fund's functional and presentation currency. Figures have been rounded to the nearest rupee.

2.5 Key judgements and estimates

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

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

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

- a) Classification and valuation of financial instruments (notes 4.2);
- b) Impairment of financial instruments (notes 4.2.1, 4 and 7.4.2); and
- c) Contingencies (note 14)

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2019:

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Fund's financial statements.
- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The application of standard is not likely to have an impact on Fund's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

- Amendment to IFRS 9 'Financial Instruments' – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion – i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Fund's financial statements.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Fund's financial statements.
- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a Fund now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Fund's financial statements.
- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020).

The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on previous financial statements.

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The Fund may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, Funds should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a fund increases its interest in a joint operation that meets the definition of a business. A Fund remeasures its previously held interest in a joint operation when it obtains control of the business. A Fund does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
- IAS 23 Borrowing Costs - the amendment clarifies that a fund treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on Fund's financial statements.

3 CHANGES IN ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements have been consistently applied to all periods presented except for the change in accounting policies as stated below:

The Fund has adopted IFRS 9 'Financial instruments' from 1 July 2018. A number of other new standards are effective from 1 July 2018 but they do not have a material effect on the Fund's financial statements.

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities. As a result of adoption of IFRS 9, the Fund has adopted consequential amendments to IAS 1 Presentation of Financial statements', which requires separate presentation of impairment on financial assets in the income statement and statement of comprehensive income.

Additionally, the Fund has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2019, but have not been applied to the comparative information.

The key changes to the Fund's accounting policies resulting from its adoption of IFRS 9 are summarised below. The full impact of adopting the standard is set out in Note 5.

3.1 IFRS 9 Financial Instruments

i. Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities therefore its adoption did not have a significant effect on the Fund's accounting policies related to financial liabilities.

For an explanation of how the Fund classifies financial assets under IFRS 9, see Notes 4.2.1.2. Further, for explanation regarding the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Fund's financial assets and financial liabilities as at 01 July 2018, refer note 5.

ii. **Impairment of financial assets**

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39. For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile.

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

iii. **Transition**

As permitted by the transition provisions of IFRS 9, comparative information throughout these financial statements has not generally been restated to reflect the requirements of the standard. As the Fund presents the movement in participant's fund on net basis, there is no impact of the changes on net assets of the funds.

4 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied except as disclosed in note 3.

4.1 **Cash and cash equivalents**

Cash and cash equivalents comprise of bank balances and short term investments of original maturity of three months or less.

4.2 **Financial instruments**

4.2.1 **Financial Assets**

Recognition, measurement and impairment - Policies applicable after 1 July 2018

4.2.1.1 **Initial recognition and measurement**

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

4.2.1.2 **Classification**

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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

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

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

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

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

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

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

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

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

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

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

4.2.1.3 Subsequent measurement

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

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

Subsequent to initial recognition, financial assets designated by the management as at fair value through profit or loss and comprehensive income valued as follows:

a) Basis of valuation of government securities

The investment of the Fund in government securities is valued on the basis of rates announced on the Reuters page.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

b) Basis of valuation of equity securities

The investment of the Fund in equity securities is valued on the basis of quoted market price available at the stock exchanges.

c) Basis of valuation of debt securities

The investment of the Fund in debt securities is valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the SECP for valuation of debt securities. In the determination of rates MUFAP considered the holding pattern of these securities and categorised them as traded, thinly traded and non-traded securities. The circular also specified the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

4.2.1.4 Impairment of financial assets

Provision for non-performing debt securities and other exposures is made in accordance with the criteria specified in Circular No. 33 of 2012 dated October 24, 2012 issued by SECP. However, the circular does not cover impairment requirements for government debt securities. Based on the past performance management considers that there is no probability of default as in any adverse situation State Bank of Pakistan has the right to discharge government obligations by issuance of currency notes. The provisioning policy has been duly formulated and approved by the Board of Directors of the Management Company.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets and are present separately in the income statement. The gross carrying amount of a financial asset is written off when the Fund has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof.

4.2.1.5 Reclassification

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

Recognition, measurement and impairment - Policies applicable before 1 July 2018

4.2.1.6 Initial recognition and measurement

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

4.2.1.7 Classification

The Fund classified its financial assets in the following categories: loans and receivables, at fair value through profit or loss and available for sale. The classification depends on the purpose for which the financial assets were acquired. The Management Fund determined the appropriate classification of its financial assets at the time of initial recognition and re-evaluated their classification on a regular basis.

a) Loans and receivables

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

b) Financial assets 'at fair value through profit or loss'

Financial assets that were acquired principally for the purpose of generating profit from short-term fluctuations in prices were classified as held for trading in the financial assets 'at fair value through profit or loss' category.

c) Available for sale

Available for sale financial assets were those non-derivative financial assets that were designated as available for sale or are not classified as (a) loans and receivables or (b) financial assets at fair value through profit or loss. These were intended to be held for an indefinite period of time which might be sold in response to the needs for liquidity or changes in prices.

4.2.1.8 Subsequent measurement

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

Financial assets 'at fair value through profit or loss' - held for trading	Net gains and losses arising from the difference between the carrying amount and the value determined in accordance with the criteria mentioned above in respect of financial assets 'at fair value through profit or loss' were taken to the 'income statement'.
Available for sale	Net gains and losses arising from changes in the fair value of 'available for sale' financial assets were taken to the 'statement of comprehensive income' until these were derecognised or impaired. At this time, the cumulative gains or losses previously recognised directly in the 'statement of comprehensive income' were transferred to the 'income statement'.
Loans and receivables	Subsequent to initial recognition financial assets classified as 'loans and receivables' were carried at amortised cost using the effective interest rate method. Gains or losses were also recognised in the 'income statement' when financial assets carried at amortised cost were derecognised or impaired.

Subsequent to initial recognition, financial assets designated by the management as at fair value through profit or loss and available for sale were valued as follows:

a) Basis of valuation of government securities

The investment of the Fund in government securities was valued on the basis of rates announced on the Reuters page.

b) Basis of valuation of equity securities

The investment of the Fund in equity securities was valued on the basis of quoted market price available at the stock exchanges.

c) Basis of valuation of debt securities

The investment of the Fund in debt securities was valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the SECP for valuation of debt securities. In the determination of rates MUFAP considered the holding pattern of these securities and categorised them as traded, thinly traded and non-traded securities. The circular also specified the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Policies applicable before 1 July 2018

The Fund assesses at each reporting date whether there is an objective evidence that the financial asset or a group of financial assets was impaired. If any such evidence existed for 'available for sale' financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the 'income statement' is reclassified from 'statement of comprehensive income' to 'income statement'.

Provision for non-performing debt securities is made on the basis of criteria prescribed by the SECP. Impairment losses recognised on debt securities could be reversed through the 'Income Statement'.

As allowed under the directives of the SECP, the management may also make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, in accordance with a provisioning policy approved by the Board of Directors and disseminated by the Pension Fund Manager on its website.

A significant or prolonged decline in the fair value of the equity security below its cost was considered an indicator that the securities are impaired. Impairment loss on investment is recognised in the income statement whenever the acquisition cost of investment exceeds its recoverable amount. Impairment losses recognised on equity securities in the profit and loss are not reversed subsequently in the income statement.

For financial assets classified as 'loans and receivables', a provision for impairment was established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The amount of the provision is the difference between the assets carrying value and present value of estimated future cash out flows, discounted at the original effective interest rate.

Financial Instruments other policies - similar before and after 01 July 2018

4.2.2 Derecognition

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

4.2.3 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. They are initially recognised at fair value and subsequently stated at amortised cost. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

4.2.4 Offsetting of financial assets and liabilities

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

4.2.5 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset.

4.2.6 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

and the resultant gain or loss is recognised in the 'income statement'.

4.3 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 obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

4.4 Taxation

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

4.5 Issue, allocation, reallocation and redemption of units

Contributions received from the participants is allocated to the Sub-Funds on the basis of the allocation scheme selected by each participant out of the allocation schemes offered by the Pension Fund Manager. The Net Asset Value (NAV) per unit of each Sub-Fund is determined at the close of each business day, according to the procedure outlined in the VPS Rules and is applicable for allocation of units in each Sub-Fund for all the contribution amounts realised and credited in collection account of the Fund during the business hours on that business day. Any contributions credited in collection account of the Fund after business hours on any dealing day shall be deemed to be received on the following dealing day and shall be allocated to the units of each Sub-Fund on the NAV per unit determined at the close of that dealing day.

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

All Sub-Funds' units are automatically redeemed on the close of the dealing day at which the retirement date falls or death of a participant has been confirmed. The participant may also withdraw from the scheme prior to retirement. The redemption from the respective Sub-Fund is made on the Net Asset Value per unit prevailing at the close of the dealing day on which the request is received, subject to deduction of Zakat and withholding taxes, as applicable.

In case of partial withdrawals, units are redeemed on a pro rata basis by ensuring that the remaining units are in accordance with the allocation scheme last selected by the Participant.

Proceeds received / paid on issuance / redemptions of units are reflected in the Participant's Sub-Fund. The Voluntary Pension System Rules, 2005 specify that distribution of dividend shall not be allowed for pension funds and return to unit holders is, therefore, only possible through redemption of units which is based on Net Asset Value (NAV). Hence, the management believes that creation of income equalisation mechanism through separate recording of "element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed" is not required. The accounting policy followed by the Fund does not have any impact on the NAV per unit of the Fund.

4.6 Net Asset Value (NAV) per unit

The NAV per unit of each Sub-Fund as disclosed in the 'statement of assets and liabilities' is calculated by dividing the net assets of each Sub-Fund by the number of units in issue at the end of the reporting period.

4.7 (Loss) / earnings per unit

(Loss) / earnings per unit are calculated by dividing the net income for the year by the number of units in issue at the end of the reporting period as in the opinion of the management determination of weighted average number of units for calculating EPU is not practicable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

4.8 Revenue recognition

- Capital gains / losses arising on sale of investments are included in the 'income statement' on the date at which the transaction takes place.
- Interest income on bank balances and term deposit receipts is recognised on an accrual basis.
- Dividend income is recognised when the right to receive the dividend is established.
- Income from government securities is recognised on an accrual basis.
- Income from term finance certificates and sukuk certificates is recognised on an accrual basis, except where recovery is doubtful in which case it is credited to suspense account as per the directives of the SECP.

5 Impact of application of IFRS 9

5.1 Classification of financial assets and financial liabilities on the date of initial application of IFRS 9

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Fund's financial assets as at 1 July 2018. The classification of financial assets and financial liabilities does not have any impact on carrying value as at 1 July 2018.

	Classification under IAS 39	Classification under IFRS 9	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Gold Sub-Fund - Revoked	Others (note 6.1)	Total
----- Carrying amount is same under IAS 39 / IFRS 9 -----								
----- Rupees -----								
Financial assets								
Bank balances	Loan and receivables	Amortised cost	42,243,660	192,382,790	153,927,957	374,852	9,581,181	398,510,440
Receivable against sale of investments	Loan and receivables	Amortised cost	1,484,163	-	-	-	-	1,484,163
Investments - equity instruments	Held for trading	At fair value through P/L	355,990,634	-	-	-	-	355,990,634
Investments - debt instruments	At fair value through AFS	At fair value through OCI	-	181,266,748	112,781,978	-	-	294,048,726
Dividend receivable	Loan and receivables	Amortised cost	649,123	-	-	-	-	649,123
Interest accrued	Loan and receivables	Amortised cost	144,199	1,220,289	218,440	1,457	-	1,584,385
Receivable against sale of units	Loan and receivables	Amortised cost	3,366,546	3,135,575	2,040,699	-	-	8,542,820
Security deposit and other receivables	Loan and receivables	Amortised cost	913,724	684,056	217,662	61,418	2,852	1,879,712
			404,792,049	378,689,458	269,186,736	437,727	9,584,033	1,062,690,003

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	Classification under IAS 39	Classification under IFRS 9	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Gold Sub-Fund - Revoked	Others (note 6.1)	Total
----- Carrying amount is same under IAS 39 / IFRS 9 -----								
----- Rupees -----								
Financial liabilities								
Payable against redemption of units	Amortised cost	Amortised cost	30,572	181,436	394,459	-	-	606,467
Payable against purchase of investments	Amortised cost	Amortised cost	5,832,658	-	-	-	-	5,832,658
Payable to the Pension Fund Manager	Amortised cost	Amortised cost	476,514	230,621	110,340	-	-	817,475
Payable to the Central Depository Company of Pakistan Limited - Trustee	Amortised cost	Amortised cost	50,201	46,190	33,290	-	-	129,681
Payable to the auditors	Amortised cost	Amortised cost	66,640	66,247	45,061	4,207	-	182,155
Unallocated profit	Amortised cost	Amortised cost	-	-	-	76,881	-	76,881
Payable to Sub-Funds	Amortised cost	Amortised cost	-	-	-	-	8,542,820	8,542,820
Accrued expenses and other liabilities	Amortised cost	Amortised cost	-	-	-	-	197,670	197,670
			6,456,585	524,494	583,150	81,088	8,740,490	16,385,807

6 BANK BALANCES

	2019						2018					
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Gold Sub-Fund - Revoked	Others (note 6.1)	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Gold Sub-Fund - Revoked	Others (note 6.1)	Total
Note	----- Rupees -----						----- Rupees -----					
In current account	-	-	-	-	12,207,648	12,207,648	-	-	-	-	8,577,373	8,577,373
In savings accounts 6.2	41,344,974	207,328,248	273,833,250	408,828	68,543	522,983,843	42,243,660	192,382,790	153,927,957	374,852	1,003,808	389,933,067
	41,344,974	207,328,248	273,833,250	408,828	12,276,191	535,191,491	42,243,660	192,382,790	153,927,957	374,852	9,581,181	398,510,440

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

6.1 These represent collection and redemption accounts maintained by the Fund. The rate of return on accounts is 13.15% per annum (2018: 7.35% per annum).

6.2 These carry interest at the rates ranging from 6.00% to 13.40% per annum (2018: 4.00% to 7.35% per annum).

7 INVESTMENTS - NET

		2019					2018				
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Gold Sub-Fund - Revoked	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Gold Sub-Fund - Revoked	Total
Note		-----Rupees-----					-----Rupees-----				
At fair value through profit or loss											
Equity securities - listed	7.1	342,903,226	-	-	-	342,903,226	355,415,634	-	-	-	355,415,634
Investment through book building for 74,999 ordinary shares of Al - Tahir Limited		-	-	-	-	-	575,000	-	-	-	575,000
At fair value through other comprehensive income											
Treasury Bills	7.2	-	2,982,623	80,005,461	-	82,988,084	-	-	-	-	-
Term Finance Certificates	7.3	-	22,361,326	-	-	22,361,326	-	-	-	-	-
Sukuk Certificates	7.4	-	21,983,664	-	-	21,983,664	-	-	-	-	-
Pakistan Investment Bonds	7.5	-	116,565,385	-	-	116,565,385	-	-	-	-	-
Commercial Papers	7.6	-	-	-	-	-	-	-	-	-	-
		-	163,892,998	80,005,461	-	243,898,459	-	-	-	-	-
Investments classified as 'Available for sale'											
Treasury Bills		-	-	-	-	-	-	128,583,781	112,781,978	-	241,365,759
Term Finance Certificates		-	-	-	-	-	-	22,536,611	-	-	22,536,611
Sukuk Certificates		-	-	-	-	-	-	22,215,168	-	-	22,215,168
Commercial Papers		-	-	-	-	-	-	7,931,188	-	-	7,931,188
		-	-	-	-	-	-	181,266,748	112,781,978	-	294,048,726
		342,903,226	163,892,998	80,005,461	-	586,801,685	355,990,634	181,266,748	112,781,978	-	650,039,360

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

7.1 Equity Sub-Fund - Equity securities - Listed - At fair value through profit or loss

Name of the investee company	As at 01 July 2018	Purchases during the period	Bonus / right during the period	Sales during the period	As at 30 June 2019	Carrying Value as at 30 June 2019	Market Value as at 30 June 2019	Unrealised gain / (loss) as at 30 June 2019	Market Value as a % of net assets of the Sub-Fund	Market Value as a % of paid-up capital of the investee company
	-----Number of shares-----					-----Rupees-----			-----%age-----	
Fully paid-up ordinary shares of Rs. 10/- each unless otherwise stated.										
BANKS										
Allied Bank Limited	25,500	-	-	25,500	-	-	-	-	-	-
Askari Bank Limited	30,000	230,000	-	260,000	-	-	-	-	-	-
Bank Al Habib Limited	128,500	274,500	-	132,000	271,000	20,780,254	21,240,980	460,726	5.49	0.0244
Bank Alfalah Limited	350,000	95,000	41,000	104,000	382,000	18,132,335	16,651,380	(1,480,955)	4.30	0.0215
Faysal Bank Limited	5,000	550,500	-	-	555,500	13,030,180	11,954,360	(1,075,820)	3.09	0.0366
Habib Bank Limited	138,800	50,000	-	48,800	140,000	22,405,636	15,856,400	(6,549,236)	4.10	0.0095
Habib Metropolitan Bank Limited	227,500	-	-	225,000	2,500	108,375	90,200	(18,175)	0.02	0.0002
MCB Bank Limited	53,500	10,000	-	63,500	-	-	-	-	-	-
Meezan Bank Limited	95,500	170,500	13,940	179,500	100,440	8,510,515	8,754,350	243,835	2.26	0.0078
National Bank Of Pakistan	60,000	102,000	-	162,000	-	-	-	-	-	-
The Bank Of Punjab	650,000	80,000	-	230,000	500,000	5,988,816	4,575,000	(1,413,816)	1.18	0.0189
United Bank Limited	80,060	182,000	-	102,000	160,060	23,738,440	23,589,643	(148,797)	6.10	0.0131
						112,694,551	102,712,313	(9,982,238)	26.54	
INSURANCE										
EFU Life Assurance Limited	15,000	-	-	15,000	-	-	-	-	-	-
						-	-	-	-	-
TEXTILE SPINNING										
Gadoon Textile Mills Limited	-	8,000	-	8,000	-	-	-	-	-	-
						-	-	-	-	-
TEXTILE COMPOSITE										
Gul Ahmed Textile Mills Limited	-	158,500	-	86,500	72,000	4,038,379	3,392,640	(645,739)	0.88	0.0202
Interloop Limited	-	75,000	-	-	75,000	3,457,500	3,320,250	(137,250)	0.86	0.0086
Kohinoor Textile Mills Limited	40,500	125,000	-	23,000	142,500	6,782,482	3,569,625	(3,212,857)	0.92	0.0476
Nishat (Chunian) Limited	110,000	20,000	-	55,000	75,000	3,527,770	2,626,500	(901,270)	0.68	0.0312
Nishat Mills Limited	44,500	22,000	-	66,500	-	-	-	-	-	-
						17,806,131	12,909,015	(4,897,116)	3.34	
SYNTHETIC AND RAYON										
Gatron (Industries) Limited	5,800	-	-	-	5,800	1,290,848	1,640,111	349,263	0.42	0.0151
						1,290,848	1,640,111	349,263	0.42	
CEMENT										
Attock Cement Pakistan Limited	-	21,000	1,000	-	22,000	2,450,945	1,571,020	(879,925)	0.41	0.0160
Bestway Cement Limited	-	15,000	-	-	15,000	2,007,850	1,546,050	(461,800)	0.40	0.0025
Cherat Cement Company Limited	-	62,500	-	22,500	40,000	2,831,178	1,238,400	(1,592,778)	0.32	0.0226
D.G. Khan Cement Company Limited	51,000	69,000	-	55,000	65,000	5,745,325	3,675,100	(2,070,225)	0.95	0.0148
Kohat Cement Company Limited	10,000	5,000	4,500	19,500	-	-	-	-	-	-
Lucky Cement Limited	27,100	33,000	-	30,100	30,000	14,744,970	11,414,100	(3,330,870)	2.95	0.0093
Maple Leaf Cement Factory Limited	35,000	105,000	-	140,000	-	-	-	-	-	-
Pioneer Cement Limited	20,000	15,000	-	35,000	-	-	-	-	-	-
						27,780,268	19,444,670	(8,335,598)	5.03	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Name of the investee company	As at 01 July 2018	Purchases during the period	Bonus / right during the period	Sales during the period	As at 30 June 2019	Carrying Value as at 30 June 2019	Market Value as at 30 June 2019	Unrealised gain / (loss) as at 30 June 2019	Market Value as a % of net assets of the Sub-Fund	Market Value as a % of paid-up capital of the investee company
	Number of shares					Rupees		%		
REFINERY										
Attock Refinery Limited	-	8,000	-	8,000	-	-	-	-	-	-
National Refinery Limited	4,000	11,500	-	15,500	-	-	-	-	-	-
						-	-	-	-	-
POWER GENERATION AND DISTRIBUTION										
K-Electric Limited (face value Rs. 3.5)	-	350,000	-	-	350,000	2,025,220	1,536,500	(488,720)	0.40	0.0013
Lalpir Power Limited	75,000	-	-	-	75,000	1,440,750	975,000	(465,750)	0.25	0.0197
Nishat Chunian Power Limited	60,000	12,500	-	-	72,500	2,007,150	1,262,225	(744,925)	0.33	0.0197
Pakgen Power Limited	215,000	-	-	-	215,000	4,145,200	3,048,700	(1,096,500)	0.79	0.0578
The Hub Power Company Limited	147,500	126,000	30,065	25,000	278,565	23,454,495	21,936,994	(1,517,501)	5.67	0.0241
						33,072,815	28,759,419	(4,313,396)	7.44	
OIL AND GAS MARKETING COMPANIES										
Attock Petroleum Limited	-	9,000	-	9,000	-	-	-	-	-	-
Hascol Petroleum Limited	-	22,500	-	22,500	-	-	-	-	-	-
Pakistan State Oil Company Limited	47,600	59,200	8,120	33,100	81,820	17,980,031	13,879,127	(4,100,904)	3.59	0.0209
Shell Pakistan Limited	-	4,000	-	4,000	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited	49,200	20,000	-	30,000	39,200	3,923,032	2,724,008	(1,199,024)	0.70	0.0062
						21,903,063	16,603,135	(5,299,928)	4.29	
OIL AND GAS EXPLORATION COMPANIES										
Mari Petroleum Company Limited	11,200	4,600	1,270	600	16,470	21,370,437	16,623,665	(4,746,772)	4.30	0.0136
Oil & Gas Development Company Limited	166,500	125,400	-	53,500	238,400	34,944,942	31,347,216	(3,597,726)	8.10	0.0055
Pakistan Oilfields Limited	29,000	30,300	6,000	12,500	52,800	25,330,431	21,430,992	(3,899,439)	5.54	0.0186
Pakistan Petroleum Limited	91,500	45,500	15,000	17,300	134,700	24,783,087	19,454,721	(5,328,366)	5.03	0.0059
						106,428,897	88,856,594	(17,572,303)	22.97	
INDUSTRIAL ENGINEERING										
Amreli Steels Limited	-	56,500	-	56,500	-	-	-	-	-	-
International Industries Limited	22,000	71,900	-	25,000	68,900	10,680,237	5,310,123	(5,370,114)	1.37	0.0575
International Steels Limited	-	55,500	-	25,000	30,500	1,830,485	1,211,155	(619,330)	0.31	0.0070
Mughal Iron And Steel Industries Limited	14,250	10,500	-	24,000	750	40,300	18,870	(21,430)	-	0.0003
						12,551,022	6,540,148	(6,010,874)	1.68	
AUTOMOBILE ASSEMBLER										
Indus Motor Company Limited	1,500	-	-	1,500	-	-	-	-	-	-
Millat Tractors Limited	1,700	-	-	1,700	-	-	-	-	-	-
						-	-	-	-	-
AUTOMOBILE PARTS AND ACCESSORIES										
Agriauto Industries Limited (face value Rs. 5)	-	18,200	-	18,200	-	-	-	-	-	-
Thal Limited	8,000	2,000	-	10,000	-	-	-	-	-	-
						-	-	-	-	-
TECHNOLOGY AND COMMUNICATIONS										
Hum Network Limited (face value Re. 1)	600,000	297,000	-	897,000	-	-	-	-	-	-
Netsol Technologies Limited	-	19,000	-	19,000	-	-	-	-	-	-
Pakistan Telecommunication Company Limited	-	178,500	-	178,500	-	-	-	-	-	-
Systems Limited	25,000	47,000	5,500	10,000	67,500	6,759,089	6,477,975	(281,114)	1.67	0.0547
						6,759,089	6,477,975	(281,114)	1.67	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Name of the investee company	As at 01 July 2018	Purchases during the period	Bonus / right during the period	Sales during the period	As at 30 June 2019	Carrying Value as at 30 June 2019	Market Value as at 30 June 2019	Unrealised gain / (loss) as at 30 June 2019	Market Value as a % of net assets of the Sub-Fund	Market Value as a % of paid-up capital of the investee company
	-----Number of shares-----					-----Rupees-----			-----%age-----	
FERTILIZER										
Engro Corporation Limited	77,500	10,500	7,150	16,500	78,650	22,300,424	20,889,440	(1,410,984)	5.40	0.0137
Engro Fertilizers Limited	250,000	111,000	-	97,500	263,500	19,642,487	16,856,095	(2,786,392)	4.36	0.0197
Fauji Fertilizer Bin Qasim Limited	50,000	10,000	-	60,000	-	-	-	-	-	-
Fauji Fertilizer Company Limited	80,000	152,500	-	120,000	112,500	11,801,580	9,810,000	(1,991,580)	2.54	0.0088
						53,744,491	47,555,535	(6,188,956)	12.30	
PHARMACEUTICALS										
Abbott Laboratories (Pakistan) Limited	-	3,000	-	3,000	-	-	-	-	-	-
AGP Limited	-	20,000	-	-	20,000	1,779,620	1,370,600	(409,020)	0.35	0.0071
Ferozsons Laboratories Limited	-	12,600	-	-	12,600	2,354,504	1,408,932	(945,572)	0.36	0.0417
Glaxosmithkline Pakistan Limited	-	20,000	-	-	20,000	2,576,450	1,906,600	(669,850)	0.49	0.0063
The Searle Company Limited	5,060	43,700	9	15,000	33,769	7,667,590	4,949,185	(2,718,405)	1.28	0.0159
						14,378,164	9,635,317	(4,742,847)	2.48	
CHEMICALS										
Engro Polymer & Chemicals Limited	-	265,000	-	200,000	65,000	1,820,003	1,752,400	(67,603)	0.45	0.0072
						1,820,003	1,752,400	(67,603)	0.45	
PAPER AND BOARD										
Cherat Packaging Limited	-	18,000	-	18,000	-	-	-	-	-	-
						-	-	-	-	-
VANASPATI AND ALLIED INDUSTRIES										
Unity Foods Limited	-	259,000	-	259,000	-	-	-	-	-	-
						-	-	-	-	-
LEATHER AND TANNERIES										
Service Industries Limited	3,000	-	-	3,000	-	-	-	-	-	-
						-	-	-	-	-
FOODS AND PERSONAL CARE PRODUCTS										
Al Shaheer Corporation Limited	66,635	65,000	-	130,318	1,317	36,697	16,594	(20,103)	-	0.0009
At-Tahur Limited	-	74,999	-	74,999	-	-	-	-	-	-
Engro Foods Limited	-	1,500	-	1,500	-	-	-	-	-	-
Matco Foods Limited	-	110,000	2,500	112,500	-	-	-	-	-	-
National Foods Limited (face value Rs. 5)	-	7,500	-	7,500	-	-	-	-	-	-
						36,697	16,594	(20,103)	-	
GLASS AND CERAMICS										
Tariq Glass Industries Limited	-	24,000	-	24,000	-	-	-	-	-	-
						-	-	-	-	-
						410,266,039	342,903,226	(67,362,813)	88.61	
30 June 2018						358,396,013	355,415,634	(2,980,379)		

7.1.1 The cost of listed equity securities as at 30 June 2019 is Rs. 399,085,806 (2018: Rs. 358,396,013).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

7.2 Treasury Bills

Debt Sub-Fund
Money Market Sub-Fund

2019	2018
----- (Rupees) -----	
2,982,623	128,583,781
80,005,461	112,781,978
82,988,084	241,365,759

Balance as at June 30, 2019								
As at 1 July 2018	Purchases during the year	Sales during the year	As at 30 June 2019	Amortised cost	Market value	Unrealised loss	Market value as a % of net assets of the Sub-Fund	
----- Face value (Rupees) -----				----- Rupees -----		----- %age -----		
7.2.1 Debt Sub-Fund								
Treasury Bills - At fair value through other comprehensive income	130,000,000	2,137,000,000	2,264,000,000	3,000,000	2,984,516	2,982,623	(1,893)	0.79
30 June 2018					128,585,655	128,583,781	(1,874)	

7.2.1.1 The cost of investments as on 30 June 2019 is Rs. 2,926,257 (2018: Rs. 128,019,970).

7.2.1.2 These Government treasury bills carry purchase yield 10.95% per annum (2018: 5.91% to 6.72% per annum) and will mature on 18 July 2019 (2018: 30 August 2018).

