



Annual Report 2020

UBL Retirement Savings Fund



Rated 'AM1' by VIS

CORPORATE INFORMATION

Board of Directors

Azhar Hamid (Chairman)

Yasir Qadri (Chief Executive Officer)

Syed Furrugh Zaeem

Naz Khan*

Arif Akmal Saifie

Sadia Saeed

Imran Sarwar

Audit Committee

Naz Khan* (Chair)

Imran Sarwar

Sadia Saeed

Arif Akmal Saifie

Risk and Compliance Committee

Imran Sarwar (Chairman)

Syed Furrugh Zaeem

Yasir Qadri

Azhar Hamid

Arif Akmal Saifie

HR & Compensation Committee

Azhar Hamid (Chairman)

Naz Khan*

Syed Furrugh Zaeem

Sadia Saeed

Yasir Qadri

Shariah Advisory Board

Mufti Muhammad Hassaan Kaleem
Member

Mufti Muhammad Najeeb Khan
Member

**Resigned effective July 20, 2020.*

Chief Financial Officer

Umair Ahmed

Company Secretary

Bilal Javaid

Registered Office

4th Floor, STSM Building,
Beaumont Road, Civil Lines,
Karachi, Pakistan.

Head Office

4th Floor, STSM Building,
Beaumont Road, Civil Lines,
Karachi, Pakistan.

UAN: (92-21) 111-825-262

Fax: (92-21) 32214930

Date of incorporation of the Management

Company/ Pension Fund Manager

Incorporated in Pakistan on
3 April 2001 as a Public Limited
Company under the Companies
Ordinance, 1984

Management Quality Rating

AM1 by VIS Credit Rating Company

Funds Under Management

UBL Liquidity Plus Fund

Launch Date: 21 June 2009

UBL Government Securities Fund

Launch Date: 27 July 2011

UBL Money Market Fund

Launch Date: 14 October 2010

UBL Income Opportunity Fund

Launch Date: 29 March 2013

UBL Growth & Income Fund

Launch Date: 2 March 2006

UBL Asset Allocation Fund

Launch Date: 20 August 2013

UBL Stock Advantage Fund

Launch Date: 4 August 2006

Al-Ameen Islamic Sovereign Fund

Launch Date: 07 November 2010

Al-Ameen Islamic Aggressive Income Fund

Launch Date: 20 October 2007

Al-Ameen Islamic Cash Fund

Launch Date: 17 September 2012

Al-Ameen Shariah Stock Fund

Launch Date: 24 December 2006

Al-Ameen Islamic Asset Allocation Fund

Launch Date: 10 December 2013

Al-Ameen Islamic Cash Plan-I

Launch Date: 29 May 2020

Al-Ameen Islamic Dedicated Equity Fund

Launch Date: 05 Jan 2016

Al-Ameen Islamic Financial Planning Fund - II

Launch Date: 21 February 2017

UBL Pakistan Enterprise Exchange Traded Fund

Launch Date: 24 March 2020

UBL Financial Planning Fund

Launch Date: 28 September 2017

Al-Ameen Islamic Financial Planning Fund - III

Launch Date: 28 May 2018

UBL Dedicated Equity Fund

Launch Date: 29 May 2018

UBL Financial Sector Fund

Launch Date: 06 April 2018

UBL Special Saving Fund

Launch Date: 09 November 2018

UBL Cash Fund

Launch Date: 23 September 2019

Conventional Investment Plans

UBL Mahana Munafa Plan

UBL Children Savings Plan

UBL Equity Builder Plan

UBL Wealth Builder Plan

Islamic Investment Plans

Al-Ameen Mahana Munafa Plan

Al-Ameen Children Savings Plan

Al-Ameen Equity Builder Plan

Al-Ameen Wealth Builder Plan

Al-Ameen Hajj Savings Plan

Al-Ameen Islamic Financial Planning Fund

Launch Date: 23 June 2015

UBL Retirement Savings Fund

Launch Date: 10 May 2010

Al-Ameen Islamic Retirement Savings Fund

Launch Date: 10 May 2010

Al-Ameen Islamic Energy Fund

Launch Date: 13 December 2019

Al-Ameen Islamic Special Saving Plan-II

Launch Date: 09 March 2020

Al-Ameen Islamic Aggressive Income Plan-I

Launch Date: 16 April 2020



DIRECTORS' REPORT

The Board of Directors of UBL Fund Managers Limited is pleased to present to you the Annual Report of “UBL Retirement Savings Fund” (URSF) for the year ended June 30, 2020.

ECONOMY REVIEW – FY20

The fiscal year 2019-20 remained challenging for the country, with the real GDP growth slumping to -0.38% as compared to 1.91% in the FY19. The slowdown in economic activities persist in the 1HFY20 as the earlier stabilization measures taken by authorities came in effect. However, with the outbreak of Covid-19 the situation got further vulnerable after the mid of March'20 as the country went in strict lockdown for almost 2 months which stop the all economic activities in the country and earlier expectation of recovery by 2QCY20 turned down as this global pandemic has created sever impact on country's overall aggregate demand. The said vulnerabilities also reflected in 10MFY20 LSM data, declining by 8.68% YoY, the major fall came from automobiles, petroleum, Iron and steel products, pharmaceutical and chemicals. In order to face the extraordinary circumstances and to restrained the economic growth, both monetary and fiscal authorities too severe measures including; 1) a hefty reduction in policy rates of 625bps since March'20, declining from 13.25% to 7%, 2) approval of a rapid financing facility of USD1.4bn by IMF along with some other inflows from International Financial Institutions to meet immediate fiscal and external financing requirements 3) government decision to defer the hike in utility prices.

Average headline inflation for FY20 rose to 10.7%, significantly higher than average headline inflation of 7.3% in FY19. The uptick in FY20 inflation was brought about by higher food prices, partly due to supply and administrative issues, while non-food inflation remained relatively controlled owing to lower fuel prices, subdued increase in house rents and weak domestic demand. We expect headline inflation numbers to remain muted during the next 6-7 months on account of subdued commodity prices, gradual and back-loaded increase in utility tariffs, few new taxation measures in the budget and high base effect of last year. In view of subdued inflation outlook, a manageable external account position and weak domestic economic activity, SBP further cut its policy rate by 100bp to 7.0% in an unscheduled monetary policy review meeting during the month. We think the current easing cycle is nearing an end as risks to growth, inflation and macroeconomic stability look more balanced now. A normalizing yield curve corroborates our view.

On external front, encouraging improvement has been witnessed as the 11MFY20 current account deficit significantly reduced by 74% from USD 12.4bn to USD 3.2bn. The primary reason for a decline in current account deficit was a significant decline in imports of 20% YoY (down from USD 57.9bn to USD 46.6bn). The major decline in imports came from Petroleum, Textile and Other manufacturing group. Exports also declined by 7% YoY (down from USD 27.9bn to USD 25.9bn), however remittances increased from USD21.7bn in FY19 to USD23.1bn in FY20 showing a growth of 6.4% YoY. Moreover, with heavy debt inflows overall balance of payment position witnessed a surplus of USD 3.4bn as against negative balance of USD 1.1bn in SPLY.

On the fiscal side, fiscal deficit on 10MFY10 came in at 5.3% (PKR2, 222 bn) vs 5.6% (PKR 2,128bn) in SPLY and primary deficit was -0.5% in 10MFY20 as compared to 1.4% primary deficit in SPLY. We expect FY20 to close with a deficit of 9-10% on account of weak collections & higher expenditure in 4QFY20 due to covid19 related developments. For FY21, the government is targeting a fiscal deficit of ~7% of GDP. However, we expect the government to overshoot the aforementioned number by 1-2% on account of lower collections & higher expenditure despite decreasing local borrowing cost.



DEBT MARKET REVIEW

During FY20, market appetite for the government securities remained strong. In twelve PIB auctions in FY20, heavy participation amounting to PKR ~5 trillion was observed, out of this Government preemptively accepted PKR ~1.9 trillion. Strong participation was mainly on the back of interest rate's peaked-out expectation in the beginning of the financial year along with the overall improvement in the fiscal position and estimates of higher external financing. Due to momentous demand, government leveraged its position by slashing the cut off rates by 628, 536 and 456 bps for 3Y, 5Y and 10Y PIBs respectively during the Fiscal year 2020.

In case of floating rate PIBs, government introduced 3Y floater PIB and 5Y floater PIB in addition to the existing 10Y floater PIB from June'20. Total participation of PKR ~1578 billion was observed in the floating rate PIB against the target of PKR ~900 billion. While government accepted PKR ~818 billion during FY'20.

Government has started issuance of 5-Years floating rate Ijara Sukuk since April'20 and successfully conducted 3 auctions and accepted PKR 197 billion against the target of PKR 225 billion.

Till August 2019, market bid mostly for the 3 months T-Bills. However, in the anticipation of declining interest rate scenario, heavy participation in the 12M T-Bills was observed in the subsequent auctions.

Yield curve comparison is given below:

Tenor	PKRV as on 30-06-2019 (%)	PKRV as on 30-06-2020 (%)	Change (%)
3-Months	12.75	7.15	-5.6
6-Months	12.85	7.09	-5.76
12-Months	13.13	7.05	-6.08
3-Years	13.85	7.55	-6.3
5-Years	13.88	8.14	-5.74
10-Years	13.72	8.71	-5.01

STOCK MARKET REVIEW FOR FY20

After a strong recovery of ~50% from its low of 28,764 points and touching its peak of 43,200 points during the mid-Jan'20, the benchmark index succumb to host of negative triggers eroding all previous gains and appeared as worst performing month since Dec'08 in the March'20. Major catalysts for sluggish performance of the index included 1) outbreak of covid-19 pandemic, 2) significant fall in global oil prices as the OPEC+ member couldn't reach an agreement in the late Feb'20 3) disruption in global demand and supply and 4) fear of economic slowdown due to Covid-19. However, later the benchmark index recouped much of its losses and closes FY20 with minimal gains of 1.5% YoY primarily due to 1) significant decline in policy rate by 625bps from 13.25% to 7% as an emergency response by the central bank, ii) recovery in global oil prices, iii) approval of a rapid financing facility of USD1.4bn by IMF along with USD3bn inflow from International Financial Institutions and Commercial Banks to meet immediate fiscal and external financing requirements iv) a host of relief measures announced by the federal government to lessen the impact of Covid19 on different sectors of the economy & v) further decline in money market yields.

Further, fear of economic slowdown and economic uncertainty created by Covid-19 forced the foreign investors to remain net seller in the equity market with offloading shares worth USD 284mn. On the contrary local Individuals and Insurance companies bought equities worth USD213/128mn respectively. In terms of activity, average volume and value traded during the period under review stood at 135mn shares and PKR6.2bn, up 40/18% YoY, respectively. Moreover, Sector wise Pharmaceuticals and Cements outperformed KSE100 by 61% and 38%, whereas Banks and E&Ps lagged the benchmark index by 12 and 9%, respectively.



COMMODITY MARKET REVIEW

On commodities front, during the period Gold outperformed the other commodities during the period under review, increasing by 22.6% YoY. During the 1HFY20 Gold prices remained volatile but later start increasing mainly due to dismal performance of global equity markets and lower economic growth. Further, the uncertainty created by Covid-19 pandemic pushed investors toward the safe haven asset classes like Gold which led the spike in Gold prices.

On the other end, Crude oil prices (Brent) declined by 37.6% YoY from USD 64.0/BBL during the start of FY20 to USD 39.9/BBL in the end of FY20. The primary reason for significant decline in oil prices was price war between the OPEC and its allies as were unable to agree on production cuts. With the price war between both, crude oil prices went down below \$15/bbl. However, later the crude oil prices recovered as both agree for production cuts as the fear of Covid-19 dampened global oil demand.

FUTURE OUTLOOK

The fiscal year 2020 remained extremely challenging for the Pakistan economy, as earlier measures taken by authorities to stabilize along with expectation of recovery in the economy in late 2HFY20 turnaround due to exaggerate impact created by the Covid-19 pandemic. However, going forward with the authorities focus shifting towards revival of economy and supporting growth and employment, we believe going forward economic activity would recover and GDP growth will improve. With resumption of IMF program in 2QFY21 overall macro indicators are expected to improve.

Inflation is expected in the range of 6-8% during FY21 mainly due to high base impact. We expected inflation to bottom out in Jan'20. After 625bps cut in policy rate, Real interest rates have turned negative at the moment however they are expected to be positive going forward due substantial decline in inflation.

On external front, we expect current account deficit to remain contained as subdued commodity prices and services imports neutralize the impact of lower exports and remittances. Further defer in debt repayments for the next 12 months government is likely to achieve balance of payments stability. For the FY21 we expect CAD to remain in range of USD 4.5-5.5bn and overall balance of payment is expected to be positive by USD1-2bn.

On fiscal side, we expect budget deficit to remain elevated in the range of 9-10% of GDP during FY20 because of weak revenue collection and high current expenditures in the 4QFY20. In the budget FY20-21, no major new taxes has been levied rather hefty tax relief has been provided by government along with high current expenditures, this all together has left very limited room on fiscal side, Thus, we expect fiscal challenges will persist also in FY21 and fiscal deficit can remain in range of 8-9% during FY21.

We believe economy is expected to recover from recession and GDP growth is expected to be 2.1% in FY21 therefore attractive valuation along with improving economic fundamentals in FY21 forced us to hold a sanguine view on domestic equity market. Even after downgrading our earnings due to Covid-related slowdown and lower oil prices, earnings yield differential from 10Y PIB yield is over 4.0% (12.8% vs 8.74%), much higher than the average yield differential of 0.7% over the last 10 years.

At current levels, the market is trading at an undemanding PE of 7.4x against historical average of ~8.5x and a P/B of 1.0x vs. historical average of 1.8x leaving further room for rerating, offering attractive dividend yields of 6.1% much higher a compare to regional average DY of ~3.0%. The market cap to GDP currently stands at 15.3%. Further, after the recent rates cut and lower returns from other investment avenues equity remain much attractive.