Balance as at June 30, 2019											
As at 1 July 2018	Purchases during the year	Sales during the year	As at 30 June 2019	Amortised cost	Market value	Unrealised loss	Market value as a % of net assets of the Sub-Fund				
----- Face value (Rupees) -----				----- Rupees -----		----- %age -----					
7.2.2	Money Market Sub-Fund										
Treasury Bills - At fair value through other comprehensive income				113,000,000	2,263,000,000	2,295,000,000	81,000,000	80,029,702	80,005,461	(24,241)	22.44
30 June 2018								112,791,211	112,781,978	(9,233)	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

7.2.2.1 The cost of investments as on 30 June 2019 is Rs. 78,965,635 (2018: Rs. 111,494,177).

7.2.2.2 These Government treasury bills carry purchase yields ranging from 10.95% to 12.57% per annum (2018: 5.86% to 6.72% per annum) and will mature between 18 July 2019 and 15 August 2019 (2018: 7 July 2018 and 30 August 2018).

7.3 Term Finance Certificates

7.3.1 Debt Sub-Fund

	Note	30 June 2019	30 June 2018
		-----Rupees-----	
Term Finance certificates - At fair value through other comprehensive income	7.3.2	22,361,326	-
Term Finance certificates - Available for sale		-	22,536,611
		22,361,326	22,536,611

7.3.2

Balance as at June 30, 2019										
Name of the investee company	Status	As at 1 July 2018	Purchases during the year	Sales / matured during the year	As at 30 June 2019	Carrying value	Market Value	Unrealised Gain / (loss)	Market value as a % of net assets of the Sub-Fund	Market value as a % of total issue size
			-----Number of certificates-----			-----Rupees-----			-----%age-----	
Commercial Banks										
Bank Alfalah Limited - V (face value of Rs. 5,000 per certificate each)	Listed	153	-	-	153	773,445	763,164	(10,281)	0.20	0.0153
Habib Bank Limited Tier II (face value of Rs. 100,000 per certificate)	Listed	200	-	-	200	19,978,800	19,660,878	(317,922)	5.20	0.4915
Soneri Bank Limited - II (face value of Rs. 5,000 per certificate)	Listed	400	-	-	400	1,997,432	1,937,284	(60,148)	0.51	0.0646
Chemicals										
Agritech Limited - IV	Unlisted	29	-	-	29	-	-	-	-	-
						22,749,677	22,361,326	(388,351)	5.92	
						22,745,470	22,536,611	(208,859)	6.00	
30 June 2018										

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

7.3.3 The terms and conditions of these term finance certificates are as follows:

Name of the investee company	Status	Rating	Tenure	Profit payments / Principal redemptions	Repayment period	Effective rate during the year	Rate of return
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Commercial Banks

Bank Alfalah Limited - V	Listed	AA	8 years	Semi annually	February 2021	12.09%	1.25% + 6 month KIBOR
Soneri Bank Limited - II	Listed	A+	8 years	Semi annually	July 2023	12.13%	1.35% + 6 month KIBOR
Habib Bank Limited Tier - II	Listed	AAA	10 years	Semi annually	February 2026	11.34%	0.5% + 6 month KIBOR

Chemicals

Agritech Limited - IV (note 7.4.2)	Unlisted	NPA	3.5 years	Semi annually	July 2011 - January 2015	N/A	N/A
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7.4 Sukuk Certificates - At fair value through other comprehensive income

Debt Sub-Fund

							Balance as at June 30, 2019		
Name of the investee company	Status	As at 1 July 2018	Purchases during the year	Sales / matured during the year	As at 30 June 2019	Carrying value	Market Value	Unrealised (loss) / gain	Market value as a % of net assets of the Sub-Fund
			-----Number of certificates-----			-----Rupees-----			----- %age -----
Commercial Banks									
Meezan Bank Limited Tier - II (face value of Rs. 1,000,000 per certificate)	Unlisted	14	-	-	14	14,000,000	13,999,664	(336)	3.71
Fertilizers									
Dawood Hercules Corporation Limited Sukuk II	Listed	80	-	-	80	8,000,000	7,984,000	(16,000)	2.11
Chemicals									
Agritech Limited (note 7.4.2)	Unlisted	200	-	-	200	-	-	-	-
						22,000,000	21,983,664	(16,336)	5.82
30 June 2018						22,000,000	22,215,168	215,168	5.91

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

7.4.1 The terms and conditions of the Sukuk Certificates is as follows:

Name of the investee company	Status	Rating	Tenure	Profit payments / Principal redemptions	Repayment period	Effective rate during the year	Rate of return
Commercial Banks							
Meezan Bank Limited Tier - II	Unlisted	AA	7 years	Semi annually	September 2016 - September 2026	11.35%	6 month KIBOR + 0.50%
Fertilizers							
Dawood Hercules Corporation Limited II	Listed	AA	5 years	Quarterly	March 2018 - March 2023	13.88%	3 month KIBOR + 1.00%
Chemicals							
Agritech Limited - IV	Unlisted	NPA	7 years	Semi annually	February 2011 - August 2015	N/A	N/A

7.4.2 Particulars of non-performing investments

These securities have been classified as non-performing as per the requirements of SECP's Circular 1 of 2009 read with SECP's Circular 33 of 2012 and accordingly an aggregate provision of Rs. 1,145,000 (30 June 2018: Rs.1,145,000) has been made in accordance with the provisioning requirements specified by the SECP. In the year 30 June 2012, the Debt Sub-Fund had entered into a restructuring agreement with Agritech Limited (the Company) whereby all overdue profit receivable on Sukuk Certificates held by the Deb Sub-Fund was converted into zero coupon Term Finance Certificates (TFCs). In this regard, the aggregate provision also includes a provision amounting to Rs. 145,000 against these TFCs to fully cover the amount of investment. Accordingly, the Fund holds 29 certificates (having face value of Rs. 5,000 each) of Agritech Limited IV as at 30 June 2019 (2018: 29 certificates). The details of these non-performing investments are as follows:

Non-performing investment	Type of investment	Value before provision	Provision held	Carrying value
-----Rupees-----				
Agritech Limited	Sukuk Certificates	1,000,000	1,000,000	-
Agritech Limited - IV	Term Finance Certificate	145,000	145,000	-
		1,145,000	1,145,000	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

7.5 Pakistan Investment Bonds - At fair value through other comprehensive income

								Balance as at 30 June 2019
	As at 1 July 2018	Purchases during the year	Sales / Matured during the year	As at 30 June 2019	Amortised cost	Market value	Unrealised gain / loss	Market value as a % of net assets of Sub Fund
7.5.1 Debt Sub-Fund	-----Number of certificates-----				-----Rupees-----			-----%age-----
Pakistan Investment Bonds	-	219,500,000	85,000,000	134,500,000	119,117,958	116,565,385	(2,552,573)	30.85
30 June 2018						-	-	

7.5.1.1 The cost of investments as on 30 June 2019 is Rs. 117,832,999 (2018: Rs. Nil).

7.5.1.2 These carry interest at the rate ranging from 12.14% to 13.71% per annum (2018: Nil per annum) and will mature between 12 July 2021 and 12 July 2023.

7.6 Commercial Papers - At fair value through Other Comprehensive Income

				Balance as at 30 June 2019		
	As at 1 July 2018	Purchases during the year	Matured / sold during the year	As at 30 June 2019	Face value	Amortised cost
7.6.1 Debt Sub-Fund	-----Number of certificates-----				-----Rupees-----	
Crescent Steel & Allied Products Limited		80	-	80	-	-
30 June 2018					8,000,000	7,931,188

7.6.1.1 Total cost of investment as at 30 June 2019 is Nil (30 June 2018: Rs. 7,441,860).

7.6.1.2 These carry interest rates of Nil (30 June 2018: 7.50% per annum) and will mature on Nil (30 June 2018: Nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

8 INTEREST ACCRUED

	2019						2018					
	Equity	Debt Sub-	Money Market	Gold Sub-Fund -			Equity	Debt	Money Market	Gold Sub-Fund -		
	Sub-Fund	Fund	Sub-Fund	Revoked	Others	Total	Sub-Fund	Sub-Fund	Sub-Fund	Revoked	Others	Total
	Rupees						Rupees					
Profit on deposits	98,088	610,386	1,606,244	-	-	2,314,718	144,199	246,427	218,440	1,457	-	610,523
Pakistan Investment Bonds	-	4,737,811	-	-	-	4,737,811	-	-	-	-	-	-
Term Finance Certificates	-	967,827	-	-	-	967,827	-	593,069	-	-	-	593,069
Sukuk Certificates	-	626,737	-	-	-	626,737	-	380,793	-	-	-	380,793
	98,088	6,942,761	1,606,244	-	-	8,647,093	144,199	1,220,289	218,440	1,457	-	1,584,385

9 SECURITY DEPOSIT AND OTHER RECEIVABLES

Security deposit with Central Depository

Company of Pakistan Limited

Other receivable

	100,000	100,000	100,000	-	-	300,000	100,000	100,000	100,000	-	-	300,000
	816,224	586,751	120,164	61,418	54,287	1,638,844	813,724	584,056	117,662	61,418	2,852	1,579,712
	916,224	686,751	220,164	61,418	54,287	1,938,844	913,724	684,056	217,662	61,418	2,852	1,879,712

10 PAYABLE TO THE PENSION FUND MANAGER

		2019						2018					
		Equity	Debt Sub-	Money Market	Gold Sub-Fund -			Equity	Debt	Money Market	Gold Sub-Fund -		
		Sub-Fund	Fund	Sub-Fund	Revoked	Others	Total	Sub-Fund	Sub-Fund	Sub-Fund	Revoked	Others	Total
		Rupees						Rupees					
Pension Fund Manager fee	10.1	445,588	241,714	146,219	-	-	833,521	476,514	230,621	110,340	-	-	817,475
Sindh sales tax on remuneration of the Pension Fund Manager	10.2	283,373	200,181	125,922	31,329	-	640,805	287,382	198,747	121,254	31,329	-	638,712
Federal Excise Duty payable on remuneration of the Pension Fund Manager	10.3	1,523,347	1,124,175	706,273	207,208	-	3,561,003	1,523,347	1,124,175	706,273	207,208	-	3,561,003
		2,252,308	1,566,070	978,414	238,537	-	5,035,329	2,287,243	1,553,543	937,867	238,537	-	5,017,190

- 10.1** In accordance with the provisions of the VPS Rules, the Pension Fund Manager is entitled to receive an annual management fee of 1.50% per annum of the average value of net assets of the Fund calculated during the year for determining the prices of the units of the Sub-Funds. The Pension Fund Manager has charged its remuneration at the rate of 1.50% per annum (2018:1.50%) of the average value of the net assets of the Equity Sub Fund for the year ended, whilst

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

for APF - Debt Sub Fund (APF - DSF), APF - Money Market Sub Fund (APF - MMSF) and APF - Gold Sub Fund (APF - GSF), the Pension Fund Manager has charged its remuneration at the rate of 0.75% (2018: 0.75%), 0.50% (2018: 0.50%) and Nil (2018: Nil) respectively of the average value of the net assets of these Sub Funds, which is paid monthly in arrears.

- 10.2** During the year, an amount of Rs. 1.33 million (2018: Rs. 1.24 million) was charged on account of sales tax on remuneration of the Pension Fund Manager levied under Sindh Sales Tax on Services Act, 2011, and an amount of Rs. 1.33 million (2018: Rs. 1.25 million) has been paid to the Pension Fund Manager which acts as a collecting agent.
- 10.3** The Finance Act, 2013 has enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from 13 June 2013. As the asset management services rendered by the Pension Fund Manager of the Fund are already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund as explained in note 10.2 above, the Pension Fund Manager is of the view that further levy of FED is not justified.

On 4 September 2013, a Constitutional Petition has been filed in Honorable Sindh High Court (SHC) jointly by various asset management companies / pension fund managers including that of the Fund, together with their representative Collective Investment Schemes / Voluntary Pension Schemes through their trustees, challenging the levy of FED. In this respect, the Honorable SHC has issued a stay order against recovery proceedings. The hearing of the petition is pending.

During the year ended 30 June 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duties 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 1 July 2016, FED on services provided or rendered by Pension Fund Managers 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 1 July 2016. However, as a matter of abundant caution the provision for FED made for the period from 13 June 2013 till 30 June 2019 amounting to Rs. 3.56 million (30 June 2018: Rs. 3.56 million) is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan.

11 PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

		2019					2018				
		Equity	Debt	Money	Gold		Equity	Debt	Money	Gold	
		Sub-Fund	Sub-Fund	Market	Sub-Fund -	Total	Sub-Fund	Sub-Fund	Market	Sub-Fund -	Total
Note		Rupees					Rupees				
Trustee fee	11.1	43,095	46,755	42,426	-	132,276	47,201	45,690	32,790	-	125,681
Sindh sales tax on Trustee fee	11.2	5,602	6,078	5,515	-	17,195	6,136	5,940	4,263	-	16,339
Settlement charges		2,870	500	500	-	3,870	3,000	500	500	-	4,000
Sindh sales tax on settlement charges		373	65	65	-	503	390	65	65	-	520
		51,940	53,398	48,506	-	153,844	56,727	52,195	37,618	-	146,540

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

- 11.1** The trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff structure specified below, based on average annual net assets of the Fund, paid monthly, in arrears:

On net assets:

- upto Rs. 1 billion	Rs. 0.3 million, or 0.15% per annum of net assets, whichever is higher.
- Rs. 1 billion upto Rs. 3 billion	Rs. 1.5 million plus 0.10% per annum of net assets, on amount exceeding Rs. 1 billion.
- Rs. 3 billion upto Rs. 6 billion	Rs. 3.5 million plus 0.08% per annum of net assets, on amount exceeding Rs. 3 billion.
- Exceeding Rs. 6 billion	Rs. 5.9 million plus 0.06% per annum of net assets, on amount exceeding Rs. 6 billion.

- 11.2** During the year, an amount of Rs. 205,407 (2018: Rs. 192,044) was charged on account of sale tax on remuneration of the Trustee levied under Sindh Sales Tax on Service Act, 2011 and an amount of Rs. 204,551 (2018: Rs. 191,837) was paid to the Trustee which acts as a collecting agent.

12 ACCRUED EXPENSES AND OTHER LIABILITIES

Note	2019						2018					
	Equity	Debt	Money	Gold	Sub-Fund -		Equity	Debt	Money	Gold	Sub-Fund -	
	Sub-Fund	Sub-Fund	Market	Sub-Fund -	Revoked	Others	Sub-Fund	Sub-Fund	Market	Sub-Fund -	Revoked	Others
	-----Rupees-----						-----Rupees-----					
Withholding tax payable	19,431	1,716	1,213	-	948	23,308	8,304	2,944	1,840	-	832,283	845,371
Zakat payable	-	-	-	-	5,744	5,744	-	-	-	-	11,260	11,260
Provision for Sindh Workers' Welfare Fund	2,516,618	1,857,360	1,304,782	118,102	-	5,796,862	2,516,619	1,247,590	779,772	118,102	-	4,662,083
Others	-	-	176,000	-	142,459	318,459	-	-	-	-	197,670	197,670
	2,536,049	1,859,076	1,481,995	118,102	149,151	6,144,373	2,524,923	1,250,534	781,612	118,102	1,041,213	5,716,384

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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

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

In view of the above developments regarding the applicability of WWF and SWWF on CISs / mutual funds and pension funds. MUFAP has recommended the following to all its members on 12 January 2017:

- based on legal opinion, the entire provision against WWF held by the CISs till 30 June 2015, to be reversed on 12 January 2017; and
- the provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from 21 May 2015) on 12 January 2017.

Accordingly, the provision for WWF was reversed on 12 January 2017 and provision for SWWF has been made from 21 May 2015 till date.

The above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on 12 January 2017 and the SECP vide its letter dated 1 February 2017 has advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs/ mutual funds and pension funds. Accordingly, the Fund has recorded these adjustments in its books on 12 January 2017.

Had the provision for SWWF not been recorded in these financial statements of the Fund, the net asset value of the Fund as at 30 June 2019 would have been higher by Rs. 2.68 per unit (30 June 2018: Rs. 3.18 per unit), Rs. 1.28 per unit (30 June 2018: Rs. 0.81 per unit) and Rs. 0.92 per unit (30 June 2018: Rs. 0.68 per unit) respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

13 NUMBER OF UNITS IN ISSUE

	2019				2018			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Gold Sub-Fund - Revoked	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Gold Sub-Fund - Revoked
	-----Number of units-----				-----Number of units-----			
Total units in issue at beginning of the year	791,532	1,543,116	1,144,654	-	754,525	1,562,676	1,084,381	335,782
Add: Issue of units during the year								
- Directly by participants	182,010	284,823	438,296	-	128,196	284,064	243,482	1,561
Less: Units redeemed during the year								
- Directly by participants	(28,701)	(371,970)	(175,007)	-	(91,146)	(302,353)	(181,918)	(337,343)
- Transfer to other Pension Fund	(5,844)	(6,937)	(767)	-	(43)	(1,271)	(1,291)	-
	(34,545)	(378,907)	(175,774)	-	(91,189)	(303,624)	(183,209)	(337,343)
Total units in issue at end of the year	938,997	1,449,032	1,407,176	-	791,532	1,543,116	1,144,654	-

14 CONTINGENCIES AND COMMITMENTS

14.1 The Finance Act, 2014, introduced amendments to Income Tax Ordinance, 2001. As a result of these amendments, companies were liable to withhold bonus shares at the rate of 5 percent. These shares will be released upon payments of tax by shareholders. The value of tax to be computed on the basis of day-end price on the first day of book closure.

"The management of the Fund jointly with other asset management companies and Mutual Funds Association of Pakistan, have filed various petitions in Honorable Sindh High Court challenging the levy of withholding of income tax on bonus shares received by mutual funds based on the principle that exemption is already given to mutual funds under clause 99 of Part I and clause 47B of Part IV of the Second Schedule of the Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay orders while the matter is still pending adjudication."

The Honorable Supreme Court in its decision dated June 27, 2018 in a case held that the suits which are already pending or shall be filed in future, must only be maintained / entertained on the condition that a minimum of 50% of the tax calculated by the tax authorities is deposited with the authorities. In pursuance of said Supreme Court order, SHC issued notices of hearing for cases of tax related matters and held that Plaintiffs are directed to deposit 50% of amount claimed by the tax department, if the deposits are not made within time, the suits stand dismissed as not maintainable. Thereafter, the Fund alongwith other aggrieved Funds filed Constitutional Petition in the High Court of Sindh vide C.P No. D-4653 of 2019 through Mutual Funds Association of Pakistan on this matter and obtained stay order restraining the withholding agents to deposit the withheld tax.

14.2 There were no other outstanding contingencies & commitments as at 30 June 2019 and as at 30 June 2018.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

15 INTEREST INCOME

Note	2019					2018				
	Equity Sub-Fund	Debt Sub-Fund	Money	Gold	Total	Equity Sub-Fund	Debt Sub-Fund	Money	Gold	Total
			Market	Sub-Fund -				Market	Sub-Fund -	
			Sub-Fund	Revoked				Sub-Fund	Revoked	
	-----Rupees-----					-----Rupees-----				
Profit on PLS savings accounts and deposits	1,458,375	5,555,688	6,395,069	33,051	13,442,183	1,938,730	7,700,138	6,204,578	77,450	15,920,896
Pakistan Investment Bonds	-	7,815,272	-	-	7,815,272	-	124,176	-	-	124,176
Treasury Bills	-	20,062,716	22,832,412	-	42,895,128	-	11,998,318	9,247,985	-	21,246,303
Term Finance Certificates and Sukuk Certificates 15.1	-	4,257,431	-	-	4,257,431	-	2,705,729	-	-	2,705,729
Commercial Paper	-	68,812	-	-	68,812	-	489,328	-	-	489,328
	1,458,375	37,759,919	29,227,481	33,051	68,478,826	1,938,730	23,017,689	15,452,563	77,450	40,486,432

15.1 Mark-up on non-performing securities amounting to Rs. 853,242 (2018: Rs. 743,525) based on outstanding principal has not been recognised, in accordance with SECP's directives.

16 AUDITORS' REMUNERATION

	2019					2018				
	Equity	Debt	Money	Gold	Total	Equity	Debt	Money	Gold	Total
	Sub-Fund	Sub-Fund	Market	Sub-Fund -		Sub-Fund	Sub-Fund	Market	Sub-Fund -	
	Sub-Fund	Sub-Fund	Sub-Fund	Revoked		Sub-Fund	Sub-Fund	Sub-Fund	Revoked	
	Rupees					Rupees				
Audit fee	71,622	71,880	56,498	-	200,000	54,922	54,600	37,137	-	146,659
Sindh Sales Tax on services	5,730	5,750	4,520	-	16,000	4,394	4,369	2,969	-	11,732
Out of pocket expenses	7,162	7,188	5,650	-	20,000	2,139	15,301	6,194	-	23,634
Prior year adjustment	8,064	4,965	5,561	-	18,590	-	-	-	-	23,634
	92,578	89,783	72,229	-	254,590	61,455	74,270	46,300	-	182,025

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

17 NET UNREALISED DIMINUTION ON REMEASUREMENT OF INVESTMENTS CLASSIFIED AS 'AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME'

	2019					2018				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Gold Sub-Fund - Revoked	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Gold Sub-Fund - Revoked	Total
	Rupees					Rupees				
Market value of investments*	-	163,892,998	80,005,461	-	243,898,459	-	-	-	-	-
Less: Cost of investments	-	167,997,149	80,029,115	-	248,026,264	-	-	-	-	-
	-	(4,104,151)	(23,654)	-	(4,127,805)	-	-	-	-	-
Add / (less): Net unrealised (appreciation) / diminution in the value of investments at beginning of the year	-	1,140,565	9,233	-	1,149,798	-	-	-	-	-
Transferred to comprehensive income / (loss) during the year	-	(2,963,586)	(14,421)	-	(2,978,007)	-	-	-	-	-
(Loss) / gain arise during the year	-	(25,088)	442,805	-	417,717	-	-	-	-	-
Reclassification to income statement upon disposal during the year	-	(2,938,498)	(457,226)	-	(3,395,724)	-	-	-	-	-
	-	(2,963,586)	(14,421)	-	(2,978,007)	-	-	-	-	-
INVESTMENTS CLASSIFIED AS 'AVAILABLE FOR SALE'										
Market value of investments*	-	-	-	-	-	-	173,335,560	112,781,978	-	286,117,538
Less: cost of investments	-	-	-	-	-	-	174,476,125	112,791,211	-	287,267,336
	-	-	-	-	-	-	(1,140,565)	(9,233)	-	(1,149,798)
Add / (less): Net unrealised (appreciation) / diminution in the value of investments at the beginning of the year	-	-	-	-	-	-	418,927	2,353	-	421,280
Transferred to comprehensive income / (loss) during the year	-	-	-	-	-	-	(721,638)	(6,880)	-	(728,518)
(Loss) / gain arise during the year	-	-	-	-	-	-	(705,729)	52,038	-	(653,691)
Reclassification to income statement upon disposal during the year	-	-	-	-	-	-	(15,909)	(58,918)	-	(74,827)
	-	-	-	-	-	-	(721,638)	(6,880)	-	(728,518)

* This excludes investment in Commercial Paper.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

18 CONTRIBUTION TABLE

		2019							
	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Gold Sub-Fund - Revoked		Total
	Units	Rupees	Units	Rupees	Units	Rupees	Units	Rupees	Units Rupees
Individuals	113,359	48,250,973	152,633	38,811,229	304,663	73,886,036	-	-	570,655 160,948,238
Employers	68,651	32,367,089	132,190	33,314,405	133,633	32,815,364	-	-	334,474 98,496,858
	182,010	80,618,062	284,823	72,125,634	438,296	106,701,400	-	-	905,129 259,445,096

		2018							
	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Gold Sub-Fund - Revoked		Total
	Units	Rupees	Units	Rupees	Units	Rupees	Units	Rupees	Units Rupees
Individuals	64,005	31,970,729	132,081	31,537,377	162,783	37,440,683	-	-	358,869 100,948,789
Employers	64,191	31,754,168	151,983	36,099,851	80,699	18,333,241	1,561	177,974	298,434 86,365,234
	128,196	63,724,897	284,064	67,637,228	243,482	55,773,924	1,561	177,974	657,303 187,314,023

19 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

"Connected persons include Atlas Asset Management Limited being the Pension Fund Manager, Central Depository Company of Pakistan Limited being the Trustee, other collective investment schemes managed by the Pension Fund Manager and the directors and executives of the Pension Fund Manager. "

The transactions with connected persons are in the normal course of business, carried out at contracted rates and terms determined in accordance with market rates.

Remuneration payable to the Pension Fund Manager and the Trustee is determined in accordance with the provisions of the VPS Rules and the Trust Deed respectively.

The outstanding balances of connected persons / related parties are disclosed in the respective notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

19.1 Details of balances with connected persons at the year end are as follows:

	June 30, 2019					June 30, 2018				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Gold Sub-Fund - Revoked	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Gold Sub-Fund - Revoked	Total
	Rupees					Rupees				
Atlas Asset Management Limited (Pension Fund Manager)										
Pension Fund Manager Fee payable (Rupees)	445,588	241,714	146,219	-	833,521	476,514	230,621	110,340	-	817,475
Sindh sales tax payable on the Pension Fund Manager (Rupees)	283,373	200,181	125,922	31,329	640,805	287,382	198,747	121,254	31,329	638,712
Federal Excise Duty payable on remuneration of the Pension Fund Manager (Rupees)	1,523,347	1,124,175	706,273	207,208	3,561,003	1,523,347	1,124,175	706,273	207,208	3,561,003
Investment at year end (Rupees)	68,387,020	43,284,500	42,051,120	-	153,722,640	82,601,600	40,389,460	38,706,220	-	161,697,280
Units held (Number of units)	166,000	166,000	166,000	-	498,000	166,000	166,000	166,000	-	498,000
Central Depository Company of Pakistan Limited (Trustee)										
Remuneration on Trustee fee payable (Rupees)	43,095	46,755	42,426	-	132,276	47,201	45,690	32,790	-	125,681
Sindh sales tax payable on remuneration on Trustee fee (Rupees)	5,602	6,078	5,515	-	17,195	6,136	5,940	4,263	-	16,339
Settlement charges (Rupees)	2,870	500	500	-	3,870	3,000	500	500	-	4,000
Sindh sales tax on settlement charges (Rupees)	373	65	65	-	503	390	65	65	-	520
Directors and Executives										
Investment at year end (Rupees)	102,669,168	103,169,552	66,627,738	-	272,466,458	153,735,329	135,847,420	100,182,477	-	389,765,226
Units held (Number of units)	249,215	395,665	263,008	-	907,888	308,954	558,331	429,654	-	1,296,939

19.2 Details of transactions with related parties / connected persons during the year:

	For the year ended June 30, 2019					For the year ended June 30, 2018				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Gold Sub-Fund - Revoked	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Gold Sub-Fund - Revoked	Total
	Rupees					Rupees				
Atlas Asset Management Limited (Pension Fund Manager)										
Remuneration for the year (Rupees)	5,797,868	2,910,273	1,527,423	-	10,235,564	5,561,112	2,762,264	1,252,811	-	9,576,187
Sindh sales tax on remuneration of the Pension Fund Manager (Rupees)	753,723	378,335	198,565	-	1,330,623	722,945	359,094	162,865	-	1,244,904
Withdrawal of seed capital (Rupees)	-	-	-	-	-	-	-	-	(34,851,000)	(34,851,000)
Withdrawal of seed capital (Number of units)	-	-	-	-	-	-	-	-	(300,000)	(300,000)
Central Depository Company of Pakistan Limited (Trustee)										
Remuneration for the year (Rupees)	565,577	567,739	446,735	-	1,580,051	553,390	549,827	374,038	-	1,477,255
Sindh sales tax on remuneration (Rupees)	73,525	73,806	58,076	-	205,407	71,941	71,478	48,625	-	192,044
Directors and Executives										
Contributions (Rupees)	6,663,832	4,696,197	2,593,716	-	13,953,745	10,046,289	5,761,241	3,360,757	-	19,168,287
Contributions (Number of units)	14,087	18,632	10,714	-	43,433	23,272	24,583	14,476	-	62,331
Redemptions (Rupees)	(375,609)	-	(843,824)	-	(1,219,433)	-	-	(854,979)	-	(854,979)
Redemptions (Number of units)	(775)	-	(3,471)	-	(4,246)	-	-	(3,474)	-	(3,474)
Re-allocation (Rupees)	11,212,327	(8,536,906)	(2,675,421)	-	-	7,260,662	(3,969,921)	(3,290,742)	-	-
Re-allocation (Number of units)	27,214	(32,764)	(10,568)	-	(16,118)	7,114	(17,861)	(15,139)	-	(25,886)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

20 FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

The fair value of financial assets and financial liabilities traded in active markets are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Fund is current bid price.

A Financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Investments on the Statement of Assets and Liabilities are carried at fair value. The Management is of the view that the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are essentially short term in nature.

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

Level 1: Quoted market price (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level one that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. from derived from prices).

Level 3: Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs).

The following table presents assets that are measured at fair value as at June 30, 2019 along with comparatives is as follows:

		Financial asset measured at amortized cost	Financial assets 'at fair value through profit or loss'	Financial assets categorised as 'at fair value through other comprehensive income'	Financial liabilities measured at amortised cost	Total	Fair value			
							Level 1	Level 2	Level 3	Total
June 30, 2019	Note	Rupees								
Financial assets - measured at fair value										
Investments - net		-	342,903,226	243,898,459	-	586,801,685	342,903,226	243,898,459	-	586,801,685
Financial assets - not measured at fair value										
Bank balances	20.1	535,191,491	-	-	-	535,191,491	-	-	-	-
Receivable against sale of investments	20.1	1,456,099	-	-	-	1,456,099	-	-	-	-
Dividend receivable	20.1	131,882	-	-	-	131,882	-	-	-	-
Interest accrued	20.1	8,647,093	-	-	-	8,647,093	-	-	-	-
Receivable against sale of units	20.1	12,181,327	-	-	-	12,181,327	-	-	-	-
Security deposit and other receivables	20.1	1,938,844	-	-	-	1,938,844	-	-	-	-
		559,546,736	342,903,226	243,898,459	-	1,146,348,421				

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

		Financial asset measured at amortized cost	Financial assets 'at fair value through profit or loss'	Financial assets categorised as 'at fair value through other comprehensive income'	Financial liabilities measured at amortised cost	Total	Fair value			
							Level 1	Level 2	Level 3	Total
	Note	Rupees								
Financial liabilities - measured at fair value										
Financial liabilities - not measured at fair value										
Payable against redemption of units	20.1	-	-	-	977,596	977,596	-	-	-	-
Payable to the Pension Fund Manager	20.1	-	-	-	833,521	833,521	-	-	-	-
Payable to the Central Depository Company of Pakistan Limited (CDC) - Trustee	20.1	-	-	-	136,146	136,146	-	-	-	-
Payable to the auditors	20.1	-	-	-	240,206	240,206	-	-	-	-
Unallocated profit	20.1	-	-	-	109,400	109,400	-	-	-	-
Payable to Sub-Funds	20.1	-	-	-	12,181,327	12,181,327	-	-	-	-
Accrued expenses and other liabilities	20.1	-	-	-	318,459	318,459	-	-	-	-
		-	-	-	14,796,655	14,796,655				
Rupees										
		Loans and receivables	Financial assets 'at fair value through profit or loss'	Investments 'at fair value through available for sale'	Financial liabilities measured at amortised cost	Total	Fair value			
							Level 1	Level 2	Level 3	Total
		Rupees								
June 30, 2018										
Financial assets - measured at fair value										
Investments - net		-	355,990,634	294,048,726	-	650,039,360	355,990,634	294,048,726	-	650,039,360
Financial assets - not measured at fair value										
Bank balances	20.1	398,510,440	-	-	-	398,510,440	-	-	-	-
Receivable against sale of investments	20.1	1,484,163	-	-	-	1,484,163	-	-	-	-
Dividend receivable	20.1	649,123	-	-	-	649,123	-	-	-	-
Interest accrued	20.1	1,584,385	-	-	-	1,584,385	-	-	-	-
Receivable against sale of units		8,542,820	-	-	-	8,542,820	-	-	-	-
Security deposit and other receivables	20.1	1,879,712	-	-	-	1,879,712	-	-	-	-
		412,650,643	355,990,634	294,048,726	-	1,062,690,003				
Financial liabilities - measured at fair value										
Financial liabilities - not measured at fair value										
Payable against redemption of units	20.1	-	-	-	606,467	606,467	-	-	-	-
Payable against purchase of investments	20.1	-	-	-	5,832,658	5,832,658	-	-	-	-
Payable to the Pension Fund Manager	20.1	-	-	-	817,475	817,475	-	-	-	-
Payable to the Central Depository Company of Pakistan Limited (CDC) - Trustee	20.1	-	-	-	129,681	129,681	-	-	-	-
Payable to the auditors	20.1	-	-	-	182,155	182,155	-	-	-	-
Unallocated profit	20.1	-	-	-	76,881	76,881	-	-	-	-
Payable to Sub-Funds	20.1	-	-	-	8,542,820	8,542,820	-	-	-	-
Accrued expenses and other liabilities	20.1	-	-	-	197,670	197,670	-	-	-	-
		-	-	-	16,385,807	16,385,807				

20.1 The Fund has not disclosed fair values for these financial assets and financial liabilities because their carrying amounts are reasonable approximation of fair value.

21 FINANCIAL RISK MANAGEMENT

The Fund primarily invests in listed equity securities, government securities, term finance certificates, sukuk certificates and deposits with scheduled banks. These activities are exposed to a variety of financial risks: market risks, credit risk and liquidity risks.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

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

21.1.1 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.

21.1.2 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 of variable rate instruments

Presently the Debt Sub-Fund holds KIBOR based profit bearing Term Finance Certificates and Sukuk Certificates exposing the Sub-Funds to cash flow interest rate risk. The impact of 100 basis points increase / decrease in KIBOR on 30 June 2019, with all other variables held constant, on the net assets of the Fund and on net income for the year is shown below:

Change in basis points	2019			2018		
	Effect on net income and net assets			Effect on net income and net assets		
	Debt Sub-Fund	Money Market Sub-Fund	Total	Debt Sub-Fund	Money Market Sub-Fund	Total
	-----Rupees-----			-----Rupees-----		
100	443,450	-	443,450	367,466	-	367,466
(100)	(443,450)	-	(443,450)	(367,466)	-	(367,466)

b) Sensitivity analysis of fixed rate instruments

Presently the Debt Sub-Fund and Money Market Sub-Fund hold Pakistan Investment Bonds and Treasury Bills which are classified as 'at fair value through Other Comprehensive Income' exposing the Fund to fair value interest rate risk. The impact of 100 basis points increase / decrease in average broker rates on 30 June 2019, with all variables held constant, on the net assets and other comprehensive income for the year is as follows:

Change in basis points	2019			2018		
	Effect on net income and net assets			Effect on net income and net assets		
	Debt Sub-Fund	Money Market Sub-Fund	Total	Debt Sub-Fund	Money Market Sub-Fund	Total
	-----Rupees-----			-----Rupees-----		
100	1,195,480	800,055	1,995,535	1,285,838	1,127,820	2,413,658
(100)	(1,195,480)	(800,055)	(1,995,535)	(1,285,838)	(1,127,820)	(2,413,658)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

The composition of the Fund's investment portfolio and rates announced by the Financial Market Association of Pakistan is expected to change over time. Therefore, the sensitivity analysis prepared as of 30 June 2019 is not necessarily indicative of the effect on the Fund's net assets due to 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 settlement date.

Equity Sub-Fund

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

On-balance sheet financial instruments

Financial assets

Bank balances	6.00 - 13.40	41,344,974	-	-	-	41,344,974
Receivable against sale of investments		-	-	-	1,456,099	1,456,099
Investments - net		-	-	-	342,903,226	342,903,226
Dividend receivable		-	-	-	131,882	131,882
Interest accrued		-	-	-	98,088	98,088
Receivable against sale of units		-	-	-	5,133,440	5,133,440
Security deposit and other receivables		-	-	-	916,224	916,224
		41,344,974	-	-	350,638,959	391,983,933

Financial liabilities

Payable against redemption of units	-	-	-	89,061	89,061
Payable against purchase of investments	-	-	-	-	-
Payable to the Pension Fund Manager	-	-	-	445,588	445,588
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	-	-	45,965	45,965
Payable to the auditors	-	-	-	84,514	84,514
Accrued expenses and other liabilities	-	-	-	-	-
	-	-	-	665,128	665,128

On-balance sheet gap

41,344,974	-	-	349,973,831	391,318,805
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Off-balance sheet financial instruments

-	-	-	-	-
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Off-balance sheet gap

-	-	-	-	-
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Total interest rate sensitivity gap

41,344,974	-	-	349,973,831	391,318,805
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Cumulative interest rate sensitivity gap

41,344,974	41,344,974	41,344,974	391,318,805	
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Equity Sub-Fund

As at 30 June 2018

Effective yield / interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		

Rupees

On-balance sheet financial instruments

Financial assets

Bank balances	4.00 - 7.35	42,243,660	-	-	-	42,243,660
Receivable against investments		-	-	-	1,484,163	1,484,163
Investments - net		-	-	-	355,990,634	355,990,634
Dividend receivable		-	-	-	649,123	649,123
Interest accrued		-	-	-	144,199	144,199
Receivable against sale of units		-	-	-	3,366,546	3,366,546
Security deposit and other receivables		-	-	-	913,724	913,724
		42,243,660	-	-	362,548,389	404,792,049

Financial liabilities

Payable against redemption of units		-	-	-	30,572	30,572
Payable against purchase of investments		-	-	-	5,832,658	5,832,658
Payable to the Pension Fund Manager		-	-	-	476,514	476,514
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	50,201	50,201
Payable to the auditors		-	-	-	66,640	66,640
		-	-	-	6,456,585	6,456,585

On-balance sheet gap

42,243,660	-	-	356,091,804	398,335,464
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Off-balance sheet financial instruments

-	-	-	-	-
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Off-balance sheet gap

-	-	-	-	-
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Total interest rate sensitivity gap

42,243,660	-	-	356,091,804	398,335,464
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Cumulative interest rate sensitivity gap

42,243,660	42,243,660	42,243,660	398,335,464	
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Debt Sub-Fund

-----As at 30 June 2019-----

Effective yield / interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		

-----Rupees-----

On-balance sheet financial instruments

Financial assets

Bank balances	6.00 - 13.40	207,328,248	-	-	-	207,328,248
Investments - net	10.95 - 13.71	2,982,623	-	160,910,375	-	163,892,998
Interest accrued		-	-	-	6,942,761	6,942,761
Receivable against sale of units		-	-	-	3,000,132	3,000,132
Security deposit and other receivables		-	-	-	686,751	686,751
		210,310,871	-	160,910,375	10,629,644	381,850,890

Financial liabilities

Payable against redemption of units	-	-	-	327,149	327,149
Payable to the Pension Fund Manager	-	-	-	241,714	241,714
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	-	-	47,255	47,255
Payable to the auditors	-	-	-	84,818	84,818
Accrued expenses and other liabilities	-	-	-	-	-
	-	-	-	700,936	700,936

On-balance sheet gap	210,310,871	-	160,910,375	9,928,708	381,149,954
Off-balance sheet financial instruments	-	-	-	-	-
Off-balance sheet gap	-	-	-	-	-
Total interest rate sensitivity gap	210,310,871	-	160,910,375	9,928,708	381,149,954
Cumulative interest rate sensitivity gap	210,310,871	210,310,871	371,221,246	381,149,954	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Debt Sub-Fund

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

On-balance sheet financial instruments

Financial assets

Bank balances	4.00 - 7.35	192,382,790	-	-	-	192,382,790
Investments - net	5.91 - 7.50	128,583,781	-	52,682,967	-	181,266,748
Interest accrued		-	-	-	1,220,289	1,220,289
Receivable against sale of units		-	-	-	3,135,575	3,135,575
Security deposit and other receivables		-	-	-	684,056	684,056
		320,966,571	-	52,682,967	5,039,920	378,689,458

Financial liabilities

Payable against redemption of units	-	-	-	181,436	181,436
Payable to the Pension Fund Manager	-	-	-	230,621	230,621
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	-	-	46,190	46,190
Payable to the auditors	-	-	-	66,247	66,247
Accrued expenses and other liabilities	-	-	-	-	-
				524,494	524,494

On-balance sheet gap	320,966,571	-	52,682,967	4,515,426	378,164,964
Off-balance sheet financial instruments	-	-	-	-	-
Off-balance sheet gap	-	-	-	-	-
Total interest rate sensitivity gap	320,966,571	-	52,682,967	4,515,426	378,164,964
Cumulative interest rate sensitivity gap	320,966,571	320,966,571	373,649,538	378,164,964	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Money Market Sub-Fund

-----As at 30 June 2019-----

Effective yield / interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		

-----Rupees-----

On-balance sheet financial instruments

Financial assets

Bank balances	6.00 - 13.40	273,833,250	-	-	-	273,833,250
Investments - net	10.95 - 12.57	80,005,461	-	-	-	80,005,461
Interest accrued		-	-	-	1,606,244	1,606,244
Receivable against sale of units		-	-	-	4,047,755	4,047,755
Security deposit and other receivables		-	-	-	220,164	220,164
		353,838,711	-	-	5,874,163	359,712,874

Financial liabilities

Payable against redemption of units	-	-	-	561,386	561,386
Payable to the Pension Fund Manager	-	-	-	146,219	146,219
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	-	-	42,926	42,926
Payable to the auditors	-	-	-	66,667	66,667
Accrued expenses and other liabilities	-	-	-	176,000	176,000
	-	-	-	993,198	993,198
On-balance sheet gap	353,838,711	-	-	4,880,965	358,719,676

Off-balance sheet financial instruments

Off-balance sheet gap

Total interest rate sensitivity gap

Cumulative interest rate sensitivity gap

-	-	-	-	-
353,838,711	-	-	4,880,965	358,719,676
353,838,711	353,838,711	353,838,711	358,719,676	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Money Market Sub-Fund

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

On-balance sheet financial instruments

Financial assets

Bank balances	4.00 - 7.35	153,927,957	-	-	-	153,927,957
Investments - net	5.86 - 6.72	112,781,978	-	-	-	112,781,978
Interest accrued		-	-	-	218,440	218,440
Receivable against sale of units		-	-	-	2,040,699	2,040,699
Security deposit and other receivables		-	-	-	217,662	217,662
		266,709,935	-	-	2,476,801	269,186,736

Financial liabilities

Payable against redemption of units		-	-	-	394,459	394,459
Payable to the Pension Fund Manager		-	-	-	110,340	110,340
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	33,290	33,290
Payable to the auditors		-	-	-	45,061	45,061
Accrued expenses and other liabilities		-	-	-	-	-
		-	-	-	583,150	583,150

On-balance sheet gap

266,709,935	-	-	1,893,651	268,603,586
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Off-balance sheet financial instruments

-	-	-	-	-
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Off-balance sheet gap

-	-	-	-	-
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Total interest rate sensitivity gap

266,709,935	-	-	1,893,651	268,603,586
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Cumulative interest rate sensitivity gap

266,709,935	266,709,935	266,709,935	268,603,586	
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

21.1.3 Price risk

Equity Sub-Fund

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

The Equity Sub Fund is exposed to equity price risk because of equity securities held by it and classified on the statement of assets and liabilities 'at fair value through profit or loss'. To manage its price risk arising from investment in equity securities, the Equity Sub Fund's investment policy limits investments in listed shares of one company to not more than ten percent (10%) of its net assets. Moreover, the sector limits have been restricted to thirty percent (30%) of the net assets of the Sub-Fund and investment in listed securities of a particular company have also been restricted to ten percent (10%) of the paid up capital of investee company.

In case of 5% change in PSX 100 index on 30 June 2019, with all other variables held constant, net income for the year would increase / decrease by Rs. 17,145,161 (2018: Rs.17,770,782) 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-Funds equity instruments moved according to historical correlation with the index. This represents the Pension Fund Manager's best estimate of a reasonable possible shift in the PSX 100 index, having regard to historical volatility of the index. The composition of the Sub-Fund investment's portfolio and the correlation thereof to the PSX 100 index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2019 is not necessarily indicative of the effect on the Sub-Fund's net assets of future movements in the level of the PSX 100 index.

21.2 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations and commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset close to its fair value. The Pension Fund Manager manages liquidity risk by continuously analysing the maturities of the financial assets and financial liabilities. Since the Participants of the funds have invested with a long term objective, the possibility of a significant redemption pressure is limited.

The table below analyses the Fund's financial assets and liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amount in the table are the contractual undiscounted cash flows.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

21.2.1 Equity Sub-Fund

	2019							2018						
	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Financial instruments without maturity	Total	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Financial instruments without maturity	Total
	Rupees							Rupees						
Financial liabilities														
Payable against purchase of investments	-	-	-	-	-	-	-	5,832,658	-	-	-	-	-	5,832,658
Payable against redemption of units	89,061	-	-	-	-	-	89,061	30,572	-	-	-	-	-	30,572
Payable to the Pension Fund Manager	445,588	-	-	-	-	-	445,588	476,514	-	-	-	-	-	476,514
Payable to the Central Depository Company of Pakistan - Trustee	45,965	-	-	-	-	-	45,965	50,201	-	-	-	-	-	50,201
Payable to the auditors	-	84,514	-	-	-	-	84,514	-	66,640	-	-	-	-	66,640
	580,614	84,514	-	-	-	-	665,128	6,389,945	66,640	-	-	-	-	6,456,585

21.2.2 Debt Sub-Fund

Financial liabilities														
Payable against redemption of units	327,149	-	-	-	-	-	327,149	181,436	-	-	-	-	-	181,436
Payable to the Pension Fund Manager	241,714	-	-	-	-	-	241,714	230,621	-	-	-	-	-	230,621
Payable to the Central Depository Company of Pakistan - Trustee	47,255	-	-	-	-	-	47,255	46,190	-	-	-	-	-	46,190
Payable to the auditors	-	84,818	-	-	-	-	84,818	-	66,247	-	-	-	-	66,247
	616,118	84,818	-	-	-	-	700,936	458,247	66,247	-	-	-	-	524,494

21.2.3 Money Market Sub-Fund

Financial liabilities														
Payable against redemption of units	561,386	-	-	-	-	-	561,386	394,459	-	-	-	-	-	394,459
Payable to the Pension Fund Manager	146,219	-	-	-	-	-	146,219	110,340	-	-	-	-	-	110,340
Payable to the Central Depository Company of Pakistan - Trustee	42,926	-	-	-	-	-	42,926	33,290	-	-	-	-	-	33,290
Payable to the auditors	-	66,667	-	-	-	-	66,667	-	45,061	-	-	-	-	45,061
Accrued expenses and other liabilities	176,000	-	-	-	-	-	176,000	-	-	-	-	-	-	-
	926,531	66,667	-	-	-	-	993,198	538,089	45,061	-	-	-	-	583,150

21.2.4 Gold Sub-Fund - Revoked

Financial liabilities														
Payable to the Pension Fund Manager	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated profit	109,400	-	-	-	-	-	109,400	76,881	-	-	-	-	-	76,881
Payable to the auditors	-	4,207	-	-	-	-	4,207	-	4,207	-	-	-	-	4,207
	109,400	4,207	-	-	-	-	113,607	76,881	-	-	-	-	-	81,088

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

21.3 Credit risk

Credit risk represents the risk of a loss if the counter parties fail to perform as contracted. Credit risk arises from deposits with banks and financial institutions, credit exposure arising as a result of dividends receivable on equity securities, receivable against sale of investments, Margin deposits with Pakistan Mercantile Exchange Limited against future contracts of gold and investment in debt securities. For banks and financial institutions, only reputed parties are accepted. Credit risk on dividend receivable is minimal due to statutory protection. All transactions in listed securities are settled / paid for upon delivery using the national clearing company system. The risk of default is considered minimal due to inherent systematic measures taken therein. Risk attributable to investment in Treasury Bills and Pakistan Investment Bonds is limited as these are guaranteed by the Federal Government.

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 mostly concentrated in government securities, future gold contracts and deposits held with a commercial bank.