Performance and operational review

UBL RETIREMENT SAVINGS FUND

The Fund comprises of four sub funds namely Equity sub-fund, Debt sub-fund, Money Market sub-fund and Commodity sub-fund. The Fund as a whole earned a gross income of PKR 345.334 million and net income of PKR 305.649 million during the year. The total fund size stood at PKR 3,168.594 million as at the year end.



Performance review for each sub fund is given below:

a) Equity Sub-Fund

For the year ended June 30, 2020, the equity sub-fund earned a gross income of PKR 95.269 million and net income of PKR 89.844 million. The net assets of equity sub-fund stood at PKR 1,222.486 million representing net asset value of PKR 587.3998 per unit as at June 30, 2020.

b) Debt Sub Fund

For the year ended June 30, 2020, the debt sub-fund earned a gross income of PKR 116.433 million and net income of PKR 102.853 million. The net assets of debt sub-fund stood at PKR 800.221 million representing net asset value of PKR 265.9978 per unit as at June 30, 2020.

c) Money Market Sub Fund

For the year ended June 30, 2020, the money market sub-fund earned a gross income of PKR 131.325 million and net income of PKR 110.977 million. The net assets of money market sub-fund stood at PKR 1,076.277 million representing net asset value of PKR 211.1708 per unit as at June 30, 2020.

d) Commodity Sub Fund

For the year ended June 30, 2020, the Commodity sub-fund earned a gross income of PKR 2.307 million and net income of PKR 1.975 million. The net assets of commodity sub-fund stood at PKR 9.684 million representing net asset value of PKR 156.1029 per unit as at June 30, 2020.

Auditors

The present statutory auditors M/s Deloitte Yousuf Adil, Chartered Accountants being eligible, have offered themselves for reappointment. The Audit Committee has recommended their appointment as the statutory auditors of the Fund for the year 2021.

Acknowledgements

We would like to thank our valued unit holders for their confidence and trust in UBL Fund Managers Limited. In addition, we would like to acknowledge the Securities and Exchange Commission of Pakistan, State Bank of Pakistan, and Central Depository Company of Pakistan Limited (Trustee) for their continued support, guidance and cooperation. The Board would also like to take this opportunity to express its appreciation to the employees for their dedication, commitment, enthusiasm and hard work.

FOR & ON BEHALF OF THE BOARD OF DIRECTORS OF UBL FUND MANAGERS LIMITED

-- sd --

Yasir Qadri
(Chief Executive Officer)

-- sd --

Arif Akmal Saifie
(Director)

Karachi
Dated: September 24, 2020

ڈائریکٹرز رپورٹ

یو بی ایل فنڈ منیجرز لمیٹڈ کے بورڈ آف ڈائریکٹرز مسرت کے ساتھ یو بی ایل ریٹائرمنٹ سوینگز فنڈ کی رپورٹ پیش کرتے ہیں۔ یہ رپورٹ مالی سال 2020 کے اختتام تک ہے:

اقتصادی جائزہ برائے مالی سال 2019-20

مالی سال 2019-20 ملک کے لئے چیلنج رہا ، حقیقی جی ڈی پی کی نمو منفی 0.38 فیصد رہی جبکہ مالی سال 2018-19 میں یہ 1.91 فیصد تھی۔ اقتصادی سرگرمیوں میں سست روی 20HFY1 میں برقرار رہی جس کی وجہ حکام کی طرف سے استحکام کے لئے اٹھائے جانے والے گزشتہ اقدامات ہیں۔ کوویڈ 19 کی وباء کے ساتھ ہی مارچ 2020 کے وسط کے بعد صورتحال مزید بد حالی سے دوچار ہو گئی کیونکہ ملک تقریباً 2 ماہ تک سخت لوک ڈاؤن میں رہا جس سے ملک کی تمام معاشی سرگرمیاں بند ہو گئیں اور 20QCY2 میں بہتری کی توقعات مدہم ہو گئیں۔ کیونکہ اس عالمی وبائی بیماری نے ملک کی مجموعی طلب کو بری طرح متاثر کیا۔

مذکورہ کمزوریاں لارج سکیل مینوفیکچرنگ سیکٹر کے 20MFY10 کے اعداد و شمار سے مزید نمایاں ہوتی ہیں، جس میں 8.68% YoY کی کمی واقع ہوئی۔ سب سے زیادہ گراؤٹ آٹوموبائل ، پٹرولیم ، آئرن اور اسٹیل، دواسازی اور کیمیکل کی صنعتوں میں واقع ہوئی۔ غیر معمولی حالات کا سامنا کرنے اور معاشی نمو کو روکنے کے لئے ، مالیاتی اور معاشی حکام نے سخت اقدامات کے جن میں:

- (1) مارچ 2020 کے بعد سے پالیسی ریٹ میں 625bps کی کمی، جو 13.25 فیصد سے کم ہو کر 7 فیصد ہو گیا ہے ،
- IMF (2) کے ذریعے 1.4 ارب ڈالر کی فوری مالی اعانت کی سہولت کی منظوری اور بین الاقوامی مالیاتی اداروں کی طرف سے مالی اعانت کی فراہمی تاکہ فوری معاشی ضروریات اور بیرونی قرض کی ادائیگی ممکن بنی جا سکے
- (3) یوٹیلٹیٹی کی قیمتوں میں کسی فوری اضافے کو روکنے کا حکومتی فیصلہ

مالی سال 2019-20 کے لئے اوسطاً افراط زر کی شرح 10.7 فیصد رہی ، جو گزشتہ مالی سال 2018-19 میں اوسطاً 7.3 فیصد تھی۔ مالی سال 2019-20 میں افراط زر میں اضافے کی وجہ اشیائے خورد و نوش کی اضافی قیمتیں تھیں ، جس کی ایک وجہ فراہمی کا نظام اور انتظامی امور ہیں۔ دوسری جانب ایندھن کی قیمتوں میں کمی ، گھریلو کرایوں میں معمولی اضافے اور مجموعی طلب کی کمی کی وجہ سے غیر خوراک کی افراط زر نسبتاً قابو میں رہی۔

ہم توقع کرتے ہیں کہ افراط زر کی شرح اگلے 6-7 ماہ کے دوران مستحکم رہے گی جس کی وجہ اشیائے خوردونوش کی قیمتوں میں استحکام، یوٹیلٹیٹی کے نرخوں میں غیر ضروری اضافے کی روک تھام ، بجٹ میں صرف چند ایک نئے ٹیکسوں کا اضافہ اور گزشتہ برس کا بیس افیکٹ ہیں۔ افراط زر کی صورتحال، بہتر بیرونی اکاؤنٹ پوزیشن اور ملکی معاشی سرگرمی میں کمی کے پیش نظر ، اسٹیٹ بینک نے مالیاتی پالیسی جائزہ اجلاس میں پالیسی ریٹ کی شرح کو 100bps کم کر کے 7.0 فیصد کر دیا ہے۔

توقع کی جاتی ہے کہ موجودہ معاشی آسانیوں کا سلسلہ جلد ختم ہو جائے گا کیونکہ ترقی ، افراط زر اور معاشی استحکام کو پیش نظر خطرات کافی محدود ہو چکے ہیں۔ نارمل ہوتا ہوا Yield Curve اس نظریہ کی تائید کرتا ہے۔

بیرونی محاذ پر ، حوصلہ افزا بہتری دیکھنے میں آئی ہے کیونکہ 20MFY11 کرنٹ اکاؤنٹ خسارہ نمایاں طور پر 74 فیصد کی کمی سے 12.4 ارب ڈالر سے کم ہو کر 3.2 ارب ڈالر رہ گیا ہے۔ کرنٹ اکاؤنٹ خسارے میں کمی کی بنیادی وجہ درآمدات میں 20% YoY کی نمایاں کمی تھی (جو کہ 57.9 ارب ڈالر سے کم ہو کر 46.6 ارب ڈالر کی سطح پر آگئیں)۔ درآمدات میں سب سے نمایاں کمی پٹرولیم ، ٹیکسٹائل اور دیگر مینوفیکچرنگ صنعتوں میں ہوئی۔

برآمدات میں بھی 7% YoY کی کمی واقع ہوئی (جو کہ 27.9 ارب ڈالر سے کم ہو کر 25.9 ارب ڈالر کی سطح پر آگئیں) ، تاہم مالی سال 2019 کی نسبت مالی سال 2020 میں ترسیلات 21.7 ارب ڈالر سے بڑھ کر 23.1 ارب ڈالر ہو گئیں جو کہ 6.4% YoY کا اضافہ ہے۔ مزید برآں، بھاری قرض کی وصولی کے نتیجے میں ادائیگیوں کے توازن میں 3.4 ارب ڈالر کا سرپلس پیدا ہوا جبکہ گزشتہ سال اس مد میں 1.1 ارب ڈالر کا خسارہ تھا ۔

مالیاتی رخ پر ، 20MFY10 کا مالیاتی خسارہ 5.3% (2,222 ارب روپے) رہا جبکہ گزشتہ سال یہ خسارہ 5.3% (2,182 ارب روپے) تھا۔ 20MFY10 میں بنیادی خسارہ منفی 0.5% رہا جبکہ گزشتہ سال یہ خسارہ 1.4% تھا۔ توقع کی جا سکتی ہے کہ مالیاتی سال 2020 کے اختتام تک مالیاتی خسارہ 9% سے 10% تک پہنچ سکتا ہے جسکی وجہ کوئیڈ 19 کے نتیجے 20QFY4 میں ہونے والی کم وصولیاں اور اضافی اخراجات ہیں۔

مالی سال 2120 کے لئے ، مالی خسارے کا حکومتی ہدف جی ڈی پی کا 7% ہے۔ تاہم توقع کی جا سکتی ہے کہ کم وصولیوں اور اضافی اخراجات کے پیشے نظر اور باوجود اس کے کہ مقامی قرض سستا ہو گیا ہے مالی خسارہ مذکورہ بالا ہدف سے 1-2% تک تجاوز کر سکتا ہے ۔

بازار قرض کا جائزہ

مالی سال 2020 کے دوران ، سرکاری سیکیورٹیز کے لئے مارکیٹ کی طلب مستحکم رہی۔ مالی سال 2020 میں پی آئی بی کی بارہ نیلامیوں میں ، 5 کھرب روپے کی بھاری شرکت رہی ، جس میں سے حکومت نے 1.9 کھرب روپے منظور کیے۔ سرمایہ کاروں کی شرکت بنیادی طور پر مالی سال کے آغاز میں شرح سود میں متوقع اضافے اور اس کے ساتھ ساتھ مالی حالت میں مجموعی بہتری اور بیرونی ترسیلات میں اضافے کے تخمینوں کے سبب رہی۔ اضافی طلب کے نتیجے میں حکومت نے مالی سال 2020 کے دوران 3 سال ، 5 سال اور 10 سال کے PIBs پر بالترتیب 628 ، 536 اور 456 BPS کمی کر کے اپنی پوزیشن کا فائدہ اٹھایا۔

جون 2020 سے حکومت نے موجودہ 10 سال کے Floating Rate PIBs کے ساتھ اس کٹیگری میں 3 سال اور 5 سال کے Floating Rate PIBs بھی متعارف کئے ہیں۔ مالی سال 2020 کے دوران 900 ارب روپے کے ہدف کے مقابلے میں Floating Rate PIBs میں سرمایہ کاروں کی مجموعی شرکت 1,578 ارب روپے رہی جبکہ حکومت نے مالی سال 2020 کے دوران 818 ارب روپے منظور کیے۔

حکومت نے اپریل 2020 سے 5 سال کے Floating Rate Ijarah Sukuk جاری کرنا شروع کیے اور کامیابی کے ساتھ 3 نیلامیاں مکمل کیں۔ اس ضمن میں 225 ارب روپے کے ہدف کے مقابلے میں 197 ارب روپے کی پیشکشیں منظور کی گئیں۔

اگست 2019 تک زیادہ تر 3 ماہ کے TBills کے لئے بولیاں وصول ہوئیں۔ تاہم ، شرح سود میں کمی کے اندازوں کے سبب بعد میں ہونے والی نیلامیوں میں 12 ماہ کے TBills میں بھاری شرکت دیکھی گئی۔

Yield Curve کا موازنہ درج ذیل ہے:

Tenor	PKRV as on 30-06-2019 (%)	PKRV as on 30-06-2020 (%)	Change (%)
3-Months	12.75	7.15	-5.6
6-Months	12.85	7.09	-5.76
12-Months	13.13	7.05	-6.08
3-Years	13.85	7.55	-6.3
5-Years	13.88	8.14	-5.74
10-Years	13.72	8.71	-5.01

شہینرز (حصص) بازار کا جائزہ:

جنوری 2020 کے وسط تک انڈیکس قریب 50% کے زبردست اضافے کے ساتھ 28,764 پوائنٹس سے بڑھ کر 43,200 کی بلند ترین سطح پر آ چکا تھا۔ البتہ اس کے بعد پیش آنے والے حالات نے بینچ مارک انڈیکس پر انتہائی منفی اثرات مرتب کیے اور انڈیکس کی کارکردگی 2020 March میں انتہائی غیر متاثر کن رہی جو کہ 2008 December کے بعد سے بدترین کارکردگی تھی۔

انٹیکس کی سست کارکردگی کے بنیادی محرکات میں (1) کوویڈ 19 کی وبا (2) بڑے کٹالسٹوں میں شامل ہونے (1) کوویڈ 19 وبائی بیماری کا پھیلنا ، (2) تیل کی عالمی قیمتوں میں نمایاں گراؤ OPEC ممبرز کا فروری 2020 کے اختتام تک کسی معاہدے تک نہ پہنچ پانا (3) عالمی طلب اور رسد میں پیدا ہونے والی مشکلات اور (4) کوویڈ 19 کے سبب معاشی سست روی کا خوف شامل ہیں۔