The table below analyses the Fund's minimum exposure to credit risk other than investment in shares and government securities:

	2019	2018
	-----Rupees-----	
Equity Sub Fund	49,080,707	48,801,415
Debt Sub Fund	257,565,071	250,105,677
Money Market Sub Fund	279,707,413	156,404,758
Gold Sub Fund - Revoked	470,246	437,727
	586,823,437	455,749,577

21.3.1 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Rating	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Gold Sub-Fund - Revoked	
	% of financial assets exposed to credit risk		% of financial assets exposed to credit risk		% of financial assets exposed to credit risk		% of financial assets exposed to credit risk	
	2019	2018	2019	2018	2019	2018	2019	2018
Government securities	-	-	-	-	-	-	-	-
AAA	-	-	16.28	40.96	25.62	33.84	-	-
AA+	-	-	30.78	22.35	25.95	33.88	-	-
AA	100.00	100.00	46.39	29.26	48.43	32.28	-	-
AA-	-	-	5.75	6.54	-	-	-	-
A+	-	-	0.80	0.89	-	-	-	-
	100.00	100.00	100.00	100.00	100.00	100.00	-	-

21.3.2 An analysis of the financial assets that are individually impaired are as under:

	Debt Sub-Fund					
	As at 30 June 2019			As at 30 June 2018		
	Total outstanding amount	Payment over due (in days)		Total outstanding amount	Payment over due (in days)	
		1-365	Above 365		1-365	Above 365
	Rupees					
Investments - Agritech Limited	1,000,000	-	1,000,000	1,000,000	-	1,000,000
Investments - Agritech Limited IV	145,000	-	145,000	145,000	-	145,000

The impaired investments are fully provided.

21.4 Participants' Fund risk management

The Fund's capital is represented by redeemable units of Sub-Funds. They are entitled to payment of a proportionate share based on the sub-fund's net assets value per unit on the redemption date. The relevant movements are shown in the 'statement of movement in Participant's sub-funds'. In accordance with the risk management policies stated above, the Fund endeavours to invest the subscriptions received in appropriate investments avenues while maintaining sufficient liquidity to meet redemptions. Since the participants of the Fund have invested with a long term objective, the possibility of a significant redemption pressure is limited, such liquidity being augmented (by short term borrowings or disposal of investments where necessary).

All units, including the core units, and fractions represent an undivided share in the pertinent sub-funds of the Fund and rank parri passu as their rights in the net assets and earning of the sub-fund 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

22 FINANCIAL PERFORMANCE

22.1 EQUITY SUB-FUND

Particulars	Equity Sub-Fund					
	2019	2018	% Change	2017	2016	2015
	-----Rupees-----		%	-----Rupees-----		
Net (loss) / income for the year	(71,173,839)	(13,994,190)	408.60	96,696,151	13,499,917	41,620,004
Capital (loss) / gain on sale of investments - net	(16,958,095)	(24,428,527)	(30.58)	70,664,530	(7,923,736)	26,509,249
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'at fair value through profit or loss'	(67,362,813)	(2,980,379)	2,160.21	13,809,573	14,299,300	7,988,390
Dividend income	19,957,395	19,532,957	2.17	19,231,650	13,334,225	12,567,654
Interest income	1,458,375	1,938,730	(24.78)	1,366,159	843,497	708,803
Net asset value	386,841,373	393,869,826	(1.78)	366,965,790	305,352,010	276,759,898
Net asset value per unit	411.97	497.60	(17.21)	512.86	398.44	381.30
(Loss) / earnings per unit	(75.80)	(17.68)	328.73	128.15	17.05	59.20
Transactions in securities - Purchases	(355,448,221)	(429,153,230)	(17.17)	(674,732,124)	(399,734,706)	(274,047,790)
Transactions in securities - Sales	284,214,721	420,567,127	(32.42)	680,755,270	368,862,890	224,580,119
Total contributions received	78,851,168	63,724,897	23.74	59,100,013	73,616,658	55,225,755

22.2 DEBT SUB-FUND

Particulars	Debt Sub-Fund					
	2019	2018	% Change	2017	2016	2015
	-----Rupees-----		%	-----Rupees-----		
Net income for the year	29,878,156	18,568,124	60.91	17,943,266	22,188,340	22,637,186
Interest income	37,759,919	23,017,689	64.05	19,620,695	21,860,478	23,119,051
Loss on sale / maturity classified at fair value through OCI / available for sale' - net	(2,938,498)	(15,909)	18,370.66	914,278	4,187,944	4,294,592
Net asset value	377,831,172	375,462,864	0.63	362,254,775	274,294,159	233,207,690
Net asset value per unit	260.75	243.31	7.17	231.82	220.28	204.15
Earnings per unit	20.62	12.03	71.40	11.48	16.01	17.74
Transactions in securities - Purchases	(2,297,453,344)	(1,915,977,005)	19.91	(1,620,327,006)	(798,162,129)	(449,389,342)
Transactions in securities - Sales	2,331,834,697	1,876,031,113	24.30	1,739,898,901	801,775,431	395,552,433
Total contributions received	72,261,077	67,637,228	6.84	83,693,828	76,639,901	80,623,659

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

22.3 MONEY MARKET SUB-FUND

Particulars	Money Market Sub-Fund					
	2019	2018	% Change	2017	2016	2015
	-----Rupees-----		%	-----Rupees-----		
Net income for the year	25,724,963	13,078,465	96.70	12,148,280	12,056,049	12,432,915
Interest income	29,227,481	15,452,563	89.14	13,556,970	14,216,674	15,182,205
Loss on sale / maturity classified at fair value through OCI / available for sale' - net	(457,226)	(58,918)	676.04	(200,820)	39,251	73,614
Net asset value	356,474,207	266,906,681	33.56	240,000,640	205,775,271	170,738,967
Net asset value per unit	253.33	233.18	8.64	221.32	209.73	198.32
Earnings per unit	18.28	11.43	59.93	11.20	10.64	12.57
Transactions in securities - Purchases	(2,225,460,393)	(1,266,238,930)	75.75	(1,595,567,075)	(838,934,183)	(611,684,042)
Transactions in securities - Sales	2,280,597,675	1,212,392,329	88.11	1,738,484,750	814,892,479	576,914,599
Total contributions received	104,694,344	55,773,924	87.71	56,097,042	100,284,495	59,529,124

22.4 GOLD SUB-FUND - Revoked

Particulars	Gold Sub-Fund - Revoked					
	2019	2018	% Change	2017	2016	2015
	-----Rupees-----		%	-----Rupees-----		
Net income / (loss) for the year	32,519	76,881	(57.70)	(1,024,881)	4,273,781	(1,546,364)
Interest income	33,051	77,450	(57.33)	1,823,118	1,849,006	2,640,352
Realised loss / (gain) on gold contracts	-	-	-	(1,529,421)	1,620,104	(2,855,256)
Net unrealised diminution on future contracts of gold	-	-	-	(731,481)	1,543,719	(503,136)
Net asset value per unit	-	-	-	111.26	114.44	101.35
(Loss) / earnings per unit	-	-	-	(3.05)	13.18	(4.84)
Transactions in securities - Purchases	-	-	-	(94,410,503)	(65,069,683)	(139,967,397)
Transactions in securities - Sales	-	-	-	95,000,000	86,152,472	118,280,019
Total contributions received	-	177,974	(100.00)	1,291,804	935,157	409,341

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

22.5 Highest and lowest issue prices of units

Particulars	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Gold Sub-Fund - Revoked	
	2019	2018	2019	2018	2019	2018	2019	2018
-----Rupees-----								
Highest issue price	518.73	533.02	260.75	243.26	253.33	233.13	-	119.54
Lowest issue price	402.98	429.15	243.46	231.94	233.30	221.44	-	109.16

23 GENERAL

23.1 Figures have been rounded off to the nearest Rupee.

24 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Pension Fund Manager on 26 September 2019 .

**For Atlas Asset Management Limited
(Pension Fund Manager)**

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Pension Islamic Fund

Corporate Information

Trustee

Central Depository Company of Pakistan Limited
99-B, Block 'B', S.M.C.H.S, Main Shahrah-e-Faisal, Karachi - 74400

Shariah Advisor

Dr. Mufti Muhammad Wasih Fasih Butt

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Legal Advisers

Bawaney & Partners

Bankers

Al-Baraka Bank (Pakistan) Limited
Allied Bank Limited - Islamic Banking
Askari Bank Limited - Islamic Banking
Bank Al Habib Limited - Islamic Banking
BankIslami Pakistan Limited
Bank Al Falah Limited - Islamic Banking
Dubai Islamic Bank Limited
Faysal Bank Limited - Islamic Banking
Habib Bank Limited - Islamic Banking
MCB Bank Limited - Islamic Banking
Meezan Bank Limited
Soneri Bank Limited - Islamic Banking



Fund Manager's Report

The objective of Atlas Pension Islamic Fund (APIF) is to provide the individuals with a Shariah Compliant, portable, individualized, funded (based on defined contribution), flexible pension scheme assisting and facilitating them to plan and provide for their retirement. Atlas Pension Islamic Fund is a one-window facility to invest in diversified Shariah compliant portfolio of equity, fixed income and money market securities/instruments. The Contributions received from the Participants is allocated among APIF-Equity Sub Fund, APIF-Debt Sub Fund and APIF-Money Market Sub Fund in accordance with the Allocation Scheme selected by the Participants.

APIF investment strategy is based on the belief that fundamental economic and sector analysis drives long term outperformance and that active portfolio management can produce consistently superior results than those produced through passive management. Fundamental analysis is used to identify overall portfolio, sectors, yield curve and credit positioning to provide sustainable rates of return.

EQUITY MARKET

The KMI-30 index decreased 23.84% from 71,060.34 points as on June 29, 2018 to 54,118.51 as on June 28, 2019. The major outperformers for the index were LOTCHEM, ENGRO, EFERT, HUBC, OGDC, POL and PPL posting 38.64%, 0.26%, -1.55%, -8.33%, -8.75%, -21.28% and -22.16% returns, respectively. Scripts that underperformed KMI-30 index were NRL, HASCOL, DGKC, PAEL, FCCL and LUCK posting -73.57%, -69.55%, -47.92%, 43.54%, -25.59% and -23.90% returns, respectively.

The average volumes during the year decreased by 11.07% to 155.21 million shares from 174.53 million shares traded last year. Net Foreign portfolio outflow during FY19 was recorded at US\$ 356 million compared to outflow of US\$ 289 million in FY18. On the local front Individuals, Insurance Companies and Companies were the most active participants investing US\$ 166 million, US\$ 150 million and US\$ 111 million during FY19. Mutual Funds and Broker Proprietary Trading Accounts were net sellers US\$ 146 million and US\$ 15 million, respectively.

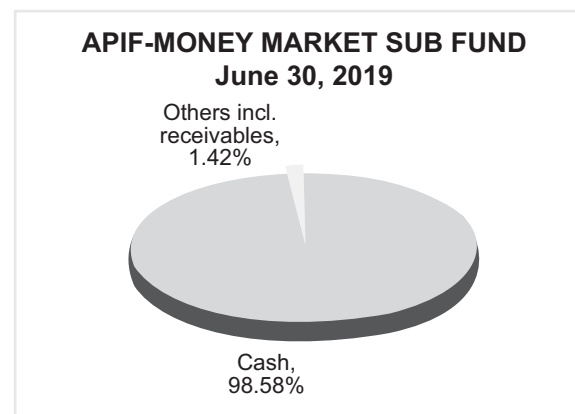
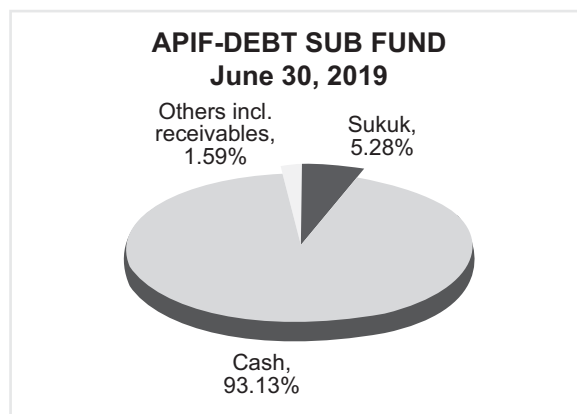
MONEY MARKET

The Consumer Price Index (CPI) on average was recorded at 7.34% during financial year 2018-19, as compared to 3.92% for the financial year 2017-18. The YoY upsurge in inflation rate was due to Pak rupee depreciation and increase in energy and food prices.

During the year, SBP has significantly tightened monetary policy, and allowed greater flexibility in the exchange rate adjustments to curb excessive aggregate demand and move towards macroeconomic stabilization. The SBP changed the monetary policy stance since January 2018 by increasing 650 basis points as on June 30, 2019 to anchor expected rise in inflation in view of reversal of international oil and commodities prices. In recent monetary policy announced on July 16, 2019, SBP further increased the policy rate by another 100 bps to 13.25%. The decision was taken on account of upside inflationary pressures from exchange rate depreciation since the last MPC meeting on 20th May 2019 and the likely increase in near term inflation from the one-off impact of recent adjustments in utility prices and other measures in the FY20 budget. Going forward, the MPC will be ready to take action depending on economic developments and data outturns. Unanticipated increases in inflation that adversely affect the inflation outlook may lead to further modest tightening. On the other hand, a greater than expected softening in domestic demand and downward revision in projected inflation would also provide grounds for easing monetary conditions.

FUND OPERATIONS

The Net Asset Value of APIF - Equity Sub Fund (ESF) decreased by 19.14% from Rs 609.34 as on June 30, 2018 to Rs 492.71 as on June 30, 2019. The APIF- Equity Sub Fund mainly invested in Oil & Gas Exploration, Fertilizer, and Islamic Commercial Banks sectors. The Net Asset Values of APIF - Debt Sub Fund (DSF) and APIF - Money Market Sub Fund (MMSF) have appreciated by 7.30% and 7.57% respectively during the period under review. The APIF Debt Sub-Fund was mainly invested in Sukuk and high yielding bank deposits. Whereas, Money Market Sub Fund was mainly invested in DFIs and high yielding bank deposits. The Net Assets of APIF has stood at Rs. 1.15 billion as on June 30, 2019.



The Fund has made provision against SWWF, which up till June 30, 2019 amounted to Rs 2,442,724 (Rs. 3.15 per unit) (ESF), Rs. 1,350,934 (Rs.0.78 per unit) (DSF) and Rs. 1,112,750 (Rs. 0.66 per unit) (MMSF). The Scheme has also held provision for FED liability which amounted to (ESF) Rs.1,611,207, (DSF) Rs.1,046,875, (MMSF) Rs.644,724 up till June 30, 2016 which is Rs.2.08, Rs.0.60, Rs.0.38 per unit respectively as on June 30, 2019.

ALLOCATION SCHEMES

The management company is offering six allocation schemes including Lifecycle and Customized options. The selection of Allocation Scheme will allow participant to have a focused investment strategy in accordance with his /her risk profile. The performance of various Allocation Schemes offered under Atlas Pension Islamic Fund is as under:

Allocation Schemes	Proportionate Investment in			Return
	Equity	Debt	Money Market	FY 2018-19
High Volatility	80%	20%	Nil	-13.85%
Medium Volatility	50%	40%	10%	-5.89%
Low Volatility	25%	60%	15%	0.73%
Lower Volatility	Nil	60%	40%	7.41%

ALLOCATION SCHEMES HISTORICAL PERFORMANCE:

Allocation Schemes	Return					
	FY-14	FY-15	FY16	FY17	FY18	FY19
High Volatility	21.51%	20.56%	4.84%	23.71%	-6.92%	-13.85%
Medium Volatility	16.42%	14.97%	4.61%	16.79%	-2.94%	-5.89%
Low Volatility	12.19%	10.29%	4.42%	11.04%	0.37%	0.73%
Lower Volatility	7.89%	5.71%	4.22%	5.19%	3.76%	7.41%

During the year under review, the Investment Committee held forty-nine meetings to review investment of the Fund and the Risk Committee held twenty meetings to review risk management.

Fawad Javaid
Head of Fixed Income

Faran Ul Haq
Head of Equities

Karachi: 26 September 2019

REVIEW REPORT OF THE SHARIAH ADVISOR

As a Shariah Adviser of the Atlas Pension Islamic Fund (APIF), I am issuing this report in accordance with clause 3.12 (iv) of the Trust Deed of the Fund. The scope of the report is to express an opinion on the Shariah compliance of the Fund's activities.

It is the responsibility of Atlas Asset Management Limited (AAML), the management company of the Fund, to establish and maintain a system of internal controls to ensure compliance with the Shariah guidelines. As Shariah Adviser, my responsibility is to express an opinion based on my review of the representations made by the management, to the extent where such compliancy can be objectively verified.

For screening investment in equities, I have advised a criteria on the basis of the following: (i) nature of business, (ii) interest bearing debt in relation to the total assets, (iii) illiquid assets in relation to the total assets, (iv) investment in non-Shariah compliant activities to total assets and income from non-compliant investments to gross revenues, and (v) net liquid assets per share vs. share price.

As part of my mandate as the Shariah Adviser to the Fund, I have reviewed the following, during the year:

- The modes of investment of Fund's property and its compliance with Shariah guidelines.
- The process of deployment of Fund's property and its compliance with Shariah guidelines.
- The process of purification of income and its compliance with Shariah guidelines.

In light of the above scope, I hereby certify that all the provisions of the scheme and investments made by the Fund for the year ended June 30, 2019 are in compliance with the Shariah principles.

There are investments made by APIF where investee companies have earned a part of their income from non-compliant sources (e.g. interest income). In such cases, the Pension Fund Manager, in consultation with me, the Shariah Board of the Fund, have determined the Haram portion of the income of the Fund and marked to charity in order to purify the whole income.

Karachi: 30 June 2019

Dr. Mufti Muhammad Wasie Fasih Butt
Shariah Advisor

TRUSTEE REPORT TO THE PARTICIPANTS

Report of the Trustee pursuant to Rule 31(h) of the Voluntary Pension System Rules, 2005

We, Central Depository Company of Pakistan Limited, being the Trustee of Atlas Pension Islamic Fund (the Fund) are of the opinion that Atlas Asset Management Limited being the Pension Fund Manager of the Fund has in all material respects managed the Fund during the year ended June 30, 2019 in accordance with the provisions of the constitutive documents of the Fund and the Voluntary Pension System Rules, 2005.

Karachi: 27 September 2019

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

INDEPENDENT AUDITORS' REPORT TO THE PARTICIPANTS

We have audited the annexed financial statements comprising:

- i. Statement of Assets and Liabilities;
- ii. Income Statement and Statement of Comprehensive Income;
- iii. Cash Flow Statement; and
- iv. Statement of Movement in Participants' Sub-Fund,

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

Pension Fund Manager's responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion:

- a) the financial statements have been prepared in accordance with the relevant provisions of the Trust Deed and the Voluntary Pension System Rules, 2005 including the guidelines there under;
- b) a true and fair view is given of the disposition of the Fund as at June 30, 2019 and of the transactions of the Fund for the year ended June 30, 2019 in accordance with the Accounting and Reporting Standards as applicable in Pakistan;

-
- c) the allocation and reallocation of units of the sub-funds for all the participants have been made according to the Voluntary Pension System Rules, 2005;
 - d) the cost and expenses debited to the pension fund and apportionment of expenses between sub-funds are as specified in the constitutive documents of the pension fund;
 - e) proper books and records have been kept by the Pension Fund Manager and the financial statements prepared are in agreement with the pension fund's books and records;
 - f) we were able to obtain all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit; and
 - g) no zakat was deductible at source under the Zakat and Usher Ordinance, 1980.

Date: 27 September 2019

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Amyr Malik

STATEMENT OF ASSETS AND LIABILITIES

AS AT 30 JUNE 2019

2019						2018						
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others (note 6.1)	Total		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others (note 6.1)	Total
Note		-----Rupees-----						-----Rupees-----				
ASSETS												
	6	11,168,961	352,494,031	387,369,721	4,936,965	755,969,678		30,457,930	198,482,251	254,722,067	6,891,802	490,554,050
	7	370,303,203	19,983,712	-	-	390,286,915		376,286,902	150,679,168	50,190,000	-	577,156,070
		2,454,708	-	-	-	2,454,708		-	-	-	-	-
		1,341,505	1,423,862	1,890,999	-	4,656,366		2,940,976	2,628,074	966,474	-	6,535,524
		1,048,980	-	-	-	1,048,980		717,240	-	-	-	717,240
	8	309,314	4,312,190	3,281,335	-	7,902,839		149,801	1,811,674	1,327,579	-	3,289,054
		673,360	279,480	410,562	-	1,363,402		673,360	279,480	372,972	-	1,325,812
		387,300,031	378,493,275	392,952,617	4,936,965	1,163,682,888		411,226,209	353,880,647	307,579,092	6,891,802	1,079,577,750
LIABILITIES												
		-	-	-	-	-		1,799,359	-	-	-	1,799,359
		378,936	568,637	1,915,538	44,878	2,907,989		92,052	241,900	667,048	-	1,001,000
	9	2,399,595	1,461,261	920,534	-	4,781,390		2,420,872	1,446,064	882,231	-	4,749,167
	10	55,723	49,765	51,712	-	157,200		59,412	48,037	41,738	-	149,187
		138,662	121,502	109,260	-	369,424		130,145	120,239	87,695	-	338,079
		89,365	78,168	70,152	-	237,685		71,242	65,243	47,517	-	184,002
		-	-	-	4,656,366	4,656,366		-	-	-	6,535,524	6,535,524
	11	2,580,937	1,360,860	1,113,952	235,721	5,291,470		2,525,674	811,288	614,714	356,278	4,307,954
		5,643,218	3,640,193	4,181,148	4,936,965	18,401,524		7,098,756	2,732,771	2,340,943	6,891,802	19,064,272
NET ASSETS		381,656,813	374,853,082	388,771,469	-	1,145,281,364		404,127,453	351,147,876	305,238,149	-	1,060,513,478
REPRESENTED BY:												
PARTICIPANTS' SUB-FUND (as per statement attached)		381,656,813	374,853,082	388,771,469	-	1,145,281,364		404,127,453	351,147,876	305,238,149	-	1,060,513,478
NUMBER OF UNITS IN ISSUE		774,609	1,731,126	1,695,675				663,220	1,740,080	1,432,082		
NET ASSET VALUE PER UNIT		492.71	216.54	229.27				609.34	201.80	213.14		
CONTINGENCIES AND COMMITMENTS												

CONTINGENCIES AND COMMITMENTS 13

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

**For Atlas Asset Management Limited
(Pension Fund Manager)**

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2019

		2019				2018			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	Note	Rupees				Rupees			
INCOME									
Mark-up income	14	1,569,661	31,149,328	27,664,029	60,383,018	1,697,251	19,364,507	13,549,059	34,610,817
Dividend income		20,488,995	-	-	20,488,995	18,503,470	-	-	18,503,470
Net loss on sale of investments at 'fair value through profit or loss'		(21,153,322)	-	-	(21,153,322)	(23,149,804)	-	-	(23,149,804)
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	7.1	(77,830,194)	-	-	(77,830,194)	(25,995,021)	-	-	(25,995,021)
		(98,983,516)	-	-	(98,983,516)	(49,144,825)	-	-	(49,144,825)
		(76,924,860)	31,149,328	27,664,029	(18,111,503)	(28,944,104)	19,364,507	13,549,059	3,969,462
EXPENSES									
Remuneration of the Pension Fund Manager	9.1	6,245,700	2,736,431	1,639,777	10,621,908	5,932,790	2,708,399	1,316,685	9,957,874
Sindh Sales Tax on remuneration of the Pension Fund Manager	9.2	811,941	355,736	213,171	1,380,848	771,263	352,092	171,169	1,294,524
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10.1	604,097	529,350	475,903	1,609,350	593,446	542,065	395,761	1,531,272
Sindh Sales Tax on Remuneration of the Trustee	10.2	78,533	68,816	61,867	209,216	77,148	70,468	51,449	199,065
Annual fee to the Securities and Exchange Commission of Pakistan		138,662	121,502	109,260	369,424	130,145	120,239	87,695	338,079
Bank charges		40,893	51,369	49,213	141,475	18,907	19,319	29,402	67,628
Legal and professional charges		151,134	155,285	77,510	383,929	70,777	72,924	51,759	195,460
Auditors' remuneration	15	93,016	78,002	79,203	250,221	71,558	68,364	49,444	189,366
Securities' transaction cost and settlement charges		518,471	6,780	7,797	533,048	566,346	6,780	6,780	579,906
Provision for Sindh Workers' Welfare Fund	11.2	-	540,921	499,007	1,039,928	-	308,077	227,778	535,855
		8,682,447	4,644,192	3,212,708	16,539,347	8,232,380	4,268,727	2,387,922	14,889,029
Net (loss) / income for the year		(85,607,307)	26,505,136	24,451,321	(34,650,850)	(37,176,484)	15,095,780	11,161,137	(10,919,567)
(Loss) / earnings per unit	4.7	(110.52)	15.31	14.42		(56.05)	8.68	7.79	

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

**For Atlas Asset Management Limited
(Pension Fund Manager)**

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

		2019				2018			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	Note	Rupees				Rupees			
Net (loss) / income for the year		(85,607,307)	26,505,136	24,451,321	(34,650,850)	(37,176,484)	15,095,780	11,161,137	(10,919,567)
Income that may be re-classified subsequently to Income Statement									
Net unrealised diminution on re-measurement of investments classified as 'fair value through other comprehensive income'	16	-	(666,676)	(162,542)	(829,218)	-	-	-	-
Net unrealised diminution on re-measurement of investments classified as 'available for sale'	16	-	-	-	-	-	(2,357,169)	(746,048)	(3,103,217)
Total comprehensive income / (loss) for the year		(85,607,307)	25,838,460	24,288,779	(35,480,068)	(37,176,484)	12,738,611	10,415,089	(14,022,784)

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

**For Atlas Asset Management Limited
(Pension Fund Manager)**

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB FUND FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019				2018			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
		-----Rupees-----				-----Rupees-----			
Net assets at the beginning of the year		404,127,453	351,147,876	305,238,149	1,060,513,478	394,566,785	342,053,108	252,665,420	989,285,313
Amount received on issuance of units	17	132,444,960	108,456,659	133,062,054	373,963,673	108,023,651	114,519,914	105,267,953	327,811,518
Amount paid on redemptions of units									
- Transfer to other Pension Fund		(7,864,989)	(4,851,471)	(2,743,007)	(15,459,467)	(195,025)	(151,654)	(101,415)	(448,094)
- Directly by participants		(61,443,304)	(105,738,442)	(71,074,506)	(238,256,252)	(61,091,474)	(118,012,103)	(63,008,898)	(242,112,475)
		(69,308,293)	(110,589,913)	(73,817,513)	(253,715,719)	(61,286,499)	(118,163,757)	(63,110,313)	(242,560,569)
Net (loss) / income for the year		(64,453,985)	26,505,136	24,451,321	(13,497,528)	(14,026,680)	15,095,780	11,161,137	12,230,237
Net loss on sale of investments at 'fair value through profit or loss'		(21,153,322)	-	-	(21,153,322)	(23,149,804)	-	-	(23,149,804)
Other comprehensive loss for the year	16	-	(666,676)	(162,542)	(829,218)	-	(2,357,169)	(746,048)	(3,103,217)
Total comprehensive (loss) / income for the year		(85,607,307)	25,838,460	24,288,779	(35,480,068)	(37,176,484)	12,738,611	10,415,089	(14,022,784)
Net assets at the end of the year		381,656,813	374,853,082	388,771,469	1,145,281,364	404,127,453	351,147,876	305,238,149	1,060,513,478

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

**For Atlas Asset Management Limited
(Pension Fund Manager)**

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2019

	2019					2018				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total
Note	Rupees					Rupees				
CASH FLOWS FROM OPERATING ACTIVITIES										
Net (loss) / income for the year	(85,607,307)	26,505,136	24,451,321	-	(34,650,850)	(37,176,484)	15,095,780	11,161,137	-	(10,919,567)
Adjustments for:										
Mark-up income	(1,569,661)	(31,149,328)	(27,664,029)	-	(60,383,018)	(1,697,251)	(19,364,507)	(13,549,059)	-	(34,610,817)
Dividend income	(20,488,995)	-	-	-	(20,488,995)	(18,503,470)	-	-	-	(18,503,470)
Net loss on sale of investments at 'fair value through profit or loss'	21,153,322	-	-	-	21,153,322	23,149,804	-	-	-	23,149,804
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	77,830,194	-	-	-	77,830,194	25,995,021	-	-	-	25,995,021
Provision for Sindh Workers' Welfare fund	-	(540,921)	(499,007)	-	(1,039,928)	-	(308,077)	(227,778)	-	(535,855)
	(8,682,447)	(5,185,113)	(3,711,715)	-	(17,579,275)	(8,232,380)	(4,576,804)	(2,615,700)	-	(15,424,884)
Increase in assets										
Security deposit and other receivables	(2,454,708)	-	(37,590)	-	(2,492,298)	-	-	-	-	-
	(2,454,708)	-	(37,590)	-	(2,492,298)	-	-	-	-	-
(Decrease) / increase in liabilities										
Payable against purchase of investments	(1,799,359)	-	-	-	(1,799,359)	(1,473,418)	-	-	-	(1,473,418)
Payable against redemption of units	286,884	326,737	1,248,490	44,878	1,906,989	-	-	-	-	-
Payable to the Pension Fund Manager	(21,277)	15,197	38,303	-	32,223	12,639	8,204	22,763	-	43,606
Payable to the Central Depository Company of Pakistan Limited - Trustee	(3,689)	1,728	9,974	-	8,013	6,261	6,257	10,748	-	23,266
Payable to the Securities and Exchange Commission of Pakistan	8,517	1,263	21,565	-	31,345	7,598	19,816	12,037	-	39,451
Payable to the auditors	18,123	12,925	22,635	-	53,683	(2,640)	4,040	1,930	-	3,330
Payable to Sub-Funds	-	-	-	(1,879,158)	(1,879,158)	-	-	-	217,962	217,962
Accrued expenses and other liabilities	55,263	1,090,493	998,245	(120,557)	2,023,444	(8,628)	612,449	452,716	(79,646)	976,891
	(1,455,538)	1,448,343	2,339,212	(1,954,837)	377,180	(1,458,188)	650,766	500,194	138,316	(168,912)
Mark-up received	1,410,148	28,677,592	25,719,730	-	55,807,470	1,677,578	18,595,069	12,965,105	-	33,237,752
Dividend received	20,157,255	-	-	-	20,157,255	19,192,680	-	-	-	19,192,680
Investments made during the year	(304,757,403)	-	(8,981,998)	-	(313,739,401)	(316,385,104)	(8,000,000)	-	-	(324,385,104)
Investments sold / amortised / matured during the year	211,757,586	130,000,000	59,000,000	-	400,757,586	243,054,897	61,791	58,953	-	243,175,641
	(71,432,414)	158,677,592	75,737,732	-	162,982,910	(52,459,949)	10,656,860	13,024,058	-	(28,779,031)
Net cash (used in) / generated from operating activities - carried forwarded	(84,025,107)	154,940,822	74,327,639	(1,954,837)	143,288,517	(62,150,517)	6,730,822	10,908,552	138,316	(44,372,827)

CASH FLOW STATEMENT (Continued...)

FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019					2018				
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total
		Rupees					Rupees				
Net cash (used in) / generated from operating activities - brought forward		(84,025,107)	154,940,822	74,327,639	(1,954,837)	143,288,517	(62,150,517)	6,730,822	10,908,552	138,316	(44,372,827)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts on issue of units		134,044,431	109,660,871	132,137,528	-	375,842,830	107,237,349	114,746,038	105,815,487	-	327,798,874
Payment on redemptions of units											
- Transfer to other Pension Fund		(7,864,989)	(4,851,471)	(2,743,007)	-	(15,459,467)	(195,025)	(151,654)	(101,415)	-	(448,094)
- Directly by participants		(61,443,304)	(105,738,442)	(71,074,506)	-	(238,256,252)	(61,002,531)	(117,814,440)	(62,654,388)	-	(241,471,359)
Net cash generated from / (used in) financing activities		64,736,138	(929,042)	58,320,015	-	122,127,111	46,039,793	(3,220,056)	43,059,684	-	85,879,421
Net (decrease) / increase in cash and cash equivalents		(19,288,969)	154,011,780	132,647,654	(1,954,837)	265,415,628	(16,110,724)	3,510,766	53,968,236	138,316	41,506,594
Cash and cash equivalents at beginning of the year		30,457,930	198,482,251	254,722,067	6,891,802	490,554,050	46,568,654	194,971,485	200,753,831	6,753,486	449,047,456
Cash and cash equivalents at end of the year	6	11,168,961	352,494,031	387,369,721	4,936,965	755,969,678	30,457,930	198,482,251	254,722,067	6,891,802	490,554,050

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

**For Atlas Asset Management Limited
(Pension Fund Manager)**

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 The Atlas Pension Islamic Fund (APIF) was established under a Trust deed executed between Atlas Asset Management Limited as Pension Fund Manager and Central Depository Company of Pakistan Limited as Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on 24 July 2007 and was executed on 31 August 2007 under the Voluntary Pension System Rules, 2005 (VPS Rules). The Offering Document has been amended through the First Supplement dated 18 December 2008, the Second Supplement dated 28 March 2011 which has been further amended dated 2 June 2016, Third Supplement dated 15 July 2013, Forth Supplement dated 31 March 2015 and the fifth Supplement dated 4 August 2015, with the approval of the SECP, whilst the Trust Deed has been amended through the First Supplement Trust Deed dated 6 June 2013, with the approval of the SECP. The Pension Fund Manager of the Fund has been licensed to act as a Pension Fund Manager under the VPS rules through a certificate of registration issued by SECP. The registered office of the Pension Fund Manager is situated at Ground Floor, Federation House, Shahra-e-Firdousi, Clifton, Karachi.

1.2 The objective of Atlas Pension Islamic Fund (APIF) is to provide individuals with a portable, individualized, funded (based on defined contribution) and flexible pension scheme assisting and facilitating them to plan and provide for their retirement. The Fund operates under an umbrella structure and is composed of Sub-Funds, each being a collective investment scheme.

1.3 Title to the assets of the Fund are held in the name of CDC as a Trustee of the Fund.

1.4 At present, the Fund consists of the following three Sub-Funds:

APIF - Equity Sub-Fund (APIF - ESF)

The objective of APIF - ESF is to achieve long term capital growth. APIF - ESF invests primarily in equity securities (as approved by the Shariah Advisor) with a minimum investment of 90% of its net asset value in listed shares.

APIF - Debt Sub-Fund (APIF - DSF)

APIF - DSF invests primarily in tradable debt securities (as approved by the Shariah Advisor) with the weighted average duration of the investment portfolio of the Sub-Fund not exceeding ten years.

APIF - Money Market Sub-Fund (APIF - MMSF)

APIF - MMSF invests primarily in short term debt securities (as approved by the Shariah Advisor) with the time to maturity of the assets is upto one year, and the time to maturity of Shariah Compliant Government securities such as Government of Pakistan Ijarah Sukuks is upto three years.

1.5 The Sub-Funds' units are issued against contributions by the eligible participants on a continuous basis since 6 November 2007, and can be redeemed by surrendering them to the Fund.

The participants of the Fund voluntarily determine the contribution amount subject to the minimum limit fixed by the Pension Fund Manager. Such contributions received from the participants are allocated among different Sub-Funds, in accordance with their respective preferences and in line with the prescribed allocation policy. The units held by the participants in the Sub-Funds can be redeemed on or before their retirement, and in case of disability or death subject to conditions laid down in the Trust Deed, Offering Document, the VPS Rules and the Income Tax Ordinance, 2001. According to the Trust Deed, there shall be no distribution from the Sub-Funds, and all income earned by the Sub-Funds shall be accumulated and retained in the Fund.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1.6 Mufti Muhammad Wasie Fasih Butt acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.

1.7 The Pension Fund Manager of the Fund has been given quality rating of AM2+ by The Pakistan Credit Rating Agency Limited.

2. BASIS OF PREPARATION

The transactions undertaken by the Fund in accordance with the process prescribed under the Shariah guidelines issued by the Shariah Advisor are accounted for on substance rather than the form prescribed by the aforementioned guidelines. This practice is being followed to comply with the requirements of approved accounting standards as applicable in Pakistan.

2.1 Statement of Compliance

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

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

Where provisions of the VPS Rules or provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the requirements of the VPS Rules or provisions of and directives issued under the Companies Act, 2017 have been followed.

This is the first set of financial statements in which IFRS - 9 "Financial Instruments" has been applied. Changes to significant accounting policies are described in Note 5.

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for investments which have been measured at their respective fair values.

2.3 Functional and presentation currency

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

2.4 Key judgements and estimates

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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

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

- Classification and valuation of financial instruments (note 4.2) and;
- Contingencies (note 13);

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2019:

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Fund's financial statements.
- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The adoption of this standard is not likely to have an impact on the Fund's financial statements.
- Amendment to IFRS 9 'Financial Instruments' – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion – i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Fund's financial statements.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect Fund that finance such entities with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Fund's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Fund's financial statements.
- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future.. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The Funds may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a Fund increases its interest in a joint operation that meets the definition of a business. A fund remeasures its previously held interest in a joint operation when it obtains control of the business. A fund does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
- IAS 23 Borrowing Costs - the amendment clarifies that a fund treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on Fund's financial statements.

3 CHANGES IN ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements have been consistently applied to all periods presented except for the change in accounting policies as stated below:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

The Fund has adopted IFRS 9 'Financial instruments' from 1 July 2018. A number of other new standards are effective from 1 July 2018 but they do not have a material effect on the Fund's financial statements.

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities. As a result of adoption of IFRS 9, the Fund has adopted consequential amendments to IAS 1 Presentation of Financial statements', which requires separate presentation of impairment on financial assets in the income statement and statement of comprehensive income.

Additionally, the Fund has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2019, but have not been applied to the comparative information.

The key changes to the Fund's accounting policies resulting from its adoption of IFRS 9 are summarised below. The full impact of adopting the standard is set out in Note 5.

3.1 IFRS 9 Financial Instruments

i. Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities therefore its adoption did not have a significant effect on the Fund's accounting policies related to financial liabilities.

For an explanation of how the Fund classifies financial assets under IFRS 9, see Notes 4.2.1.2. Further, for explanation regarding the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Fund's financial assets and financial liabilities as at 01 July 2018, refer note 5.

ii. Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39. For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

iii. Transition

As permitted by the transition provisions of IFRS 9, comparative information throughout these financial statements has not generally been restated to reflect the requirements of the standard.

As the Fund presents the movement in participant's fund on net basis, there is no impact of the changes on net assets of the funds.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied except as disclosed in note 3.

4.1 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances and short term deposits having original maturity of three months or less.

4.2 Financial instruments

4.2.1 Financial Assets

Recognition, measurement and impairment - Policies applicable after 1 July 2018

4.2.1.1 Initial recognition and measurement

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

4.2.1.2 Classification

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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

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

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

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

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

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

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

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

In assessing whether the contractual cash flows are SPPI, the Fund considers the contractual terms of the instrument. This includes assessing whether the

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Fund considers:

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

4.2.1.3 Subsequent measurement

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

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

Subsequent to initial measurement, financial assets designated by the management as 'fair value through profit or loss' and 'available for sale' are valued as follows:

a) Basis of valuation of Sukuk certificates

Investments of the Debt Sub-Fund and Money Market Sub-Fund in Sukuk certificates are valued in accordance with the methodology for valuation of debt securities prescribed by the SECP vide Circular No. 1 of 2009 and Circular No. 33 of 2012. Under the said directives, investments in Sukuk certificates are valued on the basis of traded, thinly traded and non-traded securities. Accordingly, investments in Sukuk certificates have been valued at the rates determined and announced by the Mutual Funds Association of Pakistan (MUFAP) based on methodology prescribed in the circulars.

b) Basis of valuation of Government Ijarah Sukuks

The investments of the Debt Sub-Fund and Money Market Sub-Fund in Government of Pakistan Ijarah Sukuks are categorised in the 'available for sale' category and are carried at fair value on the basis of average rates of brokers as announced on the Reuters page.

c) Basis of valuation of equity securities

The investment of the Fund in equity securities is valued on the basis of quoted market price available at the stock exchange.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

4.2.1.4 Impairment of financial assets

Provision for non-performing debt securities and other exposures is made in accordance with the criteria specified in the Circular No. 33 of 2012 dated October 24, 2012 issued by SECP. However, the circular does not cover impairment requirements for government debt securities. Based on the past performance management considers that there is no probability of default as in any adverse situation State Bank of Pakistan has the right to discharge government obligations by issuance of currency notes. The provisioning policy has been duly formulated and approved by the Board of Directors of the Management Company.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets and are present separately in the income statement. The gross carrying amount of a financial asset is written off when the Fund has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof.

4.2.1.5 Reclassification

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

Recognition, measurement and impairment - Policies applicable before 1 July 2018

4.2.1.6 Initial recognition and measurement

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

4.2.1.7 Classification

The Fund classified its financial assets in the following categories: Loans and receivables, at fair value through profit or loss and available for sale. The classification depends on the purpose for which the financial assets were acquired. The Management Fund determined the appropriate classification of its financial assets at the time of initial recognition and re-evaluated this classification on a regular basis.

a) Loans and receivables

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

b) Financial assets at fair value through profit or loss

Financial assets that were acquired principally for the purpose of generating profit from short-term fluctuations in prices were classified as held for trading in the 'financial assets at fair value through profit or loss' category.

c) Available for sale

Available for sale financial assets were those non-derivative financial assets that were designated as 'available for sale' or were not classified as (a) loans and receivables or (b) financial assets at fair value through profit or loss. These were intended to be held for an indefinite period of time which might be sold in response to the needs for liquidity or change in price.

4.2.1.8 Subsequent measurement

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Financial assets 'at fair value through profit or loss' - held for trading	Net gains and losses arising from the difference between the carrying amount and the value determined in accordance with the criteria mentioned above in respect of financial assets 'at fair value through profit or loss' were taken to the 'income statement'.
Available for sale	Net gains and losses arising from changes in the fair value of 'available for sale' financial assets were taken to the 'statement of comprehensive income' until these were derecognised or impaired. At this time, the cumulative gains or losses previously recognised directly in the 'statement of comprehensive income' were transferred to the 'income statement'.
Loans and receivables	Subsequent to initial recognition financial assets classified as 'loans and receivables' were carried at amortised cost using the effective interest rate method. Gains or losses were also recognised in the 'income statement' when financial assets carried at amortised cost were derecognised or impaired.

Subsequent to initial recognition, financial assets designated by the management as at fair value through profit or loss and available for sale were valued as follows:

a) Basis of valuation of government securities

The investment of the Fund in government securities was valued on the basis of rates announced on the Reuters page.

b) Basis of valuation of equity securities

The investment of the Fund in equity securities was valued on the basis of quoted market price available at the stock exchanges.

c) Basis of valuation of debt securities

The investment of the Fund in debt securities was valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the SECP for valuation of debt securities. In the determination of rates MUFAP considered the holding pattern of these securities and categorised them as traded, thinly traded and non-traded securities. The circular also specified the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities and loss.

4.2.1.9 Impairment of financial assets

The Fund assessed at each reporting date whether there was an objective evidence that the financial asset or a group of financial assets was impaired. If any such evidence exists for 'available for sale' financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement' was reclassified from 'statement of comprehensive income' to 'income statement'.

For financial assets classified as 'loans and receivables', a provision for impairment is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The amount of the provision is the difference between the assets carrying value and present value of estimated future cash out flows, discounted at the original effective interest rate.

Provision for non-performing debt securities was made on the basis of criteria prescribed by the SECP. Impairment losses recognised on debt securities could be reversed through the 'Income Statement'.

As allowed under the directives of the SECP, the management might also make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, in accordance with a provisioning policy approved by the Board of Directors and disseminated by the Pension Fund Manager on its website.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

A significant or prolonged decline in the fair value of the equity security below its cost was considered an indicator that the securities were impaired. Impairment loss on investment was recognised in the income statement whenever the acquisition cost of investment exceeded its recoverable amount. Impairment losses recognised on equity securities in the profit and loss were not reversed subsequently in the income statement.

For financial assets classified as 'loans and receivables', a provision for impairment was established when there was objective evidence that the Fund would not be able to collect all amounts due according to the original terms. The amount of the provision was the difference between the assets carrying value and present value of estimated future cash out flows, discounted at the original effective interest rate.

Financial Instruments other policies - similar before and after 01 July 2018

4.2.2 Derecognition

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

4.2.3 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. They are initially recognised at fair value and subsequently stated at amortised cost. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

4.2.4 Offsetting of financial assets and financial liabilities

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

4.2.5 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset.

4.2.6 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the 'income statement'.

4.3 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 obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

4.4 Taxation

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

4.5 Issue, allocation, reallocation and redemption of units

Contributions received from the Participants are allocated to the Sub-Funds on the basis of the allocation scheme selected by each Participant out of the allocation schemes offered by the Pension Fund Manager. The Net Asset Value (NAV) per unit of each Sub-Fund is determined at the close of each business day, according to the procedure outlined in the Rules and is applicable for allocation of units in each Sub-Fund for all the contribution amounts realised and credited in collection account of the Fund during the business hours on that business day. Any contributions credited in the collection account of the Fund after business hours on any dealing day shall be deemed to be received on the following dealing day and shall be allocated to the units of each Sub-Fund on the NAV per unit determined at the close of that dealing day.

The Pension Fund Manager makes reallocation of the units between the Sub-Funds at least once a year to ensure that the allocations of the units of all the Participants are according to the allocation scheme selected by the Participants.

All Sub-Funds' units are automatically redeemed on the close of the dealing day at which the retirement date falls or death of a participant has been confirmed. The participant may also withdraw from the scheme prior to retirement. The redemption from the respective Sub-Fund is made on the Net Asset Value per unit prevailing at the close of the dealing day on which the request is received, subject to deduction of Zakat and withholding taxes, as applicable.

In case of partial withdrawals, Sub-Fund units are redeemed on a pro rata basis by ensuring that the remaining units are in accordance with the allocation scheme last selected by the participant.

Proceeds received / paid on issuance / redemptions of units are reflected in the Participant's Sub-Fund. The VPS Rules specify that distribution of dividend shall not be allowed for pension funds and return to unitholder is, therefore, only possible through redemption of units which is based on Net Asset Value (NAV). Hence, the management believes that creation of an income equalisation mechanism through separate recording of "element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed" is not required. The accounting policy followed by the Fund does not have any impact on the NAV per unit of the Fund.

4.6 Net Asset Value (NAV) per unit

The NAV per unit of each Sub-Fund as disclosed in the 'statement of assets and liabilities' is calculated by dividing the net assets of each Sub-Fund by the number of units in issue at the end of the reporting period.

4.7 (loss) / Earnings per unit

Earnings per unit are calculated by dividing the net income for the year by the number of units in issue at the year end for each Sub-Fund as in the opinion of the management determination of weighted average units for calculating EPU is not practicable.

4.8 Revenue recognition

- Capital gains / losses arising on sale of investments are included in the 'income statement' on the date at which the transaction takes place.
- Mark-up income on bank balances and term deposit receipts is recognised on an accrual basis.
- Dividend income is recognised when the right to receive the dividend is established.
- Income from government securities is recognised on an accrual basis.
- Income from Sukuk certificates is recognised on an accrual basis, except where recovery is doubtful in which case it is credited to suspense account as per the directives of the SECP.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

5 Financial assets and financial liabilities

5.1 Classification of financial assets and financial liabilities on the date of initial application of IFRS 9

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Fund's financial assets as at 1 July 2018.

	Original classification under IAS 39	New classification under IFRS 9	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others (note 6.1)	Total
----- Carrying amount is same under IAS 39 / IFRS 9 -----							
----- Rupees -----							
Financial assets							
Bank balances	Loans and receivables	Amortised cost	30,457,930	198,482,251	254,722,067	6,891,802	490,554,050
Investments	Held for trading	At fair value through P/L	376,286,902	-	-	-	376,286,902
Investments - net	At fair value through AFS	At fair value through OCI	-	150,679,168	50,190,000	-	200,869,168
Receivable against issue of units	Loans and receivables	Amortised cost	2,940,976	2,628,074	966,474	-	6,535,524
Dividend receivable	Loans and receivables	Amortised cost	717,240	-	-	-	717,240
Interest accrued	Loans and receivables	Amortised cost	149,801	1,811,674	1,327,579	-	3,289,054
Security deposit and other receivables	Loans and receivables	Amortised cost	673,360	279,480	372,972	-	1,325,812
			411,226,209	353,880,647	307,579,092	6,891,802	1,079,577,750
Financial liabilities							
Payable against purchase of investments	Amortised cost	Amortised cost	1,799,359	-	-	-	1,799,359
Payable against redemption of units	Amortised cost	Amortised cost	92,052	241,900	667,048	-	1,001,000
Payable to the Pension Fund Manager	Amortised cost	Amortised cost	504,928	213,955	123,702	-	842,585
Payable to the Central Depository Company of Pakistan Limited - Trustee	Amortised cost	Amortised cost	52,577	42,511	36,936	-	132,024
Payable to the auditors	Amortised cost	Amortised cost	71,242	65,243	47,517	-	184,002
Payable to Sub-Funds	Amortised cost	Amortised cost	-	-	-	6,535,524	6,535,524
Accrued expenses and other liabilities	Amortised cost	Amortised cost	80,314	-	-	86,691	167,005
			2,600,472	563,609	875,203	6,622,215	10,661,499

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

6. BANK BALANCES

		2019					2018				
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others (note 6.1)	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others (note 6.1)	Total
Note		Rupees					Rupees				
Current accounts	6.1	-	-	-	4,735,340	4,735,340	118,014	-	-	6,589,721	6,707,735
Saving accounts	6.2	11,168,961	352,494,031	316,369,721	201,625	680,234,338	30,339,916	132,482,251	196,722,067	302,081	359,846,315
Term deposit receipts	6.3	-	-	71,000,000	-	71,000,000	-	66,000,000	58,000,000	-	124,000,000
		11,168,961	352,494,031	387,369,721	4,936,965	755,969,678	30,457,930	198,482,251	254,722,067	6,891,802	490,554,050

6.1 These represent collection and redemption accounts maintained by the Fund.

6.2 These accounts carry expected rates ranging from 6.00% to 13.00% (2018: 2.40% to 6.50%) per annum.

6.3 These accounts carry expected rate of 12.00% (2018: 6.25%) per annum with maturities upto 12 September 2019 (2018: 04 July 2018).

7. INVESTMENTS - net

INVESTMENTS - net		2019					2018				
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total
Note		Rupees					Rupees				
At fair value through profit or loss											
Equity securities - listed	7.1	370,303,203	-	-	-	370,303,203	375,654,402	-	-	-	375,654,402
Investment through book building for 82,499 ordinary shares of AI - Tahir Limited		-	-	-	-	-	632,500	-	-	-	632,500
At fair value through other comprehensive income											
Sukuk certificates	7.2	-	19,983,712	-	-	19,983,712	-	-	-	-	-
At fair value through available for sale											
Sukuk certificates	7.2	-	-	-	-	-	-	20,185,168	-	-	20,185,168
Government of Pakistan - Ijarah Sukuks	7.3	-	-	-	-	-	-	130,494,000	50,190,000	-	180,684,000
		370,303,203	19,983,712	-	-	390,286,915	376,286,902	150,679,168	50,190,000	-	577,156,070

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

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

Equity Sub-Fund

Name of Investee Company	Number of Shares					Rupees			Market Value as a Percentage of	
	As at 01 July 2018	Purchases during the year	Bonus / Right issues during the year	Sales during the year	As at 30 June 2019	Carrying Value as at 30 June 2019	Market Value as at 30 June 2019	Unrealised gain / (loss) as at 30 June 2019	Net Assets of the sub - funds	Paid-up capital of Investee Company

Fully paid up ordinary shares of Rs. 10/- each unless otherwise stated.