تاہم مالی سال کے آخری حصے میں بینچ مارک انٹیکس بہتری کی جانب گامزن رہا اور مثبت اشاروں کی بدولت۔ جن میں (1) اسٹیٹ بینک کی جانب سے ہنگامی ردعمل کے طور پر پالیسی ریٹ کی شرح کو بتدریج %13.25 سے کم کر کے %7 کیا جانا (2) عالمی سطح پر تیل کی قیمتوں میں استحکام (3) IMF کے ذریعے 1.4 ارب ڈالر کی فوری مالی اعانت کی سہولت کی منظوری اور بین الاقوامی مالیاتی اداروں کی طرف سے مالی اعانت کی فراہمی تاکہ فوری معاشی ضروریات اور بیرونی قرض کی ادائیگی ممکن بنی جا سکے (4) کوویڈ 19 کے منفی اثرات کو زائل کرنے کے لئے وفاقی حکومت کی جانب سے مختلف شعبوں کے لئے ریلیف کے مختلف اقدامات (5) منی مارکیٹ کی شرح منافع میں مزید کمی۔ نقصانات کا ازالہ ممکن ہوا اور مالی سال 2020 انٹیکس میں %1.5 کے YoY اضافے کے اختتام پذیر ہوا۔

مزید برآں کوویڈ 19 کے نتیجے میں پیدا ہونے والی معاشی سست روی اور معاشی غیر یقینی صورتحال کے پیش نظر مارکیٹ سے 284 ملین ڈالر کے غیر ملکی سرمایے کا اخراج ہوا۔ اس کے برعکس مقامی سرمایہ کاروں اور انشورنس کمپنیوں نے بالترتیب 213 اور 128 ملین ڈالر کے حصص خریدے۔ سٹاک مارکیٹ کی کاروباری سرگرمی کے اعتبار سے رواں برس اوسط حجم 135 ملین حصص (%40 اضافہ YoY) جبکہ کاروباری لاگت 6.2 ارب روپے (%18 اضافہ YoY) رہی۔ اس کے علاوہ ، فارماسیوٹیکلز اور سیمنٹ کے شعبوں نے بہتر کارکردگی کی بدولت 100KSE انٹیکس کو بالترتیب 61 فیصد اور 38 فیصد سے مات دی جبکہ اس کے مقابلے میں بینکوں اور E&P سیکٹر کی کارکردگی 100KSE انٹیکس کی نسبت بالترتیب 12 فیصد اور 9 فیصد کم رہی۔

جنس (کوڈڈیز) مارکیٹ کا جائزہ:

مالی سال 2020 کے دوران کے دوران سونے کی کارکردگی دیگر اجناس کے مقابلے میں بہت بہتر رہی اور سونے کی شرح نمو YoY بنیاد پر 22.6 فیصد رہی۔ 20HFY1 کے دوران سونے کی قیمتیں غیر مستحکم رہیں البتہ بعد میں عالمی حصص منڈیوں کی غیر متاثر کن کارکردگی اور معاشی نمو میں واقع ہونے والی کمی کے سبب سونے کی قیمتوں میں چڑھاؤ دیکھنے میں آیا۔ اس کے علاوہ سونے کی قیمتوں میں اضافے کا ایک سبب کوویڈ 19 کی وبا بھی بنی جس کے نتیجے میں پیدا ہونے والی غیر یقینی صورتحال کے پیش نظر سرمایہ کاروں کا جھکاؤ سونے جیسی محفوظ جنس کی طرف رہا۔

دوسری طرف مالی سال 2020 میں خام تیل (Brent) کی قیمتوں میں YoY کی بنیاد پر %37.6 کی کمی واقع ہوئی۔ مالی سال کے آغاز پر خام تیل کی قیمت 64 ڈالر فی بیرل تھی جو کے سال کے اختتام تک 39.9 ڈالر فی بیرل کی کم ترین سطح پر آ گئی۔ خام تیل کی قیمتوں میں نمایاں کمی کی بنیادی وجہ OPEC اور اس کے اتحادیوں کے مابین قیمتوں کے تعین کے معاملات اور پیداوار میں کمی پر ہم آہنگی کا فقدان تھا۔ ان حالات کے پیش نظر ایک موقع پر خام تیل کی قیمتیں 15 ڈالر فی بیرل کی کم ترین سطح تک گر چکی تھیں۔ تاہم کوویڈ 19 کے تناظر میں تیل کی عالمی طلب میں واقع ہونے والی کمی کے پیش نظر فریقین پیداوار میں کمی پر راضی ہوئے۔ اس کے نتیجے میں خام تیل کی قیمتوں میں بہتری واقع ہوئی۔

مستقبل کا زاویہ نگاہ

مالی سال 2020 پاکستان کی معیشت کے لئے انتہائی دشوار رہا کیونکہ حکام کی جانب سے کی گئی معاشی استحکام کی کوششوں اور 20HFY2 میں معاشی بحالی کی امیدوں کو کوویڈ 19 کی وبا کے منفی اثرات نے شدید متاثر کیا۔ تاہم ، حکام کی جانب سے معیشت کی بحالی، معاشی ترقی اور روزگار کے مواقع پیدا کرنے کی کوششوں کے تناظر میں امید کی جا سکتی ہے کہ معاشی سرگرمیوں میں بہتری واقع ہوگی GDP کی نمو بہتر ہوگی۔ 21QFY2 میں IMF پروگرام کی بحالی سے مجموعی طور پر کلیاتی اشاریوں میں بہتری کی توقع کی جا رہی ہے۔

مالی سال 2021 کے دوران افراط زر کی شرح 6 سے 8 فیصد تک متوقع ہے جس کی بنیادی وجہ High Base Effect ہے۔ پالیسی ریٹ میں BPS 625 کی کمی کے نتیجے میں حقیقی سود کی شرح منفی ہوچکی ہے تاہم مہنگائی کی شرح میں کمی سے حقیقی سود کی شرح کے مثبت ہو جانے کی امید کی جا سکتی ہے۔

بیرونی محاذ پر، کرنٹ اکاؤنٹ خسارے کے قابو میں رہنے کی توقع کی جا سکتی ہے کیونکہ Services درآمدات اور اجناس کی قیمتوں میں کمی نے برآمدات اور ترسیلات میں کمی کے منفی اثرات کو زائل کیا ہے۔ مزید یہ کہ قرضوں کی ادائیگیوں ملنے والی 12 ماہ کی مہلت کے نتیجے میں حکومت ادائیگیوں کے توازن میں استحکام حاصل کرنے میں کامیاب ہو جائیگی۔ مالی سال 2021 میں کرنٹ اکاؤنٹ خسارہ 4.5 سے 5.5 ارب امریکی ڈالر اور مجموعی ادائیگی کا توازن 1 سے 2 ارب امریکی ڈالر رہنے کا امکان ہے۔ مالی رخ پر، مالی سال 2020-21 میں بجٹ خسارہ بڑھنے اور GDP کے 9% سے 10% کی حد میں رہنے کا امکان ہے جس کی وجہ محصولات میں کمی اور 20QFY4 میں اضافی قلیل مدتی اخراجات ہیں۔ مالی سال 2020-21 کے وفاقی بجٹ میں کوئی نیا ٹیکس عائد نہیں کیا گیا ہے بلکہ اس کے برعکس حکومت نے ٹیکس ریلیف فراہم کیا ہے اور اس کے ساتھ ہی قلیل مدتی اخراجات میں اضافہ کیا ہے۔ ان عوامل کے پیش نظر مالی رخ پر حکومت کے پاس کچھ زیادہ گنجائش موجود نہیں رہی ہے لہذا سال 2021 میں مالی چینلجز کے برقرار رہنے اور مالی خسارے کے 8% سے 9% کی حد میں رہنے کا امکان ہے۔

مالی سال 2021 میں معیشت کے بحرانی صورتحال سے نکلنے اور GDP کی شرح نمو 2% رہنے کا امکان ہے۔ لہذا مالی سال میں بہتر ہوتے معاشی اشاریوں کے سبب لوکل حصص مارکیٹ میں اضافے کا رجحان رہنے کا امکان ہے۔ Covid 19 کے نقصانات کے نتیجے میں منافع کی شرح میں ہونے والی کمی اور تیل کی گرتی ہی قیمتوں کے باوجود 10 سال کے PIBs کے منافع کی شرح کی نسبت Earnings Yield کی شرح 4% تک زائد رہی۔ اس کے برعکس گزشتہ سالوں کے دوران یہ فرق اوسطاً محض 0.7% تک محدود رہا ہے۔

اس وقت مارکیٹ میں x7.4 کے P/E پر کاروبار ہو رہا ہے جو کے ماضی میں اوسطاً x8.5 تھا۔ جبکہ P/B 1.0x ہے جو کے ماضی میں اوسطاً x1.8 رہا ہے جس کے سبب Rerating کی گنجائش موجود ہے۔ Dividend Yield کی شرح 6.1% ہے جو کے خطے کے 3% کے D/Y سے کہیں زیادہ ہے۔

Market Capitalization to GDP کا تناسب 15.31% ہے۔ مزید برآں پالیسی ریٹ کی شرح میں کمی اور سرمایہ کاری کے دیگر شعبوں کی نسبت حصص میں سرمایہ کاری زیادہ منافع بخش ہے۔

فنڈ کی کارکردگی اور اس کا عملی جائزہ

UBL Retirement Savings Fund (URSF) مندرجہ ذیل چار ذیلی فنڈز پر مشتمل ہے:

1. UBL Retirement Savings Fund - Equity Sub Fun.1
2. UBL Retirement Savings Fund - Debt Sub Fund .2
3. UBL Retirement Savings Fund - Money Market Sub Fund .3
4. UBL Retirement Savings Fund - Commodity Market Sub Fund .4

مجموعی طور پر URSF کی آمدنی 345.334 ملین روپے رہی جب کہ فنڈ کا خالص منافع 305.649 ملین روپے رہا۔ سال کے اختتام پر فنڈ کا کل حجم 3,168.594 ملین روپے رہا۔

URSF کے ذیلی فنڈز کی کارکردگی بالترتیب ندرج ذیل ہے:

1. UBL Retirement Savings Fund - Equity Sub Fund (URSF - ESF)

مالی سال 2019-20 کے اختتام پر URSF - ESF کی آمدنی 95.269 ملین روپے رہی جب کہ فنڈ کا خالص منافع 89.844 ملین روپے رہا۔ 30 جون 2020 پہ فنڈ کے خالص اثاثے 1,222.486 ملین روپے اور فی یونٹ خالص قدر 587.3998 روپے رہی۔

2. UBL Retirement Savings Fund - Debt Sub Fund (URSF - DSF)

مالی سال 2019-20 کے اختتام پر URSF - DSF کی آمدنی 116.433 ملین روپے رہی جب کہ فنڈ کا خالص منافع 102.853 ملین روپے رہا۔ 30 جون 2020 پہ فنڈ کے خالص اثاثے 800.221 ملین روپے اور فی یونٹ خالص قدر 265.9978 روپے رہی۔



UBL Retirement Savings Fund - Money Market Sub Fund (URSF - MMSF) .3

مالی سال 2019-20 کے اختتام پر URSF - MMSF کی آمدنی 131.325 ملین روپے رہی جب کہ فنڈ کا خالص منافع 110.977 ملین روپے رہا۔ 30 جون 2020 پہ فنڈ کے خالص اثاثے 1,076.277 ملین روپے اور فی یونٹ خالص قدر 211.1708 روپے رہی۔

UBL Retirement Savings Fund - Commodity Market Sub Fund (URSF - CSF) .4

مالی سال 2019-20 کے اختتام پر URSF - CSF کی آمدنی 2.307 ملین روپے رہی جب کہ فنڈ کا خالص منافع 1.975 ملین روپے رہا۔ 30 جون 2020 پہ فنڈ کے خالص اثاثے 9.684 ملین روپے اور فی یونٹ خالص قدر 156.1029 روپے رہی۔

اڈیٹرز:

مالی سال کے اڈٹ کے اختتام پر URSF کے اڈیٹرز M/s Deloitte Yousuf Adil, Chartered Accountants نے اگلی مدت کے لئے اہل ہونے کے سبب دوبارہ تقرری کی پیشکش کی ہے۔ اس ضمن میں Audit Committee کی جانب سے مالی سال 2020-21 کے لئے Deloitte Yousuf Adil کے تقرر کی سفارش کی گئی ہے۔

تسلیم و تحسین:

بورڈ آف ڈائریکٹرز فنڈز کے معزز یونٹ ہولڈرز کا ان کے اعتماد اور بھروسے کے لئے شکر گزار ہے۔ مزید برآں، بورڈ آف ڈائریکٹرز تمام سٹیک ہولڈرز بشمول SBP, CDC, SECP کی معاونت، رہنمائی اور تعاون کا معترف ہے۔ اس کے علاوہ کمپنی کے ملازمین کے خلوص، جذبے اور انتہک کوششوں کا بھی اعتراف کرتا ہے۔

منجانب و برائے بورڈ آف ڈائریکٹرز آف **UBL Fund Managers Limited**

عارف اکمل سیفی

ڈائریکٹر

یاسر قادری

چیف ایگزیکٹو آفیسر

برائے مالی سال June 30, 2020

کراچی
24 ستمبر 2020

URSF

UBL Retirement Savings Fund

INVESTMENT OBJECTIVE

URSF is an open-end fund that aims to provide a secure source of savings and regular income after retirement to the Participants. The Participants would contribute to the Fund during their working life and would typically withdraw from the Fund on or after retirement.

Pension Fund Manager	UBL Fund Managers Limited
Trustee	Central Depository Company of Pakistan Limited 99-B, Block-B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi. Tel: (9221) 111-111-500
Distribution Company	United Bank Limited (for detail of others, please visit our website: www.ublfunds.com.pk)
Auditors	Deloitte Yousuf Adil Chartered Accountants
Bankers	Allied Bank Limited Bank Alfalah Limited Habib Bank Limited JS Bank Limited Khushhali Bank Limited MCB Bank Limited National Bank Limited Samba Bank Limited Sindh Bank Limited Tameer MicroFinance Bank United Bank Limited Zarai Taraqiati Bank Limited Soneri Bank Limited
Pension Fund Managers Rating	AM1 (JCR-VIS)

Fund Manager's Report – UBL Retirement Savings Fund (URSF)

- i) **Description of the Voluntary Pension Scheme (VPS) category and type**
Voluntary Pension Scheme / Open-end
- ii) **Statement of VPS's investment objective**
URSF is an open-end fund that aims to provide a secure source of savings and regular income after retirement to the Participants. The Participants would contribute to the Fund during their working life and would typically withdraw from the Fund on or after retirement.
- iii) **Explanation as to whether the VPS achieved its stated objective**
The Pension Scheme achieved its stated objective.
- iv) **Statement of benchmark(s) relevant to the VPS**
None
- v) **Comparison of the VPS's performance during the year compared with the said benchmarks**

Monthly Yield	Jul'19	Aug'19	Sep'19	Oct'19	Nov'19	Dec'19	Jan'20	Feb'20	Mar'20	Apr'20	May'20	Jun'20	FYTD
URSF Debt (p.a)	11.14%	13.02%	13.88%	10.71%	8.87%	11.57%	11.04%	11.61%	42.96%	40.25%	2.43%	6.50%	14.75%
URSF Money Market (p.a)	10.68%	11.80%	12.00%	12.07%	10.11%	12.24%	11.63%	11.79%	15.60%	16.43%	6.11%	7.52%	11.47%
URSF Equity	-6.67%	-6.84%	8.43%	8.96%	15.66%	3.98%	3.34%	-7.49%	-23.75%	19.29%	-0.64%	1.13%	7.93%
URSF Commodity	0.05%	6.21%	-2.68%	2.32%	-2.21%	4.31%	4.49%	0.04%	2.13%	6.20%	-0.03%	2.70%	25.65%

UBL Retirement Savings Fund	FY'20
High Volatility	9.3%
Medium volatility	11.0%
Low volatility	12.6%
Lower volatility	13.4%

- vi) **Description of the strategies and policies employed during the year under review in relation to the VPS's performance**

The Equity Sub Fund generated a return of 7.93% during FY20. Major exposure was taken in Commercial Banks (20%), Oil & Gas Exploration (18%) and Fertilizers (13%).

The Debt Sub Fund maintained majority exposure in government securities during the year, keeping the return consistent by generating a yield of 14.75% p.a.

The Money Market Sub Fund maintained majority exposure in government securities during the year, keeping the return consistent by generating a yield of 11.47% p.a.

The Commodity Sub Fund generated a return of 25.65% during the year, which was primarily due to the upward rising trend in international gold prices during the FY20.

vii) Disclosure of the VPS's asset allocation as at the date of the report and particulars of significant changes in asset allocation since the last report (if applicable)

Correction

Asset Allocation (% of Total Assets)	Jun-19	Jun-20
Treasury Bills	26%	47%
Placements with banks	0%	4%
Term Finance Certificates / Sukuks	9%	0%
Placement against TFC	0%	27%
PIBs	18%	17%
Cash	45%	5%
Others	2%	0%
GoP Ijara Sukuk	0%	0%
Leverage	Nil	Nil
URSF Money Market (% of Total Assets)	Jun-19	Jun-20
Treasury Bills	56%	52%
Placements with banks	0%	0%
PIBs	0%	45%
Cash	43%	2%
Term Finance Certificates / Sukuks	0%	0%
Others	1%	0%
Leverage	Nil	Nil
URSF Equity (% of Total Assets)	Jun-19	Jun-20
Equities	90%	91%
Cash	9%	7%
Others	1%	2%
Spread Transaction	0%	0%
Leverage	Nil	Nil
URSF Commodity (% of Total Assets)	Jun-19	Jun-20
Gold	75%	84%
T-Bills	0%	0%
Cash	77%	68%
Others*	-52%	-53%
Leverage	Nil	Nil

viii) **Analysis of the VPS performance**

URSF -DSF: FY'20 Return:	14.75% p.a.
URSF -MSF: FY'20 Return:	11.47% p.a.
URSF -ESF: FY'20 Return:	7.93%
URSF -CSF: FY'20 Return:	25.65%

ix) **Changes in total NAV and NAV per unit since the last review year or since commencement (in case of newly established VPS)**

	Net Asset Value			NAV per unit		
	30-Jun-20	30-Jun-19	Change	30-Jun-20	30-Jun-19	Change
	Rupees (000)		%	Rupees		%
URSF-ESF	1,222,486	992,144	23.22	587.40	544.25	7.93
URSF-DSF	800,221	692,678	15.53	265.998	231.716	14.75
URSF-MSF	1,076,277	875,956	22.87	211.171	189.397	11.47
URSF-CSF	9,684	6,583	47.10	156.10	124.23	25.65

x) **Disclosure on the markets that the VPS has invested in including - review of the market(s) invested in and returns during the year**

The scheme has 4 sub funds which invest in the equity, debt / money market and commodity markets actively. Reviews of these markets are as follows:

Debt Market Review for FY20

Please refer the relevant note in Directors' report.

Stock Market Review for FY20

Please refer the relevant note in Directors' report.

Commodity Market Review – FY20

Please refer the relevant note in Directors' report.

xi) **Description and explanation of any significant changes in the state of affairs of the VPS during the year and up till the date of the manager's report, not otherwise disclosed in the financial statements**

There were no significant changes in the state of affairs during the year under review.

xii) Breakdown of unit holdings by size

Range of Units	Number of Investors	Number of Investors	Number of Investors	Number of Investors
	ESF	DSF	MSF	CSF
0.0001 - 9,999.9999	1,435	1,563	1,011	174
10,000.0000 - 49,999.9999	46	66	65	1
50,000.0000 - 99,999.9999	3	5	18	0
100,000.0000 - 499,999.9999	2	2	8	0
500,000.0000 & Above	0	0	0	0
Total	1,486	1,636	1,102	175

xiii) Disclosure on unit split (if any), comprising:-

There were no unit splits during the year.

xiv) Disclosure of circumstances that materially affect any interests of unit holders

Investment are subject to credit and market risk.

xv) Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker(s) or dealer(s) by virtue of transactions conducted by the VPS.

No soft commissions are received by the AMC from its brokers or dealers by virtue of transactions conducted by the Pension Scheme.

Head Office

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S.M.C.H.S. Main Shahra-e-Faisal
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URL: www.cdcpakistan.com
Email: info@cdcpak.com



TRUSTEE REPORT TO THE PARTICIPANTS

UBL RETIREMENT SAVINGS FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of UBL Retirement Savings Fund (the Fund) are of the opinion that UBL Fund Managers Limited being the Pension Fund Manager of the Fund has in all material respects managed the Fund during the year ended June 30, 2020 in accordance with the provisions of the constitutive documents of the Fund and the Voluntary Pension System Rules, 2005.

Abdul Samad
Chief Operating Officer
Central Depository Company of Pakistan Limited

Karachi, September 29, 2020

AUDITOR'S REPORT TO THE PARTICIPANTS OF UBL RETIREMENT SAVINGS FUND

We have audited the annexed financial statements comprising:

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

of **UBL Retirement Savings Fund** ("the Fund") as at and for the year ended June 30, 2020 together with the notes forming part thereof for the year then ended.

It is the responsibility of UBL Funds Managers Limited (the Pension Fund Manager) to establish and maintain a system of internal control and prepare and present the financial statements of the Fund in conformity with the accounting and reporting standards as applicable in Pakistan and the requirements of the Voluntary Pension System Rules, 2005 (the VPS Rules). Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards as applicable in Pakistan. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:-

- a) the financial statements prepared for the year ended June 30, 2020 have been properly drawn in accordance with the relevant provisions of the trust deed and the Voluntary Pension System Rules, 2005 including the guidelines thereunder;
- b) a true and fair view is given of the disposition of the Fund as at June 30, 2020 and of the transactions of the Fund for the year then ended;
- c) the allocation and reallocation of units of the sub-funds for all the participants have been made according to the Voluntary Pension System Rules, 2005;
- d) the cost and expenses debited to the Fund and apportionment of expenses between sub-funds are as specified in the constitutive documents of the Fund;
- e) proper books and records have been kept by the Fund and the financial statements prepared are in agreement with the Fund's books and records;
- f) we were able to obtain all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit; and

- g) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Fund and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Other Matter

The financial statements of the Fund for the year ended June 30, 2019 were audited by another firm of Chartered Accountants who had expressed an unmodified opinion thereon vide their report dated September 23, 2019.

Nadeem Yousuf Adil

Chartered Accountants

Engagement Partner

Nadeem Yousuf Adil

Date: September 30, 2020

Place: Karachi

**UBL RETIREMENT SAVINGS FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2020**

Note	2020					2019					
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Commodity Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Commodity Sub-Fund	Total	
(Rupees in '000)											
Assets											
Bank balances	5	90,093	157,027	503,353	7,240	757,713	89,278	315,280	376,284	5,443	786,285
Investments	6	1,146,657	635,746	570,172	304	2,352,879	917,741	371,149	492,328	460	1,781,678
Advance income tax	7	915	591	1,058	32	2,596	880	419	604	28	1,931
Receivable against sale of investments		1,440	-	-	-	1,440	2,395	-	-	-	2,395
Dividend and mark-up receivable	8	2,980	11,877	1,441	-	16,298	4,258	10,438	2,505	39	17,240
Deposits and other receivables	9	11,910	11,939	11,062	2,757	37,668	4,242	4,735	9,775	1,063	19,815
Total assets		1,253,995	817,180	1,087,086	10,333	3,168,594	1,018,794	702,021	881,496	7,033	2,609,344
Liabilities											
Payable to UBL Fund Managers Limited - Pension Fund Manager	10	1,965	1,375	1,670	49	5,059	1,526	1,002	1,229	49	3,806
Remuneration payable to Central Depository Company of Pakistan Limited - Trustee	11	131	78	118	2	329	114	77	95	2	288
Annual fee payable to the Securities and Exchange Commission of Pakistan (SECP)	12	318	208	293	2	821	400	226	251	2	879
Payable against purchase of investments		3,000	-	-	-	3,000	3,839	-	-	-	3,839
Accrued expenses and other liabilities	13	26,095	15,298	8,728	596	50,717	20,771	8,038	3,965	397	33,171
Total liabilities		31,509	16,959	10,809	649	59,926	26,650	9,343	5,540	450	41,983
Net assets		1,222,486	800,221	1,076,277	9,684	3,108,668	992,144	692,678	875,956	6,583	2,567,361
Contingencies and commitments	14										
Participants' Sub-Funds (as per the statement attached)		1,222,486	800,221	1,076,277	9,684	3,108,668	992,144	692,678	875,956	6,583	2,567,361
(Number of units)											
Number of units in issue	19	2,081,183	3,008,374	5,096,712	62,036		1,822,960	2,989,337	4,624,981	52,992	
(Rupees)											
Net asset value per unit		587.3998	265.9978	211.1708	156.1029		544.2488	231.7163	189.3967	124.2263	

The annexed notes from 1 to 28 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Pension Fund Manager)

SD
Chief Executive Officer

SD
Chief Financial Officer

SD
Director

**UBL RETIREMENT SAVINGS FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020**

	2020					2019				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Commodity Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Commodity Sub-Fund	Total
Note ----- (Rupees in '000) -----										
Income										
Mark-up / interest income	9,301	89,733	127,446	774	227,254	6,347	67,234	74,814	352	148,747
Capital gain / (loss) on sale of investments - net	39,487	14,356	3,256	1,229	58,328	(15,085)	(2,135)	(2,265)	10	(19,475)
Dividend income on equity securities	51,252	-	-	-	51,252	56,216	-	-	-	56,216
Unrealised gain / (loss) on revaluation of investments classified as 'at fair value through profit and loss'	(4,771)	12,344	623	304	8,500	(237,541)	(1,961)	(92)	460	(239,134)
Other income	-	-	-	-	-	53	53	54	-	160
Total income / (loss)	95,269	116,433	131,325	2,307	345,334	(190,010)	63,191	72,511	822	(53,486)
Expenses										
Remuneration of the Pension Fund Manager	10.1	16,619	10,836	15,187	42,766	18,135	10,164	11,318	78	39,695
Sales tax on remuneration of the Pension Fund Manager	10.2	2,160	1,409	1,974	5,559	2,358	1,321	1,471	10	5,160
Remuneration of the Trustee	11.1	1,467	958	1,345	3,781	1,626	911	1,014	8	3,559
Annual fee to SECP	11.2	318	208	293	821	400	226	251	2	879
Auditor's remuneration	16	145	145	145	580	141	141	141	141	564
Brokerage expense		2,884	344	90	3,328	1,507	192	75	10	1,784
Custody and settlement charges		456	169	-	632	670	31	10	9	720
Legal and professional charges		53	53	53	212	52	52	52	52	208
Bank charges and other expenses		17	61	87	172	33	111	170	3	317
Total expenses		24,119	14,183	19,174	57,851	24,922	13,149	14,502	313	52,886
Operating income / (loss) for the year		71,150	102,250	112,151	287,483	(214,932)	50,042	58,009	509	(106,372)
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		20,492	2,661	1,047	24,283	2,930	(624)	5,830	13	8,149
Provision for Sindh Workers' Welfare Fund (SWWF)	13.1	(1,798)	(2,058)	(2,221)	(6,117)	-	-	-	-	-
Net income / (loss) for the year before taxation		89,844	102,853	110,977	305,649	(212,002)	49,418	63,839	522	(98,223)
Taxation	17	-	-	-	-	-	-	-	-	-
Net income / (loss) for the year after taxation		89,844	102,853	110,977	305,649	(212,002)	49,418	63,839	522	(98,223)
Earnings / (loss) per unit	18									

The annexed notes from 1 to 28 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Pension Fund Manager)

SD
Chief Executive Officer

SD
Chief Financial Officer

SD
Director

**UBL RETIREMENT SAVINGS FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020**

	2020					2019				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Commodity Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Commodity Sub-Fund	Total
----- (Rupees in '000) -----										
Net income / (loss) for the year after taxation	89,844	102,853	110,977	1,975	305,649	(212,002)	49,418	63,839	522	(98,223)
Other comprehensive income / (loss) for the year:										
Items that may be reclassified subsequently to income statement	-	-	-	-	-	-	-	-	-	-
Net unrealised gain / (loss) on investments at fair value through other comprehensive income' arising during the year	-	277	-	-	277	-	(675)	-	-	(675)
Total comprehensive income / (loss) for the year	89,844	103,130	110,977	1,975	305,926	(212,002)	48,743	63,839	522	(98,898)