Investment Bank/ Companies/ Securities Co.s

Dawood Hercules Corporation Limited	35,000	-	-	-	35,000	3,877,300	3,893,400	16,100	1.0201	0.0073
						3,877,300	3,893,400	16,100	1.0201	0.0073

Banks

Bankislami Pakistan Limited	-	360,500	-	-	360,500	5,123,865	4,142,145	(981,720)	1.0853	-
Meezan Bank Limited	326,410	269,500	70,896	237,000	429,806	32,552,624	37,461,891	4,909,267	9.8156	0.0368
						37,676,489	41,604,036	3,927,547	10.9009	

Textile Composite

Interloop Limited	-	81,717	-	-	81,717	3,767,154	3,617,612	(149,542)	0.9479	-
Kohinoor Textile Mills Limited	63,000	157,500	-	23,000	197,500	9,261,713	4,947,375	(4,314,338)	1.2963	0.0660
Nishat Mills Limited	134,500	12,500	-	90,000	57,000	8,097,630	5,320,380	(2,777,250)	1.3940	0.0162
						21,126,497	13,885,367	(7,241,130)	3.6382	

Woollen

Bannu Woollen Mills Limited	-	7,500	-	4,000	3,500	141,436	119,000	(22,436)	0.0312	0.0368
						141,436	119,000	(22,436)	0.0312	

Cement

Attock Cement Pakistan Limited	19,000	15,400	3,800	-	38,200	4,297,762	2,727,862	(1,569,900)	0.7147	0.0278
Bestway Cement Limited	-	15,000	-	-	15,000	2,016,164	1,546,050	(470,114)	0.4051	0.0025
Cherat Cement Company Limited	-	77,500	-	5,000	72,500	4,851,284	2,244,600	(2,606,684)	0.5881	0.0410
D.G. Khan Cement Company Limited	83,000	112,000	-	98,000	97,000	8,493,694	5,484,380	(3,009,314)	1.4370	0.0221
Kohat Cement Company Limited	26,000	14,000	9,000	-	49,000	4,658,149	2,573,970	(2,084,179)	0.6744	0.0244
Lucky Cement Limited	40,200	36,800	-	25,000	52,000	25,473,597	19,784,440	(5,689,157)	5.1838	0.0161
Maple Leaf Cement Factory Limited	35,000	145,000	-	180,000	-	-	-	-	-	-
Pioneer Cement Limited	60,000	15,000	-	75,000	-	-	-	-	-	-
						49,790,650	34,361,302	(15,429,348)	9.0031	

NOTES TO THE FINANCIAL STATEMENTS

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Name of Investee Company	Number of Shares					Rupees			Market Value as a Percentage of	
	As at 01 July 2018	Purchases during the year	Bonus / Right issues during the year	Sales during the year	As at 30 June 2019	Carrying Value as at 30 June 2019	Market Value as at 30 June 2019	Unrealised gain / (loss) as at 30 June 2019	Net Assets of the sub - funds	Paid-up capital of Investee Company

Fully paid up ordinary shares of Rs. 10/- each unless otherwise stated.

Refinery

Attock Refinery Limited	5,000	2,500	1,250	8,750	-	-	-	-	-	-
National Refinery Limited	4,000	11,500	-	15,500	-	-	-	-	-	-
						-	-	-	-	-

Power Generation & Distribution

K-Electric Limited (face value Rs. 3.5)	405,000	600,000	-	-	1,005,000	5,886,320	4,411,950	(1,474,370)	1.1560	0.0036
Lalpir Power Limited	175,000	-	-	175,000	-	-	-	-	-	-
Pakgen Power Limited	260,000	-	-	260,000	-	-	-	-	-	-
The Hub Power Company Limited	213,100	166,500	44,293	13,500	410,393	34,521,342	32,318,449	(2,202,893)	8.4679	0.0355
						40,407,662	36,730,399	(3,677,263)	9.6239	

Oil & Gas Marketing Companies

Attock Petroleum Limited	18,700	3,500	3,200	5,900	19,500	9,397,660	5,625,945	(3,771,715)	1.4741	0.0196
Hascol Petroleum Limited	-	22,500	-	22,500	-	-	-	-	-	-
Pakistan State Oil Company Limited	15,400	110,000	8,580	16,800	117,180	25,277,391	19,877,243	(5,400,148)	5.2081	0.0300
Shell Pakistan Limited	-	4,000	-	4,000	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited	78,200	20,000	-	40,000	58,200	5,830,559	4,044,318	(1,786,241)	1.0597	0.0092
						40,505,610	29,547,506	(10,958,104)	7.7419	

Oil & Gas Exploration Companies

Mari Petroleum Company Limited	16,020	9,160	1,652	1,100	25,732	31,788,404	25,972,080	(5,816,324)	6.8051	0.0212
Oil & Gas Development Company Limited	225,500	156,700	-	111,900	270,300	40,363,599	35,541,734	(4,821,865)	9.3125	0.0063
Pakistan Oilfields Limited	40,000	36,800	7,400	20,500	63,700	31,013,427	25,855,193	(5,158,234)	6.7745	0.0224
Pakistan Petroleum Limited	127,000	86,500	24,000	11,500	226,000	41,252,312	32,641,180	(8,611,132)	8.5525	0.0100
						144,417,742	120,010,187	(24,407,555)	31.4446	

Industrial Engineering

Amreli Steels Limited	-	59,500	-	59,500	-	-	-	-	-	-
International Industries Limited	39,500	82,500	-	32,500	89,500	13,572,256	6,897,765	(6,674,491)	1.8073	0.0747
International Steels Limited	-	56,000	-	25,000	31,000	1,862,321	1,231,010	(631,311)	0.3225	0.0071
Mughal Iron And Steel Industries Limited	20,000	11,500	-	31,500	-	-	-	-	-	-
						15,434,577	8,128,775	(7,305,802)	2.1298	0.0818

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Name of Investee Company	Number of Shares					Rupees			Market Value as a Percentage of	
	As at 01 July 2018	Purchases during the year	Bonus / Right issues during the year	Sales during the year	As at 30 June 2019	Carrying Value as at 30 June 2019	Market Value as at 30 June 2019	Unrealised gain / (loss) as at 30 June 2019	Net Assets of the sub - funds	Paid-up capital of Investee Company

Fully paid up ordinary shares of Rs. 10/- each unless otherwise stated.

Automobile Assembler

Millat Tractors Limited	4,500	-	-	4,500	-	-	-	-	-	-
						-	-	-	-	-

Automobile Parts & Accessories

Agriauto Industries Limited (Face value Rs. 5)	26,000	-	-	26,000	-	-	-	-	-	-
						-	-	-	-	-

Cables & Electrical Goods

Pak Elektron Limited	122,500	-	-	122,500	-	-	-	-	-	-
						-	-	-	-	-

Technology & Communications

Netsol Technologies Limited	-	22,000	-	22,000	-	-	-	-	-	-
Pakistan Telecommunication Company Limited	-	425,000	-	-	425,000	4,498,325	3,514,750	(983,575)	0.9209	0.0113
Systems Limited	26,500	48,000	6,450	10,000	70,950	7,175,703	6,809,072	(366,631)	1.7841	0.0632
						11,674,028	10,323,822	(1,350,206)	2.7050	

Fertilizer

Engro Corporation Limited	112,000	37,000	12,500	28,200	133,300	37,792,612	35,404,480	(2,388,132)	9.2765	0.0254
Engro Fertilizers Limited	380,000	122,000	-	118,000	384,000	28,617,229	24,564,480	(4,052,749)	6.4363	0.0288
						66,409,841	59,968,960	(6,440,881)	15.7128	

Pharmaceuticals

Abbott Laboratories (Pakistan) Limited	-	3,500	-	3,500	-	-	-	-	-	-
AGP Limited	-	20,000	-	-	20,000	1,779,800	1,370,600	(409,200)	0.3591	0.0071
Ferozsons Laboratories Limited	-	17,100	-	-	17,100	3,003,820	1,912,122	(1,091,698)	0.5010	0.0566
Glaxosmithkline Pakistan Limited	-	20,000	-	-	20,000	2,576,450	1,906,600	(669,850)	0.4996	0.0063
The Searle Company Limited	11,486	39,200	72	21,000	29,758	7,015,611	4,361,332	(2,654,279)	1.1427	0.0140
						14,375,681	9,550,654	(4,825,027)	2.5024	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Name of Investee Company	Number of Shares					Rupees			Market Value as a Percentage of	
	As at 01 July 2018	Purchases during the year	Bonus / Right issues during the year	Sales during the year	As at 30 June 2019	Carrying Value as at 30 June 2019	Market Value as at 30 June 2019	Unrealised gain / (loss) as at 30 June 2019	Net Assets of the sub-funds	Paid-up capital of Investee Company
Fully paid up ordinary shares of Rs. 10/- each unless otherwise stated.										
Chemicals										
Engro Polymer & Chemicals Limited	-	304,500	-	234,500	70,000	1,959,989	1,887,200	(72,789)	0.4945	0.0077
						1,959,989	1,887,200	(72,789)	0.4945	
Paper & Board										
Cherat Packaging Limited	-	15,000	-	15,000	-	-	-	-	-	-
Packages Limited	8,600	-	-	8,600	-	-	-	-	-	-
						-	-	-	-	-
Vanaspati & Allied Industries										
Unity Foods Limited	-	273,000	-	273,000	-	-	-	-	-	-
						-	-	-	-	-
Leather & Tanneries										
Service Industries Limited	5,000	-	-	5,000	-	-	-	-	-	-
						-	-	-	-	-
Foods & Personal Care Products										
Al Shaheer Corporation Limited	161,212	40,000	-	199,914	1,298	35,895	16,355	(19,540)	0.0043	0.0009
At-Tahur Limited	-	82,499	-	82,499	-	-	-	-	-	-
National Foods Limited	-	7,500	-	6,000	1,500	300,000	276,240	(23,760)	0.0724	0.0024
						335,895	292,595	(43,300)	0.0767	
Glass & Ceramics										
Tariq Glass Industries Limited	15,000	24,000	-	39,000	-	-	-	-	-	-
						-	-	-	-	-
						448,133,397	370,303,203	(77,830,194)	97.0251	
30 June 2018						401,649,423	375,654,402	(25,995,021)		

7.1.1 The cost of listed equity securities as at 30 June 2019 is Rs. 439,888,639 (2018: Rs. 377,345,547)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

7.2 Unlisted Sukuk certificates - Fair value through other comprehensive income

7.2.1 Debt Sub-Fund

Note	Number of certificates				Rupees			Market Value as a Percentage of	
	As at 1 July 2018	Purchases during the year	Sales / Matured during the year	As at 30 June 2019	Carrying Value as at 30 June 2019	Market Value as at 30 June 2019	Unrealised loss as at 30 June 2019	Net assets of the Sub-Fund	Total issue size
Face value of Rs.5,000 per certificate otherwise stated:									
Banks									
Meezan Bank Limited Tier - II (face value of Rs. 1,000,000 per certificate)	12	-	-	12	12,000,000	11,999,712	(288)	3.20	0.17
Fertilizers									
Dawood Hercules Corporation Limited Sukuk II (face value of Rs. 100,000 per certificate)	80	-	-	80	8,000,000	7,984,000	(16,000)	2.13	0.13
Chemicals									
Agritech Limited	7.2.1.1	740	-	740	-	-	-	-	-
Agritech Limited IV	7.2.1.1	107	-	107	-	-	-	-	-
					20,000,000	19,983,712	(16,288)	5.33	0.30
30 June 2018					20,000,000	20,185,168	185,168		

7.2.1.1 These securities have been classified as non-performing as per the requirements of SECP's Circular 1 of 2009 read with SECP's Circular 33 of 2012 and accordingly an aggregate provision of Rs. 4,235,000 (2018: Rs. 4,235,000), has been made in accordance with provisioning requirements specified by the SECP. In the year 30 June 2012, the Debt Sub-Fund entered into a restructuring agreement with Agritech Limited (the Company) whereby all overdue profit receivable on Sukuk Certificates held by the Debt Sub-Fund was converted into zero coupon Term Finance Certificates (TFCs). Accordingly, the Fund holds 107 certificates (having face value of Rs. 5,000 each) of Agritech Limited IV as at 30 June 2019. In this regard, the aggregate provision also includes a provision of Rs. 535,000 against these TFCs to fully cover the amount of investment. The details of these non-performing investments are as follows:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Non-performing investment	Type of Investment	Cost	Provision	Net carrying value
----- Rupees -----				
Agritech Limited	Sukuk Certificate	3,700,000	3,700,000	-
Agritech Limited IV	Term Finance Certificates	535,000	535,000	-
		4,235,000	4,235,000	-

7.2.2 The terms and conditions of the Sukuk certificates are as follows:

Name of investee company	Status	Rating	Tenor	Profit payments / Principal redemptions	Repayment period	Effective rate during the year	Rate of return
Dawood Hercules Corporation Limited Sukuk II	Unlisted	AA	5 years	Quarterly	March 2018 - March 2023	13.88%	3 Month Kibor + 1.00%
Meezan Bank Limited Tier - II	Listed	AA	10 years	Semi annually	September 2016 - September 2026	11.35%	6 Month Kibor + 0.50%
Agritech Limited	Unlisted	NPA	3.5 years	Semi annually	February 2011 - August 2015	12.86%	6 Month Kibor + 2%
Agritech Limited - IV	Unlisted	NPA	3.5 years	Semi annually	July 2011 - January 2015	N/A	N/A

7.3 Government of Pakistan - Ijarah Sukuks

7.3.1 Debt Sub-Fund

Note	As at 1 July 2018	Purchases during the year	Sold / matured during the year	As at 30 June 2019	Amortised Cost as at 30 June 2019	Market Value as at 30 June 2019	Unrealised gain as at 30 June 2019	Market value as a % of net assets of the Sub-Fund
-----Rupees-----								
Government of Pakistan - Ijarah Sukuks 7.3.2	130,000,000	-	130,000,000	-	-	-	-	-
30 June 2018					130,028,780	130,494,000	465,220	

7.3.2 The cost of investment as on 30 June 2019 is Rs. Nil (2018: 130,167,800). These investments carry rate of Nil (2018: 6.33%) per annum with maturity upto Nil (2018: 18 December 2018).

7.3.3 Money Market Sub-Fund

Note	As at 1 July 2018	Purchases during the year	Sold / matured during the year	As at 30 June 2019	Amortised Cost as at 30 June 2019	Market Value as at 30 June 2019	Unrealised gain as at 30 June 2019	Market value as a % of net assets of the Sub-Fund
-----Rupees-----								
Government of Pakistan - Ijarah Sukuks 7.3.4	50,000,000	9,000,000	59,000,000	-	-	-	-	-
30 June 2018					50,027,458	50,190,000	162,542	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

7.3.4 The cost of investment as on 30 June 2019 is Rs.Nil (2018: Rs.50,151,500). These investments carry rate of return of Nil (2018: 6.33%) per annum with maturities by Nil (2018: 18 December 2018).

8. MARK-UP ACCRUED		2019					2018				
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total
Note		-----Rupees-----					-----Rupees-----				
Income accrued on:											
-	Bank balances and term deposits receipts	309,314	3,761,949	3,281,335	-	7,352,598	149,801	1,186,140	1,215,508	-	2,551,449
-	Sukuk Certificates	-	550,241	-	-	550,241	-	333,952	-	-	333,952
-	Government of Pakistan - Ijarah Sukuks	-	-	-	-	-	-	291,582	112,071	-	403,653
		<u>309,314</u>	<u>4,312,190</u>	<u>3,281,335</u>	<u>-</u>	<u>7,902,839</u>	<u>149,801</u>	<u>1,811,674</u>	<u>1,327,579</u>	<u>-</u>	<u>3,289,054</u>
9. PAYABLE TO THE PENSION FUND MANAGER											
Remuneration of Pension Fund Manager	9.1	486,102	227,394	157,594	-	871,090	504,928	213,955	123,702	-	842,585
Sindh Sales Tax payable on remuneration of the Pension Fund Manager	9.2	302,286	186,992	118,216	-	607,494	304,737	185,234	113,805	-	603,776
Provision for Federal Excise Duty payable on remuneration of the Pension Fund Manager	9.3	1,611,207	1,046,875	644,724	-	3,302,806	1,611,207	1,046,875	644,724	-	3,302,806
		<u>2,399,595</u>	<u>1,461,261</u>	<u>920,534</u>	<u>-</u>	<u>4,781,390</u>	<u>2,420,872</u>	<u>1,446,064</u>	<u>882,231</u>	<u>-</u>	<u>4,749,167</u>

9.1 In accordance with the provisions of the VPS Rules, the Pension Fund Manager is entitled to receive an annual management fee of 1.50% per annum of the average value of net assets of the Fund calculated during the year for determining the prices of the units of the Sub-Funds. The Pension Fund Manager has charged its remuneration at the rate of 1.50% (2018:1.50%), 0.75% (2018: 0.75%) and 0.50% (2018: 0.50%) per annum of the average value of the net assets of the Fund for the year on APIF - equity sub fund, APIF - debt sub fund and APIF - money market sub fund respectively, which is paid monthly in arrears.

9.2 During the year, an amount of Rs.1.38 million (2018: Rs.1.29 million) was charged on account of sales tax on remuneration of the Pension Fund Manager at the rate of 13 percent (June 30, 2018: 13 percent) levied under Sindh Sales Tax on Services Act, 2011, and an amount of Rs. 1.38 million (2018: Rs. 1.29 million) has been already paid to the Pension Fund Manager who acts as a collecting agent.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

- 9.3** The Finance Act, 2013 has enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from 13 June 2013. As the asset management services rendered by the Pension Fund Manager of the Fund are already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund as explained in note 9.2 above, the Pension Fund Manager is of the view that further levy of FED is not justified.

On 4 September 2013, a Constitutional Petition has been filed in Honorable Sindh High Court (SHC) jointly by various asset management companies / pension fund managers including that of the Fund, together with their representative Collective Investment Schemes / Voluntary Pension Schemes through their trustees, challenging the levy of FED. In this respect, the Honorable SHC has issued a stay order against recovery proceedings. The hearing of the petition is pending.

In 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 1 July 2016, FED on services provided or rendered by Pension Fund Managers 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 1 July 2016. However, as a matter of abundant caution the provision for FED made for the period from 13 June 2013 till 30 June 2016 amounting to Rs 3.3 million is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan.

10. PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

	Note	2019				2018			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
		Rupees				Rupees			
Trustee fee	10.1	46,538	43,540	45,263	135,341	49,577	42,011	36,436	128,024
Sindh Sales Tax on Remuneration of the Trustee	10.2	6,050	5,660	5,884	17,594	6,445	5,461	4,737	16,643
Settlement charges		2,774	500	500	3,774	3,000	500	500	4,000
Sindh Sales Tax on settlement charges		361	65	65	491	390	65	65	520
		55,723	49,765	51,712	157,200	59,412	48,037	41,738	149,187

- 10.1** The trustee is entitled to a monthly remuneration for services rendered to the Pension Fund under the provisions of the Trust Deed as per the tariff structure specified below, based on average annual net assets of the Fund, paid monthly, in arrears:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Net Assets

upto Rs. 1 billion

Rs.1 billion upto Rs. 3 billion

Rs.3 billion upto Rs. 6 billion

Exceeding Rs. 6 billion

Tariff

Rs.0.3 million, or 0.15% per annum of net assets, whichever is higher.

Rs.1.5 million plus 0.10% per annum of net assets, on amount exceeding Rs.1 billion.

Rs.3.5 million plus 0.08% per annum of net assets, on amount exceeding Rs.3 billion.

Rs.5.9 million plus 0.06% per annum of net assets, on amount exceeding Rs.6 billion.

- 10.2** "During the year, an amount of Rs.209,216 (2018: 199,065) was charged on account of sales tax on remuneration of the Trustee levied under Sindh Sales Tax on Services Act, 2011 and an amount of Rs.208,265 (2018: 196,389) was paid to the Trustee who acts as a collecting agent."

11. ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	2019					2018				
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total
		Rupees					Rupees				
Payable to charity	11.1	125,058	-	-	-	125,058	80,314	-	-	-	80,314
Withholding tax payable		13,155	9,926	1,202	115,041	139,324	2,636	1,275	971	119,184	124,066
Zakat payable		-	-	-	61,636	61,636	-	-	-	150,403	150,403
Provision for Sindh Workers' Welfare Fund	11.2	2,442,724	1,350,934	1,112,750	-	4,906,408	2,442,724	810,013	613,743	-	3,866,480
Others		-	-	-	59,044	59,044	-	-	-	86,691	86,691
		2,580,937	1,360,860	1,113,952	235,721	5,291,470	2,525,674	811,288	614,714	356,278	4,307,954

- 11.1** The Shariah Advisor of the Fund has certified an amount of Rs. 343,077 (2018: Rs.276,188) against dividend income as Shariah non-compliant income which has accordingly, been marked to charity out of which Rs. 298,333 (2018: Rs. 223,926) has been paid to charities approved by the Shariah Advisor and remaining amount of Rs.125,058 (2018: 80,314) will be paid in due course of time.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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

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

Furthermore, as a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers’ Welfare Fund Act, 2014 (SWWF Act) had been passed by the government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers’ Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs, whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. However, it may be stated that under Companies Act, 2017 mutual funds are explicitly excluded from the definition of financial institution. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF.

In view of the above developments regarding the applicability of WWF and SWWF on CISs / mutual funds and pension funds. MUFAP has recommended the following to all its members on 12 January 2017:

- based on legal opinion, the entire provision against WWF held by the CISs till 30 June 2015, to be reversed on 12 January 2017;
- the provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from 21 May 2015) on 12 January 2017.

Accordingly, the provision for WWF was reversed on January 12, 2017 and provision for SWWF been made from 21 May 2015 till date.

The above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on 12 January 2017 and the SECP vide its letter dated

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1 February 2017 has advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs/ mutual funds and pension funds. Accordingly, the Fund has recorded these adjustments in its books on 12 January 2017.

Had the provision for SWWF not been recorded in these financial statements of the Fund, the net asset value of the Fund as at 30 June 2019 would have been higher by Rs. 3.15 per unit (30 June 2018: Rs. 3.68 per unit), Rs. 0.78 per unit (30 June 2018: Rs. 0.47 per unit) and Rs. 0.66 per unit (30 June 2018: 0.43 per unit) for equity sub fund, debt sub fund and money market sub fund respectively.

12. NUMBER OF UNITS IN ISSUE

	2019				2018			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
----- Number of units in issue -----								
Total units in issue at beginning of the year	663,220	1,740,080	1,432,082	3,835,382	585,771	1,755,655	1,233,077	3,574,503
Add: Units issued during the year	231,018	521,685	598,978	1,351,681	176,287	583,582	501,358	1,261,227
Less: Units redeemed during the year								
- Change of Pension Fund Manager	(13,844)	(23,273)	(12,351)	(49,468)	(319)	(774)	(491)	(1,584)
- Directly by participants	(105,785)	(507,366)	(323,034)	(936,185)	(98,519)	(598,383)	(301,862)	(998,764)
	(119,629)	(530,639)	(335,385)	(985,653)	(98,838)	(599,157)	(302,353)	(1,000,348)
Total units in issue at end of the year	774,609	1,731,126	1,695,675	4,201,410	663,220	1,740,080	1,432,082	3,835,382

13. CONTINGENCIES AND COMMITMENTS

The Finance Act, 2014, introduced amendments to Income Tax Ordinance, 2001. As a result of these amendments, companies were liable to withhold bonus shares at the rate of 5 percent. These shares to be released upon payments of tax by shareholders. The value of tax will be computed on the basis of day-end price on the first day of book closure.

"The management of the Fund jointly with other asset management companies and Mutual Funds Association of Pakistan, have filed various petitions in Honorable Sindh High Court challenging the levy of withholding of income tax on bonus shares received by mutual funds based on the principle that exemption is already given to mutual funds under clause 99 of Part I and clause 47B of Part IV of the Second Schedule of the Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay orders while the matter is still pending adjudication."

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

The Honorable Supreme Court in its decision dated June 27, 2018 in a case held that the suits which are already pending or shall be filed in future, must only be maintained / entertained on the condition that a minimum of 50% of the tax calculated by the tax authorities is deposited with the authorities. In pursuance of said Supreme Court order, SHC issued notices of hearing for cases of tax related matters and held that Plaintiffs are directed to deposit 50% of amount claimed by the tax department, if the deposits are not made within time, the suits stand dismissed as not maintainable. Thereafter, the Fund alongwith other aggrieved Funds filed Constitutional Petition in the High Court of Sindh vide C.P No. D-4653 of 2019 through Mutual Funds Association of Pakistan on this issue and obtained stay order restraining the withholding agents to deposit the withheld tax.

There were no other contingencies and commitments outstanding as at 30 June 2019 and 30 June 2018.

14. MARK-UP INCOME

Note	2019				2018			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	-----Rupees-----				-----Rupees-----			
Income on bank balances and term deposit receipts	1,569,661	25,411,640	26,155,971	53,137,272	1,697,251	11,211,286	10,838,629	23,747,166
Income on Sukuk certificates	-	1,932,450	-	1,932,450	-	1,014,423	-	1,014,423
Income on Government of Pakistan - Ijarah Sukuks	-	3,805,238	1,508,058	5,313,296	-	7,138,798	2,710,430	9,849,228
	1,569,661	31,149,328	27,664,029	60,383,018	1,697,251	19,364,507	13,549,059	34,610,817

14.1 Mark-up on non performing securities amounting to Rs. 3.16 million (2018: Rs. 2.75 million) based on outstanding principal has not been recognised, in accordance with SECP's directives.

15. AUDITOR'S REMUNERATION

	2019				2018			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	-----Rupees-----				-----Rupees-----			
Audit fee	75,196	65,774	59,030	200,000	58,078	53,186	38,736	150,000
Sindh Sales Tax on services	6,016	5,262	4,722	16,000	4,646	4,255	3,099	12,000
Out of pocket expenses	8,153	7,132	6,401	21,686	8,834	10,923	7,609	27,366
Prior year adjustment	3,651	(166)	9,050	12,535	-	-	-	-
	93,016	78,002	79,203	250,221	71,558	68,364	49,444	189,366

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

16. NET UNREALISED (DIMINUTION) / APPRECIATION ON RE-MEASUREMENT OF INVESTMENTS CLASSIFIED AS 'OTHER COMPREHENSIVE INCOME'

	2019					2018				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total
	Rupees					Rupees				
Market value of investments	-	19,983,712	-	-	19,983,712	-	150,679,168	50,190,000	-	200,869,168
Less: Cost of investments	-	20,000,000	-	-	20,000,000	-	(150,028,780)	(50,027,458)	-	(200,056,238)
	-	(16,288)	-	-	(16,288)	-	650,388	162,542	-	812,930
Less: Net unrealised (diminution) / appreciation in the value of investments at beginning of the year	-	(650,388)	(162,542)	-	(812,930)	-	(3,007,557)	(908,590)	-	(3,916,147)
Transferred to comprehensive income during the year	-	(666,676)	(162,542)	-	(829,218)	-	(2,357,169)	(746,048)	-	(3,103,217)
(Loss) / Gain arise during the year	-	(666,676)	(162,542)	-	(829,218)	-	(2,357,169)	(746,048)	-	(3,103,217)
	-	(666,676)	(162,542)	-	(829,218)	-	(2,357,169)	(746,048)	-	(3,103,217)

17. CONTRIBUTION TABLE

	2019						
	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Total
	Units	Rupees	Units	Rupees	Units	Rupees	Rupees
Individuals	54,331	30,502,794	36,155	7,560,467	145,837	32,761,825	70,825,086
Employers	176,687	101,942,166	485,530	100,896,192	453,141	100,300,229	303,138,587
	231,018	132,444,960	521,685	108,456,659	598,978	133,062,054	373,963,673

	2018						
	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Total
	Units	Rupees	Units	Rupees	Units	Rupees	Rupees
Individuals	43,938	27,042,544	177,952	35,341,804	275,402	58,111,932	120,496,280
Employers	132,349	80,981,107	405,630	79,178,110	225,956	47,156,021	207,315,238
	176,287	108,023,651	583,582	114,519,914	501,358	105,267,953	327,811,518

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

18. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

"Connected persons include Atlas Asset Management Limited being the Pension Fund Manager, Central Depository Company of Pakistan Limited being the Trustee, other collective investment schemes managed by the Pension Fund Manager and directors and executives of the Pension Fund Manager. "

The transactions with connected persons are in the normal course of business, carried out at contracted rates and at terms determined in accordance with the market rates.

Remuneration payable to the Pension Fund Manager and the Trustee is determined in accordance with the provisions of the VPS Rules and the Trust Deed respectively.

18.1 Details of transaction with connected persons and balances with them at the year end are as follows:

		2019				2018			
		Equity	Debt	Money		Equity	Debt	Money	
		Sub-Fund	Sub-Fund	Market	Total	Sub-Fund	Sub-Fund	Market	Total
		Sub-Fund				Sub-Fund			
Note		Rupees				Rupees			
Atlas Asset Management Limited (Pension Fund Manager)									
Pension Fund Manager fee payable (Rupees)	9	486,102	227,394	157,594	871,090	504,928	213,955	123,702	842,585
Sindh Sales Tax payable on the Pension Fund Manager (Rupees)	9	302,286	186,992	118,216	607,494	304,737	185,234	113,805	603,776
Federal Excise Duty payable on remuneration of the Pension Fund Manager (Rupees)	9	1,611,207	1,046,875	644,724	3,302,806	1,611,207	1,046,875	644,724	3,302,806
Investment (Rupees)		81,789,860	35,945,640	38,058,820	155,794,320	101,150,440	33,498,800	35,381,240	170,030,480
Units held (Number of units)		166,000	166,000	166,000	498,000	166,000	166,000	166,000	498,000
Central Depository Company of Pakistan Limited (Trustee)									
Remuneration payable (Rupees)	10	46,538	43,540	45,263	135,341	49,577	42,011	36,436	128,024
Sindh Sales Tax on Remuneration (Rupees)	10	6,050	5,660	5,884	17,594	6,445	5,461	4,737	16,643
Settlement charges (Rupees)	10	2,774	500	500	3,774	3,000	500	500	4,000
Sindh Sales Tax on settlement charges (Rupees)	10	361	65	65	491	390	65	65	520
Directors and executives									
Investment at year end		38,343,759	34,966,326	42,724,102	116,034,187	35,968,634	30,124,429	36,074,359	102,167,422
Units held (Number of units)		77,822	161,477	186,348	425,647	59,029	149,279	169,252	377,560

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

18.2 Details of transactions with related parties / connected persons during the year:

	2019				2018			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Atlas Asset Management Limited (Pension Fund Manager)	-----Rupees-----				-----Rupees-----			
Remuneration for the year (Rupees)	6,245,700	2,736,431	1,639,777	10,621,908	5,932,790	2,708,399	1,316,685	9,957,874
Sindh Sales Tax on remuneration (Rupees)	811,941	355,736	213,171	1,380,848	771,263	352,092	171,169	1,294,524
Central Depository Company of Pakistan Limited (Trustee)								
Remuneration for the year (Rupees)	604,097	529,350	475,903	1,609,350	593,446	542,065	395,761	1,531,272
Sindh Sales Tax on Remuneration (Rupees)	78,533	68,816	61,867	209,216	77,148	70,468	51,449	199,065
Directors and executives								
Contributions	7,198,771	4,013,189	7,287,356	18,499,316	1,918,246	1,390,156	2,257,239	5,565,641
Contributions (number of units)	12,819	18,946	32,640	64,405	3,092	7,006	10,797	20,895
Redemptions	(4,380,434)	(804,479)	(521,087)	(5,706,000)	(585,780)	(595,279)	-	(1,181,059)
Redemptions (number of units)	(7,339)	(3,937)	(2,402)	(13,678)	(938)	(2,996)	-	(3,934)
Re-allocation	5,914,748	(1,116,938)	(4,113,866)	683,944	3,145,707	(1,124,456)	(1,982,433)	38,818
Re-allocation (Number of units)	10,181	(5,387)	(18,940)	(14,146)	5,500	(5,689)	(9,508)	(9,697)

19. FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

The fair value of financial assets and liabilities traded in active markets are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Fund is current bid price.

A Financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Investments on the Statement of Assets and Liabilities are carried at fair value. The Management is of the view that the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are essentially short term in nature.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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

Level 1: Quoted market price (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level one that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. from derived from prices).

Level 3: Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their fair value hierarchy.

		Amortised cost	At fair value through profit or loss	At fair value through other comprehensive income	Financial liabilities measured at amortised cost	Total	Fair value			
							Level 1	Level 2	Level 3	Total
June 30, 2019		Rupees								
Note										
Financial assets - measured at fair value										
Investments - net		-	370,303,203	19,983,712	-	390,286,915	370,303,203	19,983,712	-	390,286,915
Financial assets - not measured at fair value										
Bank balances	19.1	755,969,678	-	-	-	755,969,678	-	-	-	-
Receivable against sale of investments	19.1	2,454,708	-	-	-	2,454,708	-	-	-	-
Receivable against issue of units	19.1	4,656,366	-	-	-	4,656,366	-	-	-	-
Dividend receivable	19.1	1,048,980	-	-	-	1,048,980	-	-	-	-
Mark-up accrued	19.1	7,902,839	-	-	-	7,902,839	-	-	-	-
Security deposit and other receivables	19.1	1,363,402	-	-	-	1,363,402	-	-	-	-
		<u>773,395,973</u>	<u>370,303,203</u>	<u>19,983,712</u>	<u>-</u>	<u>1,163,682,888</u>				
Financial liabilities - not measured at fair value										
Payable against redemption of units	19.1	-	-	-	2,907,989	2,907,989	-	-	-	-
Payable to the Pension Fund Manager	19.1	-	-	-	871,090	871,090	-	-	-	-
Payable to the Central Depository Company of Pakistan Limited										
- Trustee	19.1	-	-	-	139,115	139,115	-	-	-	-
Payable to the auditors	19.1	-	-	-	237,685	237,685	-	-	-	-
Payable to Sub-Funds		-	-	-	4,656,366	4,656,366	-	-	-	-
Accrued expenses and other liabilities	19.1	-	-	-	184,102	184,102	-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>8,996,347</u>	<u>8,996,347</u>				

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

		Loans and receivables	At fair value through profit or loss	Available for sale	Financial liabilities measured at amortised cost	Total	Fair value			
							Level 1	Level 2	Level 3	Total
June 30, 2018	Note	-----Rupees-----								
Financial assets - measured at fair value										
Investments - net		-	376,286,902	200,869,168	-	577,156,070	376,286,902	200,869,168	-	577,156,070
Financial assets - not measured at fair value										
Bank balances	19.1	490,554,050	-	-	-	490,554,050	-	-	-	-
Receivable against issue of units	19.1	6,535,524	-	-	-	6,535,524	-	-	-	-
Dividend receivable	19.1	717,240	-	-	-	717,240	-	-	-	-
Mark-up accrued	19.1	3,289,054	-	-	-	3,289,054	-	-	-	-
Security deposit and other receivables	19.1	1,325,812	-	-	-	1,325,812	-	-	-	-
		<u>502,421,680</u>	<u>376,286,902</u>	<u>200,869,168</u>	<u>-</u>	<u>1,079,577,750</u>				
Financial liabilities - not measured at fair value										
Payable against purchase of investments	19.1	-	-	-	1,799,359	1,799,359	-	-	-	-
Payable against redemption of units	19.1	-	-	-	1,001,000	1,001,000	-	-	-	-
Payable to the Pension Fund Manager	19.1	-	-	-	842,585	842,585	-	-	-	-
Payable to the Central Depository Company of Pakistan Limited - Trustee	19.1	-	-	-	132,024	132,024	-	-	-	-
Payable to the auditors	19.1	-	-	-	184,002	184,002	-	-	-	-
Payable to Sub-Funds		-	-	-	6,535,524	6,535,524	-	-	-	-
Accrued expenses and other liabilities	19.1	-	-	-	167,005	167,005	-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>10,661,499</u>	<u>10,661,499</u>				

19.1 The Fund has not disclosed fair values for these financial assets and financial liabilities because their carrying amounts are reasonable approximation of fair value.

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

20.1 The Fund primarily invests in listed equity securities, government securities and sukuk certificates. These activities are exposed to a variety of financial risks: market risks, credit risk and liquidity risks.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

20.2.1 Currency risk

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

20.2.2 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 rate risk.

Sensitivity Analysis of fixed rate instruments

Presently, the Fund does not hold any fixed rate instrument and is not exposed to fair value interest rate risk.

Sensitivity Analysis of variable rate instruments

- a) Presently the Debt Sub-Fund hold KIBOR based profit bearing Sukuk certificates (other than Government Ijara Sukuks) exposing the Sub-Funds to cash flow in interest rate risk. However, except for Meezan Bank Limited Tier - II and Dawood Hercules Corporation Limited Sukuk II, all securities are non-performing assets and have been fully provided for, with their markup not being recognised.

Change in base points

	2019			2018		
	Effect on net income			Effect on net income		
	Debt Sub-Fund	Money Market Sub-Fund	Total	Debt Sub-Fund	Money Market Sub-Fund	Total
	-----Rupees-----			-----Rupees-----		
100	199,837	-	199,837	201,852	-	201,852
(100)	(199,837)	-	(199,837)	(201,852)	-	(201,852)

The composition of the Fund's investment portfolio and rates announced by the Financial Market Association of Pakistan for the Government Ijarah Sukuks is expected to change over time. Therefore, the sensitivity analysis prepared as of 30 June 2019 is not necessarily indicative of the effect on the Fund's net assets due to 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 settlement date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Equity Sub-Fund

Equity Sub-Fund		As at 30 June 2019				
Effective yield / interest rate (%)		Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
		Upto three months	More than three months and upto one year	More than one year		
On-balance sheet financial instruments		-----Rupees-----				
Financial assets						
Bank balances	6.00 - 13.00	11,168,961	-	-	-	11,168,961
Investments - net		-	-	-	370,303,203	370,303,203
Receivable against sale of investments		-	-	-	2,454,708	2,454,708
Receivable against issue of units		-	-	-	1,341,505	1,341,505
Dividend receivable		-	-	-	1,048,980	1,048,980
Mark-up accrued		-	-	-	309,314	309,314
Security deposit and other receivables		-	-	-	673,360	673,360
		11,168,961	-	-	376,131,070	387,300,031
Financial liabilities						
Payable against purchase of investments		-	-	-	-	-
Payable against redemption of units		-	-	-	378,936	378,936
Payable to the Pension Fund Manager		-	-	-	486,102	486,102
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	49,312	49,312
Payable to the auditors		-	-	-	89,365	89,365
Accrued expenses and other liabilities		-	-	-	125,058	125,058
		-	-	-	1,128,773	1,128,773
On-balance sheet gap		11,168,961	-	-	375,002,297	386,171,258
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-
Total interest rate sensitivity gap		11,168,961	-	-	375,002,297	386,171,258
Cumulative interest rate sensitivity gap		11,168,961	11,168,961	11,168,961	386,171,258	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Equity Sub-Fund

Equity Sub-Fund	As at 30 June 2018					
	Effective yield / interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
		Upto three months	More than three months and upto one year	More than one year		
On-balance sheet financial instruments		-----Rupees-----				
Financial assets						
Bank balances	2.40 - 6.50	30,457,930	-	-	-	30,457,930
Investments - net		-	-	-	376,286,902	376,286,902
Receivable against issue of units		-	-	-	2,940,976	2,940,976
Dividend receivable		-	-	-	717,240	717,240
Mark-up accrued		-	-	-	149,801	149,801
Security deposit and other receivables		-	-	-	673,360	673,360
		30,457,930	-	-	380,768,279	411,226,209
Financial liabilities						
Payable against purchase of investments		-	-	-	1,799,359	1,799,359
Payable against redemption of units		-	-	-	92,052	92,052
Payable to the Pension Fund Manager		-	-	-	504,928	504,928
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	52,577	52,577
Payable to the auditors		-	-	-	71,242	71,242
Accrued expenses and other liabilities					80,314	80,314
		-	-	-	2,600,472	2,600,472
On-balance sheet gap		30,457,930	-	-	378,167,807	408,625,737
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-
Total interest rate sensitivity gap		30,457,930	-	-	378,167,807	408,625,737
Cumulative interest rate sensitivity gap		30,457,930	30,457,930	30,457,930	408,625,737	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Debt Sub-Fund

As at 30 June 2019

Effective yield / interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		

-----Rupees-----

On-balance sheet financial instruments

Financial assets

Bank balances	6.00 - 13.00	352,494,031	-	-	-	352,494,031
Investments - net	11.35	-	-	19,983,712	-	19,983,712
Receivable against issue of units		-	-	-	1,423,862	1,423,862
Mark-up accrued		-	-	-	4,312,190	4,312,190
Security deposit and other receivables		-	-	-	279,480	279,480
		352,494,031	-	19,983,712	6,015,532	378,493,275

Financial liabilities

Payable against redemption of units		-	-	-	568,637	568,637
Payable to the Pension Fund Manager		-	-	-	227,394	227,394
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	44,040	44,040
Payable to the auditors		-	-	-	78,168	78,168
		-	-	-	918,239	918,239

On-balance sheet gap

352,494,031	-	19,983,712	5,097,293	377,575,036
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Off-balance sheet financial instruments

-	-	-	-	-
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Off-balance sheet gap

-	-	-	-	-
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Total interest rate sensitivity gap

352,494,031	-	19,983,712	5,097,293	377,575,036
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Cumulative interest rate sensitivity gap

352,494,031	352,494,031	372,477,743	377,575,036	
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Debt Sub-Fund

As at 30 June 2018

Effective yield / interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		

-----Rupees-----

On-balance sheet financial instruments

Financial assets

Bank balances	2.40 - 6.50	198,482,251	-	-	-	198,482,251
Investments - net	6.33 - 7.80	-	-	150,679,168	-	150,679,168
Receivable against issue of units		-	-	-	2,628,074	2,628,074
Mark-up accrued		-	-	-	1,811,674	1,811,674
Security deposit and other receivables		-	-	-	279,480	279,480
		198,482,251	-	150,679,168	4,719,228	353,880,647

Financial liabilities

Payable against redemption of units		-	-	-	241,900	241,900
Payable to the Pension Fund Manager		-	-	-	213,955	213,955
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	42,511	42,511
Payable to the auditors		-	-	-	65,243	65,243
		-	-	-	563,609	563,609

On-balance sheet gap

198,482,251	-	150,679,168	4,155,619	353,317,038
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Off-balance sheet financial instruments

-	-	-	-	-
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Off-balance sheet gap

-	-	-	-	-
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Total interest rate sensitivity gap

198,482,251	-	150,679,168	4,155,619	353,317,038
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Cumulative interest rate sensitivity gap

198,482,251	198,482,251	349,161,419	353,317,038	
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Money Market Sub-Fund

As at 30 June 2019

Effective yield / interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		

-----Rupees-----

On-balance sheet financial instruments

Financial assets

Bank balances	6.00 - 13.00	387,369,721	-	-	-	387,369,721
Investments - net		-	-	-	-	-
Receivable against issue of units		-	-	-	1,890,999	1,890,999
Mark-up accrued		-	-	-	3,281,335	3,281,335
Security deposit and other receivables		-	-	-	410,562	410,562
		387,369,721	-	-	5,582,896	392,952,617

Financial liabilities

Payable against redemption of units		-	-	-	1,915,538	1,915,538
Payable to the Pension Fund Manager		-	-	-	157,594	157,594
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	45,763	45,763
Payable to the auditors		-	-	-	70,152	70,152
		-	-	-	2,189,047	2,189,047

On-balance sheet gap

387,369,721	-	-	3,393,849	390,763,570
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Off-balance sheet financial instruments

-	-	-	-	-
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Off-balance sheet gap

-	-	-	-	-
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Total interest rate sensitivity gap

387,369,721	-	-	3,393,849	390,763,570
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Cumulative interest rate sensitivity gap

387,369,721	387,369,721	387,369,721	390,763,570	
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Money Market Sub-Fund

As at 30 June 2018

Effective yield / interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		

-----Rupees-----

On-balance sheet financial instruments

Financial assets

Bank balances	2.40 - 6.50	254,722,067	-	-	-	254,722,067
Investments - net	6.33	-	-	50,190,000	-	50,190,000
Receivable against issue of units		-	-	-	966,474	966,474
Mark-up accrued		-	-	-	1,327,579	1,327,579
Security deposit and other receivables		-	-	-	372,972	372,972
		254,722,067	-	50,190,000	2,667,025	307,579,092

Financial liabilities

Payable against redemption of units		-	-	-	667,048	667,048
Payable to the Pension Fund Manager		-	-	-	123,702	123,702
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	36,936	36,936
Payable to the auditors		-	-	-	47,517	47,517
		-	-	-	875,203	875,203

On-balance sheet gap

254,722,067	-	50,190,000	1,791,822	306,703,889
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Off-balance sheet financial instruments

-	-	-	-	-
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Off-balance sheet gap

-	-	-	-	-
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Total interest rate sensitivity gap

254,722,067	-	50,190,000	1,791,822	306,703,889
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Cumulative interest rate sensitivity gap

254,722,067	254,722,067	304,912,067	306,703,889	
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

20.2.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Equity Sub-Fund is exposed to equity price risk because of equity securities held by it and classified on the 'statement of assets and liabilities' at 'fair value through profit or loss'. To manage its price risk arising from investment in equity securities, the Equity Sub-Fund's investment policy limits investments in listed shares of one company to not more than ten percent (10%) of its net assets, or ten percent of the paid up capital of that single company, whichever is lower. Moreover, the sector limits have been restricted to thirty percent (30%) or the index weight, whichever is higher, subject to maximum of thirty five percent (35%) of the net assets of the Sub-Fund and investment in listed securities of a particular company have also been restricted to ten percent (10%) of the paid up capital of the investee company.

In case of 5% change in KSE 100 index on 30 June 2019, with all other variables held constant, net income for the year would increase / decrease by Rs.18.52 million (2018: Rs. 18.78 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-Funds equity instruments moved according to historical correlation with the index. This represents the Pension Fund Manager's best estimate of a reasonable possible shift in the KSE 100 index, having regard to historical volatility of the index. The composition of the Sub-Fund's investment portfolio and the correlation thereof to the KSE 100 index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2019 is not necessarily indicative of the effect on the Sub-Fund's net assets of future movements in the level of the KSE 100 index.

20.3 Liquidity risk

Liquidity risk is the risk that the Fund may encounter difficulty in raising funds to meet its obligations and commitments. The Fund's offering document provides for the daily creation and cancellation of units and it is therefore exposed to the liquidity risk of meeting unitholders' redemptions at any time. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. The Fund manages the liquidity risk by maintaining maturities of financial assets and financial liabilities and investing a major portion of the Fund's asset in highly liquid financial assets. Since the participants of the Sub-Funds have invested with a long term objective, the possibility of a significant redemption pressure is limited.

The table below analyses the Fund's financial assets and financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amount in the table are the contractual undiscounted cash flows.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

20.3.1 Equity Sub-Fund

	2019							2018						
	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Financial instruments without maturity	Total	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Financial instruments without maturity	Total
-----Rupees-----														
Liabilities														
Payable against purchase of investments	-	-	-	-	-	-	-	1,799,359	-	-	-	-	-	1,799,359
Payable against redemption of units	378,936	-	-	-	-	-	378,936	92,052	-	-	-	-	-	92,052
Payable to the Pension Fund Manager	486,102	-	-	-	-	-	486,102	504,928	-	-	-	-	-	504,928
Payable to Central Depository Company of Pakistan Limited - Trustee	49,312	-	-	-	-	-	49,312	52,577	-	-	-	-	-	52,577
Payable to the auditors	-	89,365	-	-	-	-	89,365	-	71,242	-	-	-	-	71,242
Accrued expenses and other liabilities	125,058	-	-	-	-	-	125,058	80,314	-	-	-	-	-	80,314
	1,039,408	89,365	-	-	-	-	1,128,773	2,529,230	71,242	-	-	-	-	2,600,472

20.3.2 Debt Sub-Fund

Liabilities														
Payable against redemption of units	568,637	-	-	-	-	-	568,637	241,900	-	-	-	-	-	241,900
Payable to the Pension Fund Manager	227,394	-	-	-	-	-	227,394	213,955	-	-	-	-	-	213,955
Payable to Central Depository Company of Pakistan Limited - Trustee	44,040	-	-	-	-	-	44,040	42,511	-	-	-	-	-	42,511
Payable to the auditors	-	78,168	-	-	-	-	78,168	-	65,243	-	-	-	-	65,243
	840,071	78,168	-	-	-	-	918,239	498,366	65,243	-	-	-	-	563,609

20.3.3 Money Market Sub-Fund

Liabilities														
Payable against redemption of units	1,915,538	-	-	-	-	-	1,915,538	667,048	-	-	-	-	-	667,048
Payable to the Pension Fund Manager	157,594	-	-	-	-	-	157,594	123,702	-	-	-	-	-	123,702
Payable to Central Depository Company of Pakistan Limited - Trustee	45,763	-	-	-	-	-	45,763	36,936	-	-	-	-	-	36,936
Payable to the auditors	-	70,152	-	-	-	-	70,152	-	47,517	-	-	-	-	47,517
	2,118,895	70,152	-	-	-	-	2,189,047	827,686	47,517	-	-	-	-	875,203

20.4 Credit risk

Credit risk represents the risk of a loss if the counter parties fail to perform as contracted. Credit risk arises from deposits with banks and financial institutions, credit exposure arising as a result of dividends receivable on equity securities and investment in debt securities. For banks and financial institutions, only reputed parties are accepted. Credit risk on dividend receivable is minimal due to statutory protection. All transactions in listed securities are settled / paid for upon delivery using the national clearing company system. The risk of default is considered minimal due to inherent systematic measures taken therein. Risk attributable to investment in Government of Pakistan Ijarah Sukuks is limited as these are guaranteed by the Federal Government.

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 mostly concentrated in Government securities.

The table below analyses the Fund's minimum exposure to credit risk other than investment in shares and in Government securities:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	-----Rupees-----	
Equity Sub-Fund	16,996,828	34,939,307
Debt Sub-Fund	358,509,563	202,575,945
Money Market Sub-Fund	392,952,617	257,277,021
	768,459,008	494,792,273

20.4.1 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates:

	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund	
Rating	% of financial assets exposed to credit risk		% of financial assets exposed to credit risk		% of financial assets exposed to credit risk	
	2019	2018	2019	2018	2019	2018
Government securities	-	-	-	40.08	-	24.20
AAA	0.04	0.01	19.25	17.54	23.80	19.94
AA+	48.71	-	40.35	1.26	49.98	8.59
AA-	0.06	-	19.53	40.08	23.61	22.21
AA	0.36	52.91	5.42	1.04	0.03	25.06
A+	-	-	15.45	-	2.58	-
A	50.83	47.08	-	-	-	-
Others	-	-	-	-	-	-
	100.00	100.00	100.00	100.00	100.00	100.00

20.4.2 An analysis of the financial assets that are individually impaired are as under:

	-----Debt Sub-Fund-----					
	As at 30 June 2019			As at 30 June 2018		
	Total outstanding amount	Payment over due (in days)		Total outstanding amount	Payment over due (in days)	
		(1-365)	Above 365		(1-365)	Above 365
	-----Rupees-----					
Investments - Agritech Limited	3,700,000	-	3,700,000	3,700,000	-	3,700,000
Investments - Agritech Limited IV	535,000	-	535,000	535,000	-	535,000
	4,235,000	-	4,235,000	4,235,000	-	4,235,000

The impaired investments are fully provided.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

20.5 Participants' Fund risk management

The Fund's capital is represented by redeemable units of Sub-Funds. They are entitled to payment of a proportionate share based on the Sub-Fund's net assets value per unit on the redemption date. The relevant movements are shown in the 'statement of movement in Participant's Sub-Fund'. In accordance with the risk management policies stated above, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions. Since the participants of the Fund have invested with a long term objective, the 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 availed.