The annexed notes from 1 to 28 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Pension Fund Manager)

SD

Chief Executive Officer

SD

Chief Financial Officer

SD

Director

**UBL RETIREMENT SAVINGS FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020**

	2020					2019					
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Commodity Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Commodity Sub-Fund	Total	
CASH FLOWS FROM OPERATING ACTIVITIES	Note (Rupees in '000)										
Net income / (loss) for the year before taxation	89,844	102,853	110,977	1,975	305,649	(212,002)	49,418	63,839	522	(98,223)	
Adjustments:											
Mark-up / interest income	(9,301)	(89,733)	(43,241)	(774)	(143,049)	(6,347)	(40,198)	(32,193)	(352)	(79,090)	
Dividend income on equity securities	(51,252)	-	-	-	(51,252)	(56,216)	-	-	-	(56,216)	
Capital (gain) / loss on sale of investments - net	(39,487)	(14,356)	(3,256)	(1,229)	(58,328)	15,085	3,469	2,265	(10)	20,809	
Unrealised (gain) / loss on revaluation of investments classified as 'at fair value through profit and loss'	4,771	(12,344)	-	(304)	(7,877)	237,541	1,995	92	(460)	239,168	
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net	(20,492)	(2,661)	(1,047)	(83)	(24,283)	(2,930)	624	(5,830)	(13)	(8,149)	
Provision for Sindh Workers' Welfare Fund (SWWF)	1,798	2,058	2,221	40	6,117	-	-	-	-	-	
Other income	-	-	-	-	-	(53)	(53)	(54)	-	(160)	
	(24,119)	(14,183)	65,654	(375)	26,977	(24,922)	15,255	28,119	(313)	18,139	
(Increase) / decrease in assets											
Investments	(194,200)	(418,797)	3,256	1,689	(608,052)	85,047	(116,713)	(2,402)	(23)	(34,091)	
Receivable against sale of investments	955	-	-	-	955	1,170	-	-	-	1,170	
Deposits and other receivable	(7,668)	(7,204)	(1,287)	(1,694)	(17,853)	1,972	(4,155)	(8,220)	45	(10,358)	
	(200,913)	(426,001)	1,969	(5)	(624,950)	88,189	(120,868)	(10,622)	22	(43,279)	
Increase / (decrease) in liabilities											
Payable to the Pension Fund Manager	439	373	441	-	1,253	(802)	(244)	(128)	14	(1,160)	
Remuneration payable to the Trustee	17	1	23	-	41	(32)	(4)	18	2	(16)	
Payable to the SECP	(82)	(18)	42	-	(58)	(43)	(20)	30	-	(33)	
Payable against purchase of investments	(839)	-	-	-	(839)	3,839	-	-	-	3,839	
Accrued expenses and other liabilities	3,526	5,202	2,542	159	11,429	336	(2,052)	(432)	45	(2,103)	
Mark-up / interest income received	3,061	5,558	3,048	159	11,826	3,298	(2,320)	(512)	61	527	
Dividend income received	9,858	88,294	44,305	813	143,270	5,980	33,082	32,666	336	72,064	
Income tax paid	51,973	-	-	-	51,973	55,291	-	-	-	55,291	
	(35)	(172)	(454)	(4)	(665)	(132)	(116)	(174)	(3)	(425)	
Net cash (used in) / generated from operating activities	(160,175)	(346,504)	114,522	588	(391,569)	127,704	(74,967)	49,477	103	102,317	
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts from issuance of units	516,146	296,746	651,125	32,744	1,496,761	241,913	237,554	479,204	2,984	961,655	
Effect of re-allocation	(60,379)	45,875	13,831	673	-	32,468	(34,792)	2,463	(139)	-	
Payments on redemption of units	(294,777)	(335,547)	(574,565)	(32,208)	(1,237,097)	(377,125)	(283,044)	(351,166)	(1,565)	(1,012,900)	
Net cash generated from / (used in) financing activities	160,990	7,074	90,391	1,209	259,664	(102,744)	(80,282)	130,501	1,280	(51,245)	
Net increase / (decrease) in cash and cash equivalents	815	(339,430)	204,913	1,797	(131,905)	24,960	(155,249)	179,978	1,383	51,072	
Cash and cash equivalents at beginning of the year	89,278	496,457	868,612	5,443	1,459,790	64,318	651,706	688,634	4,060	1,408,718	
Cash and cash equivalents at end of the year	90,093	157,027	1,073,525	7,240	1,327,885	89,278	496,457	868,612	5,443	1,459,790	
Cash and cash equivalents											
Bank balances	5	90,093	157,027	503,353	7,240	757,713	89,278	315,280	376,284	5,443	786,285
Treasury bills - 3 months	6.2	-	-	570,172	-	570,172	-	181,177	492,328	-	673,505
		90,093	157,027	1,073,525	7,240	1,327,885	89,278	496,457	868,612	5,443	1,459,790

The annexed notes from 1 to 28 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Pension Fund Manager)

SD
Chief Executive Officer

SD
Chief Financial Officer

SD
Director

**UBL RETIREMENT SAVINGS FUND
STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB-FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	2020					2019				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Commodity Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Commodity Sub-Fund	Total
	(Rupees in '000)									
Net assets at beginning of the year	992,144	692,678	875,956	6,583	2,567,361	1,309,820	723,593	687,446	4,794	2,725,653
Amount received on issuance of units	516,146	296,746	651,125	32,744	1,496,761	241,913	237,554	479,204	2,984	961,655
Effect of reallocation	(60,379)	45,875	13,831	673	-	32,468	(34,792)	2,463	(139)	-
Amount paid on redemption of units	(294,777)	(335,547)	(574,565)	(32,208)	(1,237,097)	(377,125)	(283,044)	(351,166)	(1,565)	(1,012,900)
	160,990	7,074	90,391	1,209	259,664	(102,744)	(80,282)	130,501	1,280	(51,245)
Element of (income) / loss and capital (gains) / losses included in prices of units sold less those in units redeemed - amount	(20,492)	(2,661)	(1,047)	(83)	(24,283)	(2,930)	624	(5,830)	(13)	(8,149)
	1,132,642	697,091	965,300	7,709	2,802,742	1,204,146	643,935	812,117	6,061	2,666,259
Net movement on remeasurement of investments classified as 'fair value through other comprehensive income' arising during the year	-	277	-	-	277	-	(675)	-	-	(675)
Net capital gain / (loss) on sale of investments	39,487	14,356	3,256	1,229	58,328	(15,085)	(2,135)	(2,265)	10	(19,475)
Unrealised gain / (loss) on revaluation of investments classified as 'at fair value through profit or loss'	(4,771)	12,344	623	304	8,500	(237,541)	(1,961)	(92)	460	(239,134)
Other net income for the year	55,128	76,153	107,098	442	238,821	40,624	53,514	66,196	52	160,386
	89,844	102,853	110,977	1,975	305,649	(212,002)	49,418	63,839	522	(98,223)
Net assets at end of the year	1,222,486	800,221	1,076,277	9,684	3,108,668	992,144	692,678	875,956	6,583	2,567,361

The annexed notes from 1 to 28 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Pension Fund Manager)

SD
Chief Executive Officer

SD
Chief Financial Officer

SD
Director

**UBL RETIREMENT SAVINGS FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

1. LEGAL STATUS AND NATURE OF BUSINESS

UBL Retirement Savings Fund (the "Fund"), was established under the Trust Deed executed between UBL Fund Managers Limited (the "Pension Fund Manager" - a wholly owned subsidiary company of United Bank Limited) as the Pension Fund Manager and the MCB Financial Services Limited as the Trustee. The Trust Deed was executed on November 17, 2009, and the Fund was approved as a pension fund by the Securities and Exchange Commission of Pakistan (SECP) on January 29, 2010 in accordance with the requirements of Voluntary Pension System Rules, 2005 (the VPS Rules). The Fund commenced its operations from May 19, 2010. The trusteeship of the Fund was transferred to Central Depository Company of Pakistan Limited (CDC) effective from March 31, 2014 through a supplemental trust deed dated February 21, 2014.

The Pension Fund Manager of the Fund is registered with the SECP as a Non-Banking Finance Company under the NBFC Rules, 2003. The registered office of the Pension Fund Manager is situated at 4th Floor, STSM Building, Beaumont Road, Civil Lines, Karachi.

The Fund is a pension fund and offers units for public subscription on a continuous basis. The units are non-transferable except in the circumstances mentioned in the VPS Rules and can be redeemed by surrendering to the Fund. As per the offering document, the Fund cannot distribute any income from the Fund whether in cash or otherwise.

The Fund consists of four Sub-Funds namely, UBL Retirement Savings Fund Equity Sub-Fund ("Equity Sub-Fund"), UBL Retirement Savings Fund Debt Sub-Fund ("Debt Sub-Fund"), UBL Retirement Savings Fund Money Market Sub-Fund ("Money Market Sub-Fund") and UBL Retirement Savings Fund Commodity Sub-Fund ("Commodity Sub-Fund") (collectively the "Sub-Funds"). The main features of the investment policy for each of the Sub-Funds are as follows:

- The Equity Sub-Fund shall invest primarily in listed equity securities with a minimum investment of 90% of its Net Assets Value (NAV) in listed shares. The investment in a single company is restricted to lower of 10% of NAV or the paid-up capital of the investee company. The investment in a single stock exchange sector is restricted to the higher of 30% of the NAV or the index weight, subject to a maximum of 35% of the NAV. The remaining assets of the Equity Sub-Fund shall be invested in any government security having less than one year time to maturity, or in a scheduled commercial bank having credit rating of at least 'A'.
- The Debt Sub-Fund shall invest primarily in tradable debt securities with weighted average duration of the investment portfolio of the Debt Sub-Fund not exceeding five years. At least twenty five percent (25%) of the assets in the Debt Sub-Fund shall be invested in securities issued by the Federal Government and up to twenty five percent (25%) of the Funds may be deposited with banks having not less than "AA +" rating. Composition of the remaining portion of the investments shall be as defined in the offering document.
- The Money Market Sub-Fund shall invest in short term debt instruments with time to maturity not exceeding six months, and in case of Shariah compliant Government securities, up to three years. The Fund can make investment in Shariah compliant securities issued by the Federal Government and the commercial banks having A+ rating. There are no restrictions placed by the VPS Rules on such investments. The Fund can also make investment in securities issued by the provincial government, city government and government or a corporate entity (having credit rating of 'A' or higher) up to 10%, 5% and 5% of net assets of the Money Market Sub-Fund, respectively.
- The Commodity Sub-Fund shall invest only in those commodity futures contracts that are traded at the Pakistan Mercantile Exchange and cash settled futures contracts, except for gold for which the Commodity Sub-Fund, in addition to the cash settled futures, may also invest in deliverable futures contracts. At least seventy percent (70%) of net assets of the Commodity Sub-Fund shall remain invested in commodity futures contracts during the year based on quarterly average investment calculated on daily basis. At least 10% of the net assets of the Commodity Sub-Fund shall remain invested in Government treasury bills or Government securities having less than 90 days' time to maturity or kept as deposits with scheduled commercial banks which are rated not less than AA by a rating agency registered with SECP. A Pension Fund Manager may invest any surplus (un-invested) funds in Government treasury bills and Government securities having less than one year time to maturity or keep as deposits with scheduled commercial banks which are rated not less than AA by a rating agency registered with SECP.

As prescribed under the VPS Rules, the Fund offers five types of allocation schemes to the contributors of the Fund namely High Volatility, Medium Volatility, Low Volatility, Lower Volatility and Life Cycle Allocation. The contributors have the option to suggest a minimum percentage of allocation to the above allocation schemes (subject to the minimum percentages prescribed in the offering document). Based on the minimum allocation, the Funds are allocated to the above stated Sub-Funds. The allocation to the Sub-Funds has to be done at the date of opening of contributor's pension account and on an anniversary date thereafter. The contribution amount may be paid by the contributor on a yearic basis such as annual, semi annual, quarterly or monthly basis. UBL Retirement Savings Fund also offers optional insurance cover to the contributors.

VIS Credit Rating Company has assigned management quality rating of AM1 to the Pension Fund Manager as on December 31, 2019.

Title to the assets of the Fund is held in the name of the Central Depository Company of Pakistan Limited (CDC) as the Trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board as are notified under the Companies Act, 2017,
- the requirements of the Trust Deed, Voluntary Pension System Rules, 2005 (VPS Rules) and the directives issued by the SECP.

Where the requirements of the Trust Deed, the VPS Rules or the directives issued by the SECP differ from the requirements of IFRS Standards. The requirements of the Trust Deed, the VPS Rules (2005) or the requirements of the said directives have been followed.

2.1.2 The SECP/Commission through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Currently, the Asset Management Companies are required to continue to follow the requirements of Circular 33 of 2012 for impairment of debt securities.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These financial statements have been presented in Pak rupees, which is the Fund's functional and presentation currency.

2.4 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with the accounting and reporting standards applicable in Pakistan requires management to make estimates, judgements and assumptions that affect the reported amount of assets, liabilities, income and expenses. It also requires management to exercise judgement in application of its accounting policies. The estimates, judgements and associated assumptions are based on the historical experience and various other factors that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the year in which the estimates are revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

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

- (i) classification of financial assets (note 4.2.1 and 6);
- (ii) measurement of financial assets (notes 4.2.2, 4.2.3 and 6);
- (iii) impairment of financial assets (note 4.2.5);
- (iv) provision for taxation (notes 4.6 and 17); and
- (v) provision for Sindh Workers' Welfare Fund (note 13.1).

3. NEW ACCOUNTING STANDARDS / AMENDMENTS AND IFRS INTERPRETATIONS

3.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2020

The following standards, amendments and interpretations are effective for the year ended June 30, 2020. These standards, amendments and interpretations are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

- IFRS 16 'Leases'
- Amendments to IFRS 9 'Financial Instruments' - amendments regarding prepayment features with negative compensation and modification of financial liabilities
- Amendments to IAS 28 'Investments in Associates and Joint Ventures' - amendments regarding long-term interests in associates and joint ventures
- Amendments to IAS 19 'Employee Benefits' - amendments regarding plan amendment, curtailment or settlement
- IFRIC 23 'Uncertainty over Income Tax Treatments'
- IFRS 14 – Regulatory Deferral Accounts

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

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

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

	Effective from accounting periods beginning on or after:
Amendments to the conceptual framework for financial reporting, including amendments to references to the conceptual framework in IFRS	January 01, 2020
Amendments to IFRS 3 'Business Combinations' - amendments regarding definition of a business	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - amendments regarding definition of material	January 01, 2020
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - amendments regarding interest rate benchmark reform	January 01, 2020
Amendment to IFRS 16 'Leases' - amendments regarding Covid-19 related rent concessions	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IFRS 3 'Business Combinations' - amendments regarding reference to the conceptual framework	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - amendments regarding proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — amendments regarding cost of fulfilling a contract	January 01, 2022

Certain annual improvements have also been made to a number of IFRS Standard which are also not expected to have material impact on financial reporting of the Fund.

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year.

4.1 Cash and cash equivalents

Cash and cash equivalents include bank balances, short term deposits with banks and other short term highly liquid investments with original maturities of three months or less.

4.2 Financial Instruments

4.2.1 Classification of financial assets

IFRS 9 contains three principal classification categories for financial assets:

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

The classification depends on the purpose for which the financial assets are acquired. The management determines the classification of its financial assets at initial recognition and re-evaluates this classification on regular basis.

Financial assets at amortised cost

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

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

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Financial assets at FVOCI

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

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

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

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

Financial assets at FVTPL

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

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

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

4.2.2 Recognition and initial measurement of financial instruments

Financial assets and financial liabilities are recognised in the Fund's statement of assets and liabilities when the Fund becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

4.2.3 Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured at amortised cost. Amortised cost is calculated using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Financial assets at FVOCI

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

For debt instruments classified as financial assets at FVOCI, the amounts in other comprehensive income are reclassified to income statement on derecognition of financial assets. This treatment is in contrast to equity instruments classified as financial assets at FVOCI, where there is no reclassification on derecognition.

Financial assets at FVTPL

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

4.2.4 Fair value measurement principles and provision

The fair value of financial instruments is determined as follows:

Basis of valuation of equity securities:

The fair value of shares of listed companies is based on their prices quoted on the Pakistan Stock Exchange Limited at the reporting date without any deduction for estimated future selling costs.

Basis of valuation of debt securities:

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

Basis of valuation of government securities:

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

4.2.5 Impairment

Under expected credit loss (ECL) model of IFRS 9, the Fund recognises loss allowances for ECLs on financial assets other than debt securities. The Fund measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Financial assets that are determined to have low credit risk at the reporting date; and
- Other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition

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

As disclosed in note 2.1.2 of these financial statements, the Fund follows requirements of circular 33 of 2012 (the "circular") for impairment of debt securities. Under the circular, provision for non performing debt securities is made on the basis of time based criteria as prescribed under the circular. Impairment losses recognised on debt securities can be reversed through the income statement.

As allowed under circular no. 13 of 2009 dated May 04, 2009 issued by the SECP, the Pension Fund Manager may also make provision against debt securities over and above minimum provision requirement prescribed in aforesaid circular, in accordance with the provisioning policy approved by the Board of Directors and disseminated by the Pension Fund Manager on its website.

4.2.6 Classification and measurement of financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

4.2.7 Derecognition

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

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

4.2.8 Regular way contracts

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

4.2.9 Offsetting of financial assets and liabilities

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

4.3 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. Derivatives with positive fair values (unrealised gains) are included in other assets and derivatives with negative fair values (unrealised losses) are included in other liabilities in the statement of assets and liabilities.

4.4 Provisions

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

4.5 Collaterals

Cash collaterals provided by the Fund are identified in the statement of assets and liabilities as margin and are not included as a component of cash and cash equivalents. For collaterals other than cash, if the party to whom the collaterals are provided has a right by contract or custom to sell or re-pledge the collaterals, the Fund classifies those collaterals in the statement of assets and liabilities separately from other assets and identifies the assets as pledged collaterals. Where the party to whom the collaterals are provided does not have the right to sell or re-pledge, a disclosure of the collaterals provided is made in the notes to the financial statements.

4.6 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.

4.7 Issuance, allocation, reallocation and redemption of units

Contribution received from a Participant is allocated to the sub-funds on the basis of the allocation scheme selected by the Participant out of the allocation schemes offered by the Pension Fund Manager. Units issued in respect of a sub-fund are recorded at the offer price of that sub-fund, determined by the Pension Fund Manager for the applications received by the distributors during business hours on that date. The offer price represents the net asset value per unit of the sub-fund as of the close of the business day plus the allowable sales load and any provision for duties and charges, if applicable. The sales load is payable to the investment facilitators, distributors and the Pension Fund Manager.

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

4.8 Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed

An equalization account called the 'element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed' is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.

The Fund records that portion of the net element of income / (loss) and capital gains / (losses) relating to units sold and redeemed during an accounting period which pertains to unrealised gains / (losses) that form part of the Unit Holders' Funds in a separate reserve account and any amount remaining in this reserve account at the end of an accounting period (whether gain or loss) is included in the amount available for distribution to the unit holders. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period is recognised in the Income Statement.

4.9 Net assets value per unit

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

4.10 Revenue recognition

- Realised capital gains / losses arising on sale of investments are included in the income statement on the date at which the sale transaction takes place.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are included in the income statement in the year in which they arise.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through other comprehensive income' are included in the equity through other comprehensive income in the year in which they arise.
- Dividend income on equity securities is recognised in the income statement when the right to receive the dividend is established.
- Mark-up / return on investments in debt and government securities is recognised using effective yield method.
- Income on bank balances, placements and term deposits are recognised on time proportionate basis.

4.11 Expenses

All expenses including remuneration of Pension Fund Manager, Trustee fee and Securities and Exchange Commission of Pakistan fee are recognised in the Income Statement on accrual basis.

4.12 Unitholders' fund

Unitholders' fund representing the units issued by the Fund, is carried at the redemption amount representing the investors' right to a residual interest in the Fund's assets.

4.13 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Translation differences on non-monetary financial assets and liabilities such as equities at fair value through profit or loss are recognised in the Income Statement within the fair value net gain or loss.

Note	2020					2019					
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Commodity Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Commodity Sub-Fund	Total	
	(Rupees in '000)										
5. BANK BALANCES											
Bank accounts - saving	5.1	90,093	157,027	503,343	7,240	757,703	89,278	315,280	376,284	5,443	786,285
Bank accounts - current		-	-	10	-	10	-	-	-	-	-
		90,093	157,027	503,353	7,240	757,713	89,278	315,280	376,284	5,443	786,285

5.1 These carry mark-up at the rates ranging from 3.75% to 11.25% (2019: 3.75% to 13.4%) per annum.

6. INVESTMENTS

Investments by category

'At fair value through profit or loss'

Listed Equity Securities	6.1	1,146,657	-	-	-	1,146,657	917,741	-	-	-	917,741
Government securities - Treasury Bills	6.2	-	381,035	570,172	-	951,207	-	181,177	492,328	-	673,505
Government Securities - Pakistan Investment Bonds	6.3	-	212,491	-	-	212,491	-	119,237	-	-	119,237
Debt securities - Term Finance Certificates / Sukuks	6.4	-	36,531	-	-	36,531	-	65,369	-	-	65,369
Future Gold Contracts	6.5	-	-	-	304	304	-	-	-	460	460
		1,146,657	630,057	570,172	304	2,347,190	917,741	365,783	492,328	460	1,776,312

'At fair value through other comprehensive income'

Government Securities - Pakistan Investment Bonds	6.6	-	5,689	-	-	5,689	-	5,366	-	-	5,366
Total		1,146,657	635,746	570,172	304	2,352,879	917,741	371,149	492,328	460	1,781,678

Sector and Name of Security	As at July 01, 2019	Purchased / bonus / right received during the year	Sold during the year	As at June 30, 2020	Balance as at June 30, 2020			Market value as a % of net assets of the sub-fund	Market value as % of investments of the sub-fund	Par value as a % of total paid-up capital of the investee company
					Carrying value	Market value	Unrealised gain / (loss)			
Note	Number of shares				Rupees in '000			%		
Pharmaceuticals										
Ferozsons Laboratories Limited		56,300	-	56,300	-	-	-	-	-	-
IBL HealthCare Limited		-	70,000	1,000	69,000	5,037	5,344	307	0.00	0.13
The Searle Company Limited	6.1.2	50,341	68,500	50,000	68,841	13,469	13,715	246	0.01	0.03
Highnoon Laboratories Limited	6.1.2	3,223	322	-	3,545	816	1,777	961	0.00	0.01
						19,322	20,836	1,514	0.01	0.17
Glass and ceramics										
Tariq Glass Industries Limited		37,700	143,500	179,700	1,500	114	97	(17)	0.00	0.00
Paper and board										
Century paper and board limited Packages Limited		325,700	100,000	141,000	284,700	10,565	20,376	9,811	0.02	0.19
Cherat Packaging Limited.		28,400	-	28,400	-	-	-	-	-	-
		-	103,700	73,000	30,700	3,750	3,597	(153)	0.00	-
						14,315	23,973	9,658	0.02	0.19
Textile composite										
Gul Ahmed Textile Mills Limited		432,000	626,400	477,500	580,900	17,490	16,631	(859)	0.01	0.14
Nishat Mills Limited		194,300	91,000	89,000	196,300	17,733	15,313	(2,420)	0.01	0.06
Kohinoor Textile Mills Limited		-	757,000	77,000	680,000	18,318	24,147	5,829	0.02	-
						53,541	56,091	2,550	0.04	0.20
Food and personal care products										
Matco Foods Limited		12,500	-	12,500	-	-	-	-	-	-
Al Shaheer Corporation Limited		332,500	219,747	392,500	159,747	1,937	1,828	(109)	0.00	0.08
Shezan International Limited		75,190	-	24,700	50,490	21,330	11,304	(10,026)	0.01	0.57
						23,267	13,132	(10,135)	0.01	0.65
Power generation and distribution										
Saif Power Limited		706,500	-	22,500	684,000	12,832	10,992	(1,840)	0.01	0.18
Hub Power Company Limited		865,784	304,500	356,000	814,284	64,072	59,036	(5,036)	0.05	0.06
Kot Addu Power Company Limited		-	375,000	375,000	-	-	-	-	-	-
K-Electric Limited *		926,500	-	739,000	187,500	823	564	(259)	0.00	0.00
Pakgen Power Limited		699,500	55,000	165,000	589,500	8,373	7,080	(1,293)	0.01	0.16
						86,100	77,672	(8,428)	0.07	0.40
Commercials banks										
Habib Bank Limited	6.1.1	675,300	481,500	404,310	752,490	85,710	72,894	(12,816)	0.06	0.05
Allied Bank Limited		521,500	218,200	32,000	707,700	70,289	54,196	(16,093)	0.04	0.06
Bank Alfalah Limited	6.1.1	1,559,300	923,000	1,114,000	1,368,300	56,122	45,934	(10,188)	0.04	0.08
Faysal Bank Limited	6.1.2	8,775	150,000	150,000	8,775	120	122	2	0.00	0.00
MCB Bank Limited		12,800	158,501	30,491	140,810	21,027	22,821	1,794	0.02	0.01
Meezan Bank Limited		-	384,500	382,000	2,500	178	172	(6)	0.00	0.00
Bank Al-Habib Limited	6.1.1	-	1,160,500	140,500	1,020,000	71,938	53,346	(18,592)	0.04	-
						305,384	249,485	(55,899)	0.20	0.22
Investment banks										
Arif Habib Limited		-	234,500	73,500	161,000	7,052	5,237	(1,815)	0.00	0.27
Insurance										
IGI Holding Limited		4,025	92,000	62,725	33,300	6,790	6,026	(764)	0.00	0.02
Adamjee Insurance Company Limited	6.1.1	1,104,000	328,000	232,000	1,200,000	43,823	39,732	(4,091)	0.03	0.34
						50,613	45,758	(4,855)	0.03	0.36

Sector and Name of Security	As at July 01, 2019	Purchased / bonus / right received during the year	Sold during the year	As at June 30, 2020	Balance as at June 30, 2020			Market value as a % of net assets of the sub-fund	Market value as % of investments of the sub-fund	Par value as a % of total paid-up capital of the investee company
					Carrying value	Market value	Unrealised gain / (loss)			
Note	Number of shares				Rupees in '000			%		
Technology and communication										
Systems Limited	192,500	63,000	44,000	211,500	20,452	38,848	18,396	0.03	0.03	0.17
					20,452	38,848	18,396	0.03	0.03	0.17
Leather and tanneries										
Service Industries Limited	24,500	14,975	39,050	425	228	347	119	0.00	0.00	0.00
Transportation										
Pakistan National Shipping Corporation Limited	-	25,000	23,000	2,000	123	151	28	0.00	0.00	0.00
Miscellaneous										
Tri-Pack Films Limited	31,500	90,500	-	122,000	9,628	11,112	1,484	0.01	0.01	0.31
Synthetic Products Enterprises Limited	503,000	122,200	183,000	442,200	9,551	18,387	8,836	0.02	0.02	0.50
					19,179	29,499	10,320	0.03	0.03	0.81
Total as at June 30, 2020					1,151,428	1,146,657	(4,771)			
Total as at June 30, 2019					1,155,282	917,741	(237,541)			

* These have a face value of Rs.3.5 per share

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

6.1.1 The above equity securities include 2.573 million (2019: 0.073 million) shares pledged with National Clearing Company of Pakistan Limited having a market value (in aggregate) amounting to Rs. 99.90 million (2019: Rs. 8.268 million) for guaranteeing settlement of the Fund's trades in accordance with circular No. 11 dated October 23, 2007 issued by the SECP.