All units, including the core units, and fractions thereof represent an undivided share in the pertinent Sub-Funds of the Fund and rank parri passu as their rights in the net assets and earning of the Sub-Fund 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.

21. FINANCIAL PERFORMANCE

Particulars	Equity Sub-Fund					
	2019	2018	Change	2017	2016	2015
	Rupees		%	Rupees		
Net (loss) / income for the year	(85,607,307)	(37,176,484)	130.27	87,709,025	13,795,916	49,310,493
Net (loss) / gain on sale of investments at fair value through profit or loss	(21,153,322)	(23,149,804)	(8.62)	53,554,640	(8,012,239)	26,705,581
Net unrealised (diminution) / appreciation on re-measurement of investments classified as at fair value through profit or loss	(77,830,194)	(25,995,021)	199.40	23,385,258	15,387,878	15,607,413
Dividend income	20,488,995	18,503,470	10.73	15,765,975	12,542,377	12,622,812
Mark-up Income	1,569,661	1,697,251	(7.52)	1,457,560	872,350	911,121
Net asset value	381,656,813	404,127,453	(5.56)	394,566,785	305,352,010	276,759,898
Net asset value per unit	492.71	609.34	(19.14)	673.59	525.06	500.09
(Loss) / earnings per unit	(110.52)	(56.05)	97.18	149.73	23.72	89.10
Transactions in securities - Purchased	(304,757,403)	(316,385,104)	(3.68)	(404,820,118)	(355,255,845)	(280,501,148)
Transactions in securities - Sold / Matured	211,757,586	243,054,897	(12.88)	418,668,676	337,579,329	248,995,862
Total contributions received	134,044,431	107,237,349	25.00	76,348,692	66,395,078	66,743,935

Particulars	Debt Sub-Fund					
	2019	2018	Change	2017	2016	2015
	Rupees		%	Rupees		
Net income for the year	26,505,136	15,095,780	75.58	10,515,915	12,600,067	9,083,793
Mark-up Income	31,149,328	19,364,507	60.86	13,875,362	16,692,859	12,322,273
Net asset value	374,853,082	351,147,876	6.75	342,053,108	274,294,159	233,207,690
Net asset value per unit	216.54	201.80	7.30	184.86	177.34	168.04
Earnings per unit	15.31	8.68	76.38	7.09	9.58	8.69
Transactions in securities - Purchases	-	(8,000,000)	(100.00)	(176,641,823)	(56,675,102)	(118,755,548)
Transactions in securities - Sold / Matured	130,000,000	61,791	210,286.63	178,800,000	-	84,001,000
Total contributions received	109,660,871	114,746,038	(4.43)	78,108,998	87,132,633	69,420,667

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Particulars	Money Market Sub-Fund					
	2019	2018	Change	2017	2016	2015
	-----Rupees-----		%	-----Rupees-----		
Net income for the year	24,451,321	11,161,137	119.08	9,735,335	8,311,131	9,563,703
Net gain on sale / maturity of 'available for sale investments'	-	-	-	69,582	337,500	-
Mark-up Income	27,664,029	13,549,059	104.18	10,940,678	9,876,071	12,122,472
Net asset value	388,771,469	305,238,149	27.37	252,665,420	205,775,271	170,738,967
Net asset value per unit	229.27	213.14	7.57	204.91	195.36	187.46
Earnings per unit	14.42	7.79	85.11	7.90	7.89	10.50
Transactions in securities - Purchases	(8,981,998)	-	-	-	(153,299,372)	(51,970,998)
Transactions in securities - Sold / Matured	59,000,000	58,953	99,979.72	46,931,300	206,237,500	-
Total contributions received	132,137,528	105,815,487	24.88	76,179,543	63,681,812	49,758,749
Highest and lowest issue prices of units						
Particulars	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund	
	2019	2018	2019	2018	2019	2018
Highest issue price	637.31	693.69	216.54	201.75	229.27	213.08
Lowest issue price	478.28	553.88	201.52	194.66	213.18	204.93

22. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Pension Fund Manager on 26 September 2019.

**For Atlas Asset Management Limited
(Pension Fund Manager)**

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

پاک کیا جائے۔ شرعی مشیر کی تصدیق کے بعد اس طرح کی آمدنی کو سہ ماہی بنیادوں پر شرعی مشیر کی جانب سے منظور کردہ خیراتی اداروں کو عطیہ کر دیا جاتا ہے۔

تازہ ترین درج بندی

اثاثہ جات نیچر کی درجہ بندی

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (پیکرا) نے بتاریخ ۳۰ جون ۲۰۱۹ء کو بیجنٹ کمپنی کی ایسیٹ نیچر ریٹنگ اے ایم ۲+ (اے ایم ٹو پلس) ترتیب دی ہے۔ [۲۰۱۸ء: اے ایم ۲+ (اے ایم ٹو پلس)]۔ یہ درجہ بندی کمپنی کی تجربہ کار ٹیم، منظم سرمایہ کاری نظام اور ہم آہنگ معیاری نظام اور طریقہ کار کی عکاسی کرتی ہے۔

آڈیٹرز

بورڈ آف ڈائریکٹرز کی آڈٹ کمپنی نے اپنے اجلاس منعقدہ ۲۴ ستمبر ۲۰۱۹ء کو میسرز ای وائی فورڈ روڈس، چارٹرڈ اکاؤنٹنٹس، کراچی کو اختتام سال ۳۰ جون ۲۰۲۰ء کیلئے اٹلس پینشن فنڈ اور اٹلس پینشن اسلامک فنڈ کا بطور آڈیٹرز دوبارہ تقرر کیلئے تجویز کیا۔ بورڈ نے اس تقرری کو منظور کر لیا۔

توثیق

پینشن فنڈ منظم کمپنی کا بورڈ آف ڈائریکٹرز، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کا ان کی مسلسل اور قابل قدر رہنمائی پر شکریہ ادا کرتا ہے۔ بورڈ پینشن فنڈ منظم کمپنی کے ملازمین اور ٹرسٹی کا ان کی انتھک محنت اور خلوص کے لئے اور پینشن فنڈز کے شراکت داروں کا پینشن فنڈ منظم کمپنی پر بھرپور اعتماد کرنے کیلئے بھی تہ دل سے شکر گزار ہے۔

از طرف اور منجانب بورڈ

فراہیم علی خان
ڈائریکٹر

کراچی: ۲۶ ستمبر، ۲۰۱۹ء

محمد عبدالصمد
چیف ایگزیکٹو آفیسر

- ہیومن ریسورس اینڈری مینوریشن کمیٹی (ایچ آر اینڈ آرسی)۔ دوران سال دو میٹنگز منعقد ہوئیں اور شرکت کی گئی درج ذیل:

نمبر شمار	ڈائریکٹر کا نام	عہدہ	میٹنگ میں شرکت
۱	جناب فراہیم علی خان	نان ایگزیکٹو ڈائریکٹر	۲
۲	جناب علی ایچ شیرازی	نان ایگزیکٹو ڈائریکٹر	۲
۳	جناب ایم عبدالصمد	چیف ایگزیکٹو آفیسر	۲

- انویسٹمنٹ کمیٹی۔ اُنچاس میٹنگز منعقد ہوئیں دوران سال اور شریک کی گئی درج ذیل:

نمبر شمار	ڈائریکٹر کا نام	عہدہ	میٹنگ میں شرکت
۱	جناب علی ایچ شیرازی	نان ایگزیکٹو ڈائریکٹر	۱۰
۲	جناب ایم عبدالصمد	چیف ایگزیکٹو آفیسر	۴۵
۳	جناب خالد محمود (ایگزیکٹو مینجمنٹ)	چیف انویسٹمنٹ آفیسر۔ رکن آئی سی	۴۶
۴	جناب ایم عمر خان (ایگزیکٹو مینجمنٹ)	ہیڈ آف پورٹ فولیو مینجمنٹ۔ رکن آئی سی	۴۰
۵	جناب فواد جاوید (ایگزیکٹو مینجمنٹ)	ہیڈ آف فلسڈ انکم۔ رکن آئی سی	۴۷
۶	جناب فاران الحق (ایگزیکٹو مینجمنٹ)	ہیڈ آف ایکویٹیز۔ سیکریٹری آئی سی	۴۳

ادارے پر عائد معاشرتی ذمہ داریاں (سی ایس آر) اور عطیات

یورڈ سے منظور شدہ کمپنی کے سی ایس آر / عطیات دینے کے اصول و ضوابط کے تحت ہر سال کمپنی، منتظم کمپنی کے منافع، بعد از ادائیگی محصول، کا ایک فیصد عطیہ کرتی ہے۔ اس کے علاوہ شرعی اصولوں پر عمل پیرا ”اٹلس اسلامک اسٹاک فنڈ“ اور ”اٹلس اسلامک انکم فنڈ“ کی تاسیسی دستاویزات کے تحت یہ لازم ہے کہ فنڈز کی آمدنی کو اس میں شامل حرام جزو سے

سال کے دوران، چھ بورڈ میٹنگ منعقد ہوئیں جس میں درج ذیل شرکت کی گئی:

نمبر شمار	نام ڈائریکٹر	عہدہ	میٹنگ میں شرکت	کل میٹنگ میں سے
۱	جناب یوسف ایچ شیرازی	چیرمین	۴	۶
۲	جناب طارق امین	آزاد ڈائریکٹر	۶	۶
۳	جناب فراہیم علی خان	نان ایگزیکٹو ڈائریکٹر	۶	۶
۴	جناب ایم حبیب الرحمن	نان ایگزیکٹو ڈائریکٹر	۵	۶
۵	جناب علی ایچ۔ شیرازی	نان ایگزیکٹو ڈائریکٹر	۴	۶
۶	مس زہرا نقوی	آزاد ڈائریکٹر	۶	۶
۷	جناب محمد عبدالصمد	چیف ایگزیکٹو آفیسر	۶	۶

بورڈ کی کمیٹیوں میں شامل ہیں آڈٹ کمیٹی، ہیومن ریسورس اینڈ ری میٹوریشن کمیٹی، اور انویسٹمنٹ کمیٹی (جس میں ایگزیکٹو مینجمنٹ کے افراد شامل ہیں جیسا کہ این بی ایف سی قواعد ۲۰۰۸ء میں درکار ہے)۔ ان میٹنگز میں ڈائریکٹر ان نے شرکت کی جس کی تفصیل درج ذیل ہے:

● آڈٹ کمیٹی (اے سی)۔ چار اے سی میٹنگز دوران سال منعقد کی گئیں، اور درج ذیل شرکت کی گئی:

نمبر شمار	ڈائریکٹر کا نام	عہدہ	میٹنگ میں شرکت
۱	جناب طارق امین	آزاد ڈائریکٹر	۴
۲	جناب فراہیم علی خان	نان ایگزیکٹو ڈائریکٹر	۴
۳	جناب ایم حبیب الرحمن	نان ایگزیکٹو ڈائریکٹر	۴

کارپوریٹ نظم و ضبط:

کمپنی کارپوریٹ نظم و ضبط کے معیارات، ضابطہ اخلاق اور بہترین کاروباری طریقوں پر سختی سے عمل کرنے پر یقین رکھتی ہے۔ اور یہ سب اٹلس گروپ کی کاروباری تہذیب کا ایک جزو لاینفک ہے۔ جولائی ۲۰۱۲ء میں کارپوریٹ نظم و ضبط کے اصولوں کی منظوری دی گئی جس میں بورڈ کے ممبران، ملازمین اور کمپنی پر مختلف حلقوں، آپس کے معاملات اور معاشرے کی فلاح و بہبود کے سلسلے میں عائد کردہ فرائض اور ذمہ داریوں کو صراحت کے ساتھ بیان کر دیا گیا ہے۔ یہ ضابطہ اخلاق کمپنی کی ویب سائٹ پر دستیاب ہے۔

مفاپ کو ارسال کردہ ایس ای سی پی لیٹر نمبر ۲۰۱۸/۳۴۶/مفاپ/آر ایس/ایس سی ڈی مورخہ ۱۸ اپریل ۲۰۱۸ء کے مطابق جس کے تحت غیر محدود مجموعی سرمایہ کاری منصوبہ نیز غیر مندرج مینجمنٹ کمپنیاں، جو اس طرح کے مجموعی سرمایہ کاری منصوبہ چلا رہی ہیں، نئی لسٹنگ کمپنیز (ضابطہ برائے انتظامی تشکیل) کے قواعد و ضوابط ۲۰۱۷ء کی ضروریات سے مستثنیٰ ہیں۔

پینشن فنڈ منیجر اور کمیٹیز کے بورڈ آف ڈائریکٹران

مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز ایک ایگزیکٹو اور چھ نان ایگزیکٹو ڈائریکٹران پر مشتمل ہیں۔ اے اے ایم ایل کے ڈائریکٹران میں شامل ہیں جناب یوسف ایچ شیرازی، چیئر مین، جناب فراہیم علی خان ڈائریکٹر، جناب ایم حبیب الرحمن ڈائریکٹر، جناب طارق امین آزاد ڈائریکٹر، جناب علی ایچ شیرازی ڈائریکٹر، مس زہرا نقوی آزاد ڈائریکٹر اور جناب محمد عبدالصمد چیف ایگزیکٹو آفیسر۔

چیمبرمین کا جائزہ:

سالانہ رپورٹ میں شامل جائزہ منجملہ طور پر اس سال کے فنڈز کی کارکردگی اور اسکے آئندہ لائحہ عمل سے متعلق ہے۔ ڈائریکٹران اس جائزے کے مندرجات کی توثیق کرتے ہیں۔

بورڈ کے ڈائریکٹران کی جانب سے توثیق نامہ
بورڈ آف ڈائریکٹرز تصدیق کرتا ہے کہ:

- ☆ (اے پی ایف)، اور (اے پی آئی ایف)، کی مالیاتی تفصیلات، جسے ان فنڈز کے پینشن فنڈ منیجر کی جانب سے تیار کیا گیا ہے، جو شفاف طریقے سے پیش کرتی ہے اپنے حالات و واقعات، کارگزاری نتائج، جامع آمدنی برائے سال، نقد گوشوارے، اور شرکاء کے ذیلی فنڈ میں نقل و حرکت۔
- ☆ اے پی ایف اور اے پی آئی ایف کے تمام فنڈز کے کھاتوں کو مناسب طریقہ سے تیار کیا گیا ہے۔
- ☆ گوشواروں کی تیاری میں حساب داری کے اصولوں کو تسلسل کے ساتھ لاگو کیا جا رہا ہے اور گوشواروں کی تیاری میں احتیاط اور فہم و فراست کا استعمال کیا جا رہا ہے۔
- ☆ گوشواروں کی تیاری میں وہ بین الاقوامی معیارات جو پاکستان میں لاگو ہوتے ہیں، کو مد نظر رکھا گیا ہے اگر انہیں انحراف ہوا ہے تو اسے مناسب طریقے سے ظاہر کر دیا گیا ہے۔
- ☆ اندرونی نظم و ضبط کا نظام مؤثر نگرانی میں مستحکم بنیادوں پر نافذ ہے۔
- ☆ فنڈز کے مستقل بنیادوں پر جاری رہنے پر کوئی شبہ نہیں ہے۔
- ☆ اہم مالیاتی اعداد و شمار / کارکردگی کے چارٹ، (اے پی ایف)، اور (اے پی آئی ایف) کی سالانہ رپورٹس کے نوٹس ۲۲، اور ۲۱ پر علی الترتیب شائع کئے گئے ہیں۔

اٹلس پینشن اسلامک فنڈ (اے پی آئی ایف)

تفصیلات		اے پی آئی ایف - ایکویٹی ذیلی فنڈ		اے پی آئی ایف - ڈیبٹ ذیلی فنڈ		اے پی آئی ایف - منی مارکیٹ ذیلی فنڈ	
		۲۰۱۸	۲۰۱۹	۲۰۱۸	۲۰۱۹	۲۰۱۸	۲۰۱۹
مجموعی اثاثے - ملین روپے		۳۸۱.۶۶	۴۰۴.۱۳	۳۷۴.۸۵	۳۵۱.۱۵	۳۸۸.۷۷	۳۰۵.۲۴
آمدنی فی یونٹ - روپے		(۱۱۰.۵۲)	(۵۶.۰۵)	۱۵.۳۱	۸.۶۸	۱۴.۴۲	۷.۷۹
منافع		(۱۹.۱۴)	(۹.۵۴)	۷.۳۰	۳.۵۸	۷.۵۷	۴.۰۲
یونٹس کا اجراء - ملین روپے		۱۳۲.۴۴	۱۰۸.۰۲	۱۰۸.۴۶	۱۱۴.۵۲	۱۳۳.۰۶	۱۰۵.۲۷
یونٹس کی واپسی - ملین روپے		۶۹.۳۱	۶۱.۲۹	۱۱۰.۵۹	۱۱۸.۱۶	۷۳.۸۲	۶۳.۱۱
شرکاء کا تقسیم جدول - مالیاتی تفصیلات میں ظاہر کردہ		نوٹ ۱۷	نوٹ ۱۵	نوٹ ۱۷	نوٹ ۱۵	نوٹ ۱۷	نوٹ ۱۵

فنڈ کے وقف نامہ کے مطابق، ذیلی فنڈز کے ذریعے ہونیوالی آمدنی کو فنڈز میں محفوظ رکھا جائے گا۔

اٹلس پینشن فنڈ - گولڈ ذیلی فنڈ کی منسوخی

مینجمنٹ کمپنی نے یونٹ ہولڈرز کی رضامندی سے، اے پی ایف گولڈ ذیلی فنڈ میں ان کی سرمایہ کاری کو دوسرے ذیلی فنڈز میں منتقل کر دیا ہے۔ نتیجتاً ایس ای سی پی نے ذیلی فنڈ کی منسوخی کیلئے اپنی رضامندی دے دی۔ ۵۴،۰۴۷ روپے ٹیکس واپسی کلیم ہیں اور فیڈرل ایکسائز ڈیوٹی اور سندھ ورکرز ویلفیئر فنڈ کی مد میں ۰.۳۵ ملین روپے ہیں جسکی بہت زیادہ محتاط پیش بندی کی گئی ہے۔ ایک باریہ مسائل حل ہو جائیں تو انہیں سرمایہ میں اور شرکاء میں مساوی طور پر ٹرسٹی اور ضرورت پڑنے پر ایس ای سی پی سے پیشگی منظوری کے ساتھ مختص کیا جائے گا۔

ڈائریکٹرز رپورٹ

اٹلس ایسیٹ میٹجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز، پینشن فنڈ منیجر برائے اٹلس پینشن فنڈ (اے پی ایف) اور اٹلس پینشن اسلامک فنڈ (اے پی آئی ایف) کو اے پی ایف اور اے پی آئی ایف کی سالانہ رپورٹس بشمول آڈٹ شدہ مالیاتی تفصیلات اور آڈیٹرز رپورٹ برائے اختتام سال ۳۰ جون ۲۰۱۹ء پیش کرتے ہوئے خوش محسوس کرتے ہیں۔

فنڈ کا حجم اور افعال

فنڈ کے حجم، آمدنی فی یونٹ (ای پی ایس)، اور اے پی ایف اور اے پی آئی ایف کے یونٹس کے اجراء اور واپسی کا خلاصہ برائے اختتام سال ۳۰ جون ۲۰۱۹ء بمقابلہ اختتام سال ۳۰ جون ۲۰۱۸ء درج ذیل ہے۔















اے پی ایف - منی مارکیٹ ذیلی فنڈ		اے پی ایف - ڈی بیٹ ذیلی فنڈ		اے پی ایف - ایکویٹی ذیلی فنڈ		تفصیلات
۲۰۱۸ء	۲۰۱۹ء	۲۰۱۸ء	۲۰۱۹ء	۲۰۱۸ء	۲۰۱۹ء	
۲۶۶.۹۱	۳۵۶.۴۷	۳۷۵.۴۶	۳۷۷.۸۳	۳۹۳.۸۷	۳۸۶.۸۴	مجموعی اثاثے - ملین روپے
۱۱.۴۳	۱۸.۲۸	۱۲.۰۳	۲۰.۶۲	(۱۷.۶۸)	(۷۵.۸۰)	آمدنی / (خسارہ) فی یونٹ - روپے
۵.۳۶	۸.۶۴	۴.۹۶	۷.۱۷	(۲.۹۷)	(۱۷.۲۱)	منافع
۵۵.۷۷	۱۰۶.۷۰	۶۷.۶۴	۷۲.۱۲	۶۳.۷۲	۸۰.۶۲	یونٹس کا اجراء - ملین روپے
(۴۱.۹۴)	(۴۲.۸۴)	(۷۲.۲۸)	(۹۶.۶۷)	(۴۲.۸۳)	(۱۶.۴۷)	یونٹس کی واپسی - ملین روپے
نوٹ ۱۸	نوٹ ۱۸	نوٹ ۱۸	نوٹ ۱۸	نوٹ ۱۸	نوٹ ۱۸	شرکاء کا تقسیم جدول - مالیاتی تفصیلات میں ظاہر کردہ



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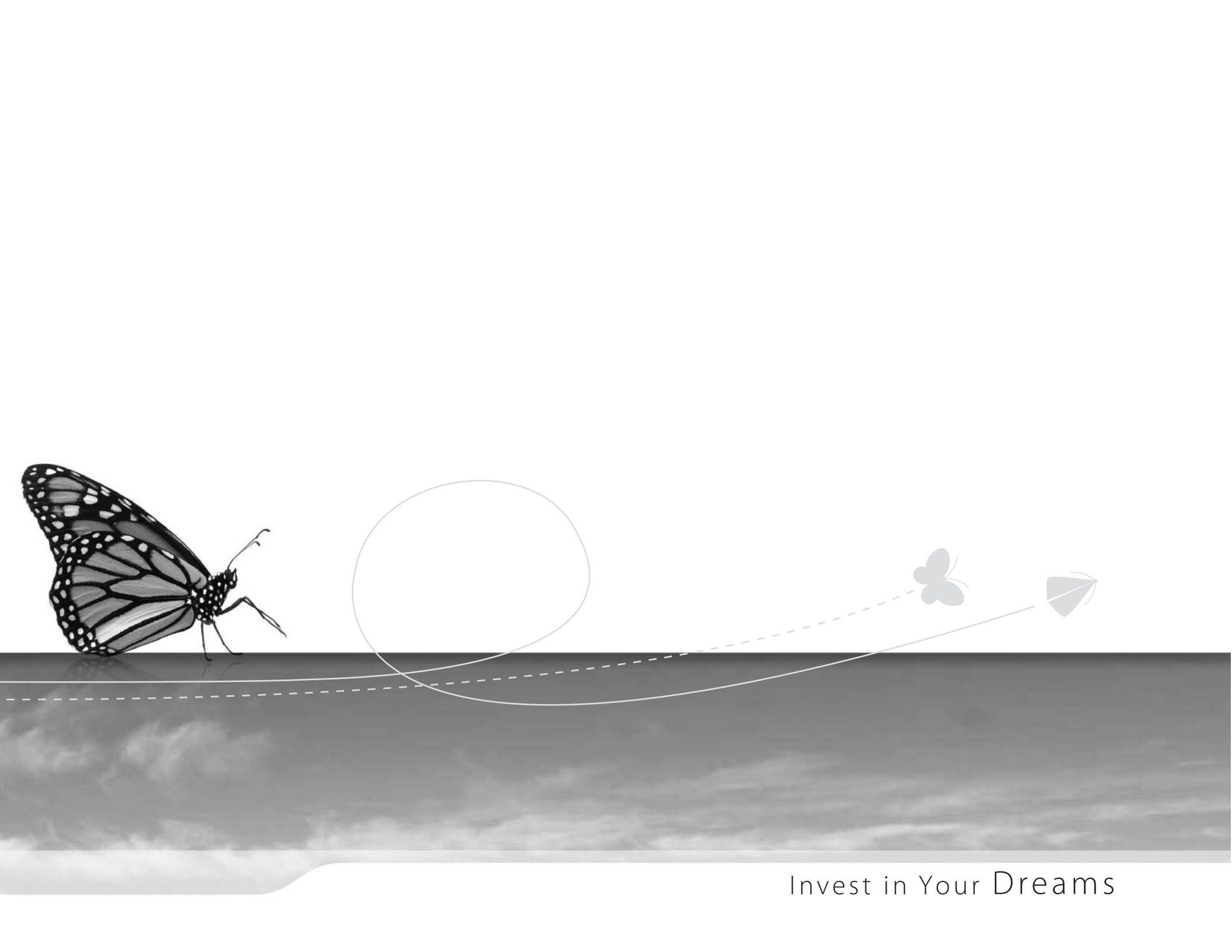


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(92-42) 37132688-89

Multan Office

C/o. Atlas Regional Office,
Azmat Wasti Road,
Near Dera Adda,
Multan.
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Faisalabad Office

C/o. Atlas Honda Ltd,
Customer Care Center,
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Meezan Executive Tower,
4-Liaqat Road, Faisalabad.
Ph: (92-41) 2541013

Rawalpindi Office

C/o. Atlas Honda Ltd.
Ground Floor,
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Golra Road, Rawalpindi.
Ph: (92-51) 5856411
Fax: (92-51) 5495928

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