6.1.2 This includes gross bonus shares as per Fund's entitlement declared by the investee company. The Finance Act, 2014 had brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder were to be treated as income and a tax at the rate of 5 percent was to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax was to be collected at source by the investee company which was to be considered as final discharge of tax liability on such income. However, the Pension Fund Manager jointly with other asset management companies and Mutual Funds Association of Pakistan, filed a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under clause 47 B and 99 of Second schedule of the Income Tax Ordinance, 2001. Consequently, the Honorable Sindh High Court granted stay order till the final outcome of the case. As of year end, 1,392 shares (2019: 1,160) of PSO having a fair market value of Rs. 0.107 million (2019: Rs. 0.1968 million), 5,300 shares (2019: 5,300 shares) of Searl having a fair market value of Rs. 1.056 million (2019: Rs. 0.777 million), 778 shares (2019: 707) of HINOON having a fair market value of Rs. 0.390 million (2019: 0.179 million) and 7,864 shares (2019: 7,864) of FABL having a fair market value of Rs. 0.110 million (2019: 0.169 million) are disputed. Such shares have not been deposited by the investee company in CDC account of the department of Income Tax. The Pension Fund Manager is of the view that the decision will be in its favour and accordingly has recorded the bonus shares on gross basis. Through Finance Act, 2018, the tax on bonus shares was withdrawn.

6.2 Government securities - Treasury Bills 'at fair value through profit or loss'
(certificates having a nominal value of Rs.100,000 each)

Particulars	Note	Face value				Balance as at June 30, 2020			Market value as a percentage of net assets of the Sub-Fund	Market value as a percentage of total investments of the Sub-Fund
		As at July 01, 2019	Purchased during the year	Disposed / matured during the year	As at June 30, 2020	Carrying value	Market value	Appreciation / (diminution)		
		----- (Rupees in '000) -----				----- (Rupees in '000) -----			----- % -----	
Held by Debt Sub-Fund										
Treasury Bills - 1 year	6.2.1	-	1,350,000	1,000,000	350,000	326,234	332,112	5,878	41.5%	52.2%
Treasury Bills - 6 months	6.2.1	-	50,000	-	50,000	48,799	48,923	124	6.1%	7.7%
Treasury Bills - 3 months		184,000	1,692,000	1,876,000	-	-	-	-	0.0%	0.0%
June 30, 2020						375,033	381,035	6,002	47.6%	59.9%
June 30, 2019						181,211	181,177	(34)		
Held by Money Market Sub-Fund										
Treasury Bills - 6 months		-	1,000,000	1,000,000	-	-	-	-	-	-
Treasury Bills - 3 months	6.2.2	500,000	4,846,000	4,771,000	575,000	569,549	570,172	623	52.92%	100.00%
June 30, 2020						569,549	570,172	623	52.92%	100.00%
June 30, 2019						492,420	492,328	(92)		

6.2.1 These Treasury Bills carry effective yield ranging from 7.32% to 10.67% (2019: Nil) per annum and will mature by October 22, 2020 to April 22, 2021 (2019: Nil).

6.2.2 These Treasury Bills carry effective yield ranging from 8.04% to 10.81% (2019: 12.64% to 12.65%) per annum and will mature by July 02, 2020 to August 27, 2020 (2019: August 15, 2019).

6.3 Government securities - Pakistan Investment Bonds 'at fair value through profit or loss'
(certificates having a nominal value of Rs.100,000 each)

Particulars	Note	Face value				Balance as at June 30, 2020			Market value as a percentage of net assets of the Sub-Fund	Market value as a percentage of total investments of the Sub-Fund
		As at July 1, 2019	Purchased during the year	Disposed / matured during the year	As at June 30, 2020	Carrying value	Market value	Appreciation / (diminution)		
		----- (Rupees in '000) -----				----- (Rupees in '000) -----			----- % -----	
Held by Debt Sub-Fund										
Pakistan Investment Bonds - 10 years	6.3.1	125,000	1,100,000	1,015,000	210,000	205,541	212,491	6,950	26.55%	33.42%
June 30, 2019						120,139	119,237	(902)		

6.3.1 These Pakistan Investment Bond carry effective yield ranging from 7.25% to 14.05% (2019: 7.25% to 8.55%) per annum with maturity in July 2021 and August 2028 (2019: July 2021 August and 202).

**6.4 Debt Securities - Term Finance Certificates / Sukuks 'at fair value through profit or loss'
(face value of Rs.5,000 each unless otherwise stated)**

Particulars	Note	As at July 01, 2019	Purchased during the year	Disposed / matured during the year	As at June 30, 2020	Carrying value as at June 30, 2020	Market values at June 30, 2020	Unrealised loss	Market value as a percentage of net assets of the Sub-Fund	Market value as a percentage of total investments of the Sub - Fund
Held by Debt Sub-Fund										
Bank Alfalah Limited - Listed (Issue date - February 20, 2013)	6.4.1	1,200	-	-	1,200	5,983	5,983	-	0.75%	0.94%
JS Bank Limited - Listed (Issue date - December 14, 2016)		3,200	-	3,200	-	-	-	-	-	-
Jahangir Siddiqui & Company Limited - Listed (Issue date - July 18, 2017)	6.4.1	10,000	-	-	10,000	31,156	30,548	(608)	3.82%	4.81%
June 30, 2020						37,139	36,531	(608)	4.57%	5.75%
June 30, 2019						66,394	65,369	(1,025)		

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

Name of security	Mark-up rate (Per annum)	Maturity
Bank Alfalah Limited	6M KIBOR + 1.25%	February 20, 2021
Jahangir Siddiqui & Company Limited	6M KIBOR + 1.40%	July 18, 2022

6.5 INVESTMENTS IN FUTURE GOLD CONTRACTS

2020 2019
----- (Rupees in '000) -----

Derivative financial instruments 'at fair value through profit or loss'

Future Gold Contracts	6.5.1	<u>304</u>	<u>460</u>
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6.5.1 This represents net unrealised gain on cash settled future gold contracts with settlement date of August 2020 (2019: of August 2019).

**6.6 Government securities - Pakistan Investment Bonds - 'at fair value through OCI'
(certificates having a nominal value of Rs.100,000 each)**

Particulars	Note	Face value			Balance as at June 30, 2020			Market value as a percentage of net assets of the Sub-Fund	Market value as a percentage of total investments	
		As at July 01, 2019	Purchased during the year	Disposed / matured during the year	As at June 30, 2020	Carrying value	Market value			Appreciation
Held by Debt Sub-Fund										
Pakistan Investment Bonds - 10 years	6.6.1	5,500	-	-	5,500	5,412	5,689	277	0.71%	0.89%
June 30, 2019						5,219	5,366	147		

6.6: These Pakistan Investment Bonds carry mark-up of 12.00% (2019: 12.00%) per annum with maturity ranging from July 2020 to August 2021 (2019: July 2020 to August 2021).

7. ADVANCE INCOME TAX

The income of the Fund is exempt under clause 57(3)(viii) of Part I of the Second schedule of the Income Tax Ordinance 2001 and funds are exempt under clause 47(B) of ITO 2001 from withholding of tax under section 150 and 151 of ITO 2001. The Federal Board of Revenue through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated May 12, 2015, made it mandatory to obtain exemption certificates under section 159(1) of the Income Tax Ordinance, 2001 from Commissioner Inland Revenue (CIR). Prior to receiving tax exemption certificate from CIR, various withholding agents have deducted advance tax under section 150 and 151 of the Income Tax Ordinance, 2001. The management is confident that the same shall be refunded.

	2020					2019				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Commodity Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Commodity Sub-Fund	Total
	----- (Rupees in '000) -----									
8. DIVIDEND AND MARK-UP RECEIVABLE										
Dividend receivable	2,911	-	-	-	2,911	3,632	-	-	-	3,632
Profit receivable on bank accounts	69	364	1,441	-	1,874	626	2,485	2,505	39	5,655
Profit receivable on Government securities and term finance certificates	-	11,513	-	-	11,513	-	7,953	-	-	7,953
	2,980	11,877	1,441	-	16,298	4,258	10,438	2,505	39	17,240
9. DEPOSITS AND OTHER RECEIVABLES										
Security deposit with Central Depository Company of Pakistan Limited (CDC)	100	100	-	-	200	100	100	-	-	200
Security deposit with National Clearing Company of Pakistan Limited (NCCPL)	2,500	-	-	-	2,500	2,500	-	-	-	2,500
Margin Deposit Account	-	-	-	2,736	2,736	-	-	-	1,063	1,063
Receivable against main collection account against issuance of units	9,310	11,460	11,062	21	31,853	1,642	4,635	9,775	-	16,052
Other receivable	-	379	-	-	379	-	-	-	-	-
	11,910	11,939	11,062	2,757	37,668	4,242	4,735	9,775	1,063	19,815

	Note	2020					2019				
		Equity	Debt	Money	Commodity	Total	Equity	Debt	Money	Commodity	Total
		Sub-Fund	Sub-Fund	Market	Sub-Fund		Sub-Fund	Sub-Fund	Sub-Fund	Sub-Fund	
(Rupees in '000)											
10. PAYABLE TO UBL FUND MANAGERS LIMITED - PENSION FUND MANAGER											
Remuneration payable	10.1	1,488	970	1,317	12	3,786	1,244	847	1,044	14	3,149
Sales tax on remuneration payable	10.2	193	126	171	1	492	162	110	136	2	410
Sales load payable		280	275	178	9	742	116	41	45	6	208
Other payable		4	4	4	27	39	4	4	4	27	39
		1,965	1,375	1,670	49	5,059	1,526	1,002	1,229	49	3,806

10.1 This represents remuneration of the Pension Fund Manager at the rate of 1.5% (2019: 1.5%) of the average amount of net assets of each sub-fund.

10.2 Sale tax on Management Remuneration has been charged at the rate of 13% (2019: 13%) of each sub-fund.

	Note	2020					2019				
		Equity	Debt	Money	Commodity	Total	Equity	Debt	Money	Commodity	Total
		Sub-Fund	Sub-Fund	Market	Sub-Fund		Sub-Fund	Sub-Fund	Sub-Fund	Sub-Fund	
(Rupees in '000)											
11. REMUNERATION PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE											
Remuneration payable	11.1	116	69	104	2	291	101	68	84	2	255
Sales tax on remuneration payable	11.2	15	9	14	-	38	13	9	11	-	33
		131	78	118	2	329	114	77	95	2	288

11.1 The Central Depository Company of Pakistan Limited is entitled to remuneration at the following rates on net assets of the Fund:

Net Assets

Upto Rs.1,000 million

Above Rs.1,000 million and upto Rs.3,000 million

Above Rs.3,000 million and upto Rs.6,000 million

Above Rs.6,000 million

Tariff per annum

0.15% per annum of net assets

Rs.1.5 million plus 0.10% per annum of net assets, on amount exceeding Rs.1,000 million

Rs.3.5 million plus 0.08% per annum of net assets, on amount exceeding Rs.3,000 million

Rs.5.9 million plus 0.06% per annum of net assets, on amount exceeding Rs.6,000 ,million

11.2 Sales tax at the rate of 13% (2019: 13%) on the remuneration of the Trustee is applied under the provisions of Sindh Sales Tax on Services Act, 2011.

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

This represents annual SECP fee, SECP vide S.R.O. 1620 (I) / 2019, dated December 24, 2019 revised its annual fee to 0.025% (2019: one thirtieth of one percent) per annum of average daily net assets of the Fund.

	Note	2020					2019				
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Commodity Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Commodity Sub-Fund	Total
13. ACCRUED EXPENSES AND OTHER LIABILITIES		(Rupees in '000)									
Provision for Sindh Workers' Welfare Fund	13.1	14,927	4,559	3,156	135	22,777	13,129	2,501	936	95	16,661
Provision for indirect duties and taxes	13.2	5,897	4,599	2,578	194	13,268	5,897	4,599	2,578	194	13,268
Auditors' remuneration		146	97	146	102	491	83	83	83	83	332
Zakat payable		1	3	59	-	63	1	4	79	-	84
Withholding tax payable		891	-	259	140	1,290	45	108	55	10	218
Brokerage payable		2,891	167	57	-	3,115	1,385	96	28	-	1,509
Legal and professional fees		25	25	25	25	100	15	15	15	15	60
Others		1,317	5,848	2,448	-	9,613	216	632	191	-	1,039
		26,095	15,298	8,728	596	50,717	20,771	8,038	3,965	397	33,171

13.1 Provision for Sindh Workers' Welfare Fund (SWWF)

The Finance Act, 2008 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 / Pension Funds whose income exceeded Rs. 500,000 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.

The amendments introduced in the WWF Ordinance were challenged in various High Courts of Pakistan. The Honorable Lahore High Court (LHC) and the Honorable Sindh High Court (SHC) arrived at different conclusions in respect of the validity of the amendments made through the Finance Act in relation to the WWF. Both the decisions of the LHC and the SHC were challenged in the Honorable Supreme Court of Pakistan (SCP). On 10 November 2016 the SCP passed a judgment declaring the insertion of amendments introduced through Finance Act, 2008 pertaining to WWF as unlawful for the reason that the WWF is not in the nature of tax and therefore, could not be introduced through money bill under the Constitution. Subsequently, the Federal Board of Revenue (FBR) has filed a review petition in the SCP against the said judgment, which is pending adjudication.

Further, as a consequence of the 18th amendment to the Constitution, levy for the WWF was also introduced by the Government of Sindh through the Sindh Workers Welfare Fund (SWWF) Act 2014. SWWF Act 2014, enacted on May 21, 2015, requires every Industrial Establishment located in the province of Sindh and having total income of Rs. 500,000 or more in any year of account commencing on or after the date of closing of account on or after December 31, 2013, to pay two percent of so much of its total income declared to SWWF. The said Act includes any concern engaged in the Banking or Financial Institution in the definition of "Industrial Undertaking" but does not define Financial Institution. The Pension Fund Manager, based on an opinion obtained by the Mutual Funds Association of Pakistan (MUFAP), believes that Mutual Funds / Pension Funds are not liable to pay Sindh WWF under the said law, for the reason that the Mutual Funds / Pension Funds are not financial institutions and rather an investment vehicle. However, the Sindh Revenue Board has not accepted the said position of MUFAP and as a result, MUFAP has taken up this matter with the Sindh Finance Ministry for resolution.

In view of the above developments regarding the applicability of Federal and Sindh WWF on Mutual Funds / Pension Funds, the MUFAP obtained a legal opinion on these matters during financial year ended June 30, 2017. Based on such legal advice (which also stated that even if a review petition is filed by any party, such petition can only be based on very limited grounds and the chances of any major change in the SCP judgement are very limited), MUFAP had recommended to all its members to reverse the Federal WWF and start recording of Sindh WWF.

Consequently, the provision for SWWF is being made on a daily basis and the Fund has made provision for SWWF of Rs.1.80 million (URSF-ESF), Rs.2.06 million (URSF-DSF), Rs.2.22 million (URSF-MSF) and Rs.0.40 million (URSF-CSF) for the year.

The cumulative net effect of the adjustment, had it not been made, would have resulted in an increase in the net assets value per unit by Rs.7.17 (URSF-ESF), Rs.1.52 (URSF-DSF), Rs.0.62 (URSF-MSF) and Rs.2.18 (URSF-CSF) as at June 30, 2020.

13.2 Provision for indirect duties and taxes

As per the requirements of the Finance Act 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Pension Fund Manager was applied with effect from June 13, 2013. The Pension Fund Manager is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED results in double taxation, which does not appear to be the spirit of the law. The matter was collectively taken up by the Pension Fund Manager jointly with other Asset Management Companies / Pension Fund Managers and Trustees of respective Collective Investment Schemes (CISs) / Pension Funds, through a Constitutional Petition filed in the Honorable Sindh High Court (SHC) during September 2013. In this respect, the SHC had issued a stay order against the recovery of FED due to which the Fund has not made any payments for FED since June 13, 2013.

On 30 June 2016, the Honorable Sindh High Court of Pakistan had passed a Judgment that after 18th amendment in the Constitution of Pakistan, the Provinces alone have the legislative power to levy a tax on rendering or providing services, therefore, chargeability and collection of FED after 01 July 2011 is ultra vires to the Constitution of Pakistan. On 23 September 2016, the Federal Board of Revenue (FBR) filed an appeal in the Supreme Court of Pakistan (SCP) against above judgement, which is pending adjudication. As a matter of abundant caution, the provision for FED made prior to this year has been maintained by the Fund which at June 30, 2020 aggregates to Rs.5.90 (2019: Rs.5.90) million, Rs.4.60 (2019: Rs.4.60) million, Rs.2.58 (2019: Rs.2.58) million and Rs.0.19 (2019: Rs.0.19) million in Equity Sub-Fund, Debt Sub-Fund, Money Market Sub-Fund and Commodity Sub-Fund is being retained in the financial statements of the Sub-Funds, respectively as the matter is pending before the Supreme Court of Pakistan. Had the said provision for FED not been recorded in the financial statements of the Sub-Funds, the net assets value of the Equity Sub-Fund, Debt Sub-Fund, Money Market Sub-Fund and Commodity Sub-Fund as at June 30, 2020 would have been higher by Rs.2.83 (2019: Rs.2.82) per unit, Rs.1.53 (2019: Rs.1.36) per unit, Re.0.51 (2019: Re.0.53) per unit and Rs.3.13 (2019: Rs.3.62) per unit respectively.

Through Finance Act, 2016, FED on services rendered by Non-Banking Financial Institutions (NBFIs) including Asset Management Companies / Pension Fund Managers, which are already subject to provincial sales tax, has been withdrawn.

Therefore, provision for FED has not been recorded in these financial statements from July 01, 2016 onwards.

14. CONTINGENCIES AND COMMITMENTS

14.1 CONTINGENCIES

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

14.2 COMMITMENTS

Purchase of 29 (2019: 23) ounce gold in

US\$ 50,332 (2019: US\$ 29,629)

2020 **2019**
----- (Rupees in '000) -----

	8,458	5,202
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This represents the investment in future gold contracts with settlement date of August 2020 (2019: August 2019).

15. BASIS OF ALLOCATION OF EXPENSES TO EACH SUB-FUND

15.1 Remuneration to the Pension Fund Manager, Trustee and annual fee to the SECP is allocated to each sub-fund on the basis of the net assets of the sub-fund.

15.2 Expenses specifically incurred by a sub-fund, such as custody and settlement charges, fees and subscription, legal and professional and bank charges are charged to that sub-fund.

15.3 Auditors' remuneration are allocated equally to each sub-fund.

16. AUDITOR'S REMUNERATION

	2020					2019				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Commodity Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Commodity Sub-Fund	Total
	----- (Rupees'000) -----									
Audit fee	69	69	69	69	276	69	69	69	69	276
Half yearly review fee	42	42	42	42	168	42	42	42	42	168
	111	111	111	111	444	111	111	111	111	444
Sales tax	11	11	11	11	44	9	9	9	9	36
Out of pocket expenses	23	23	23	23	92	21	21	21	21	84
	145	145	145	145	580	141	141	141	141	564

17. TAXATION

No provision for taxation for the year ended June 30, 2020 has been made in view of the exemption available to the Fund under clause 57 (3) (viii) of Part I of the 2nd Schedule to the Income Tax Ordinance, 2001.

18. EARNINGS / (LOSS) PER UNIT

Earnings / (Loss) per unit based on cumulative average units for the year has not been disclosed as in the opinion of the Pension Fund Manager the determination of the same is not practicable.

19. NUMBER OF UNITS IN ISSUE

	2020					2019				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Commodity Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Commodity Sub-Fund	Total
	----- (Rupees'000) -----									
At beginning of the year	1,822,960	2,989,337	4,624,981	52,992	9,490,270	1,982,938	3,359,129	3,914,989	41,924	9,298,980
Add: Issued during the year	894,879	1,196,529	3,297,112	249,287	5,637,807	389,130	1,064,550	2,638,914	26,042	4,118,636
Effect of reallocation	(111,626)	197,544	72,856	5,457	164,231	49,742	(161,467)	14,018	(1,216)	(98,923)
Less: Redeemed during the year	(525,030)	(1,375,036)	(2,898,237)	(245,700)	(5,044,003)	(598,850)	(1,272,875)	(1,942,940)	(13,758)	(3,828,423)
At the end of the year	2,081,183	3,008,374	5,096,712	62,036	10,248,305	1,822,960	2,989,337	4,624,981	52,992	9,490,270

20. FINANCIAL INSTRUMENTS BY CATEGORY

	2020					2019				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Commodity Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Commodity Sub-Fund	Total
(Rupees in '000)										
Financial assets										
At fair value through profit or loss										
Investments	1,146,657	630,057	570,172	304	2,347,190	917,741	365,783	492,328	460	1,776,312
At fair value through other comprehensive income										
Investments	-	5,689	-	-	5,689	-	5,366	-	-	5,366
At amortised cost										
Bank balances	90,093	157,027	503,353	7,240	757,713	89,278	315,280	376,284	5,443	786,285
Receivable against sale of investments	1,440	-	-	-	1,440	2,395	-	-	-	2,395
Dividend and mark-up receivable	2,980	11,877	1,441	-	16,298	4,258	10,438	2,505	39	17,240
Deposits and other receivables	11,910	11,939	11,062	2,757	37,668	4,242	4,735	9,775	1,063	19,815
	1,253,080	816,589	1,086,028	10,301	3,165,998	1,017,914	701,602	880,892	7,005	2,607,413
Financial liabilities										
At amortised cost										
Payable to the Pension Fund Manager	1,965	1,375	1,670	49	5,059	1,526	1,002	1,229	49	3,806
Payable to the Trustee	131	78	118	2	329	114	77	95	2	288
Payable against purchase of investment	3,000	-	-	-	3,000	3,839	-	-	-	3,839
Accrued and other liabilities	4,379	6,137	2,676	127	13,319	1,699	826	317	98	2,940
Net assets attributable to Participants' Sub-Funds	1,222,486	800,221	1,076,277	9,684	3,108,668	992,144	692,678	875,956	6,583	2,567,361
	1,231,961	807,811	1,080,741	9,862	3,130,375	999,322	694,583	877,597	6,732	2,578,234

21. CONTRIBUTION TABLE

	2020									
	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Commodity Sub-Fund		Total	
	Units	(Rupees'000)	Units	(Rupees'000)	Units	(Rupees'000)	Units	(Rupees'000)	Units	(Rupees'000)
Contributions net of front end fee										
Individuals	894,879	516,146	1,196,529	296,746	3,297,112	651,125	249,287	32,744	5,637,807	1,496,761
	June 30, 2019									
Individuals	389,130	241,913	1,064,550	237,554	2,638,914	479,204	26,042	2,984	4,118,636	961,655

22. FINANCIAL PERFORMANCE TABLE

	Equity Sub-Fund					Debt Sub-Fund				
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
	----- (Rupees'000) -----					----- (Rupees'000) -----				
Net (loss) / income for the year after taxation	89,844	(212,002)	(185,240)	362,487	214,725	102,853	49,418	32,516	30,862	94,212
Realised capital (losses) / gains	39,487	(15,085)	(100,585)	178,763	59,424	14,356	(2,135)	(607)	(10,634)	28,348
Unrealised (losses) / gains	(4,771)	(237,541)	(119,244)	120,969	119,909	12,344	(2,636)	(96)	(1,715)	8,195
Dividend income	51,252	56,216	56,128	45,992	37,612	-	-	-	-	-
Interest Income	9,301	6,347	5,349	5,556	4,107	89,733	67,234	32,901	59,084	66,983
Net assets value per unit	587	544	661	754	580	266	232	215	206	197
Total contribution received - Gross	516,146	241,913	591,257	583,908	504,862	296,746	237,554	414,538	213,189	312,121
	Money Market Sub-Fund					Commodity Sub-Fund				
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
	----- (Rupees'000) -----					----- (Rupees'000) -----				
Net (loss) / income for the year after taxation	110,977	63,839	28,852	23,803	18,735	1,975	522	55	(50)	4,761
Realised capital (losses) / gains	3,256	(2,265)	(66)	(258)	(55)	1,229	10	35	(2,707)	1,603
Unrealised (losses) / gains	623	(92)	(45)	(24)	(1,451)	304	460	32	(80)	2,147
Dividend income	-	-	-	-	-	-	-	-	-	-
Interest Income	127,446	74,814	21,950	31,841	25,829	774	352	241	1,426	1,739
Net assets value per unit	211	189	176	168	161	156	124	114	113	114
Total contribution received - Gross	651,125	479,204	661,005	350,423	242,586	32,744	2,984	1,771	3,412	4,711

22.1 Lowest and highest issue price of units during the year

Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Commodity Sub-Fund	
Lowest Issue price	Highest Issue price	Lowest Issue price	Highest Issue price	Lowest Issue price	Highest Issue price	Lowest Issue price	Highest Issue price
----- (Rupees) -----							
459.9981	709.1633	225.3483	266.0229	188.2324	211.1708	116.4700	155.6700

23. FINANCIAL RISK MANAGEMENT

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

The Fund's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk arising from the financial instruments it holds.

The Fund's primary financial assets comprise of bank balances, equity securities of listed companies, Government of Pakistan Treasury Bills, Pakistan Investment Bonds and futures contracts. The Fund also has dividend receivable, interest receivable, deposits and other receivables. The Fund's principal financial liabilities include remuneration payable to Pension Fund Manager, Trustee fee and accrued and other liabilities.

23.1 Market risk

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

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

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

23.1.1 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. Currency risk arises mainly where receivables and payables exist due to transactions entered in foreign currencies. The Commodity Sub-Fund is exposed to foreign currency risk on sales and purchases of Future Gold Contracts, which are entered in a currency other than Pak Rupees. As at year end, the financial assets exposed to currency risk are as follows:

	2020	2019	2020	2019
	USD		PKR	
Future Gold Contracts	1,810	2,875	304,247	460,143

The following significant exchange rates applied during the year:

	2020	2019	2020	2019
	Average rates		Rates at reporting date	
US Dollars to PKR	164.05	140.80	168.05	160.05

At June 30, 2020, if the Pakistan Rupee had weakened / strengthened by 10% against the US Dollar with all other variables held constant, profit of the Sub-Fund for the year would have been lower / higher by Rs. 0.03 million (2019: Rs. 0.05 million), mainly as a result of foreign exchange losses / gains on translation of US Dollar denominated in Future Gold Contracts.

23.1.2 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 return rates. As of June 30, 2020, the Fund is exposed to such risk on bank balances, government securities and term finance certificates / sukuks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

Cash flow interest rate risk

- The Debt Sub-Fund holds investments in PIBs and TFCs classified as 'at fair value through profit or loss' which expose the Sub-Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR, with all other variables held constant, the net assets of the Sub-Fund as on June 30, 2020 and net income for the year then ended would have been higher / lower by Rs. 2.465 (2019: Rs. 1.404) million.
- The Fund's interest rate risk also arises from the balances in savings accounts on which interest rate ranges between 3.75% to 11.25% per annum and investment. In case of 100 basis points increase / decrease in KIBOR, with all other variables held constant, the net assets of the Fund as on June 30, 2020 and net income for the year then ended would have been higher / lower by Rs. 7.58 (2019: Rs. 7.86) million.

Fair value interest rate risk

The Debt Sub-Fund and Money Market Sub-Fund are exposed to Fair value interest rate risk for fixed coupon rate investments in government securities classified as 'at fair value through profit or loss'.

In case of 100 basis points increase / decrease in interest rates as at reporting date, with all other variables held constant, the net income of the both Sub-Funds for the year and the net assets would have been lower / higher by Rs. 3.84 million (2019: Rs. 2.25 million) and by Rs. 5.70 million (2019: Rs. 4.92 million) respectively.

The composition of the Fund's investment portfolio, KIBOR rates, rates announced by Reuters and MUFAP are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2020 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

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

Effective yield / interest rate	Total	2020																
		Equity Sub-Fund				Debt Sub-Fund				Money Market Sub-Fund				Commodity Sub-Fund				
		Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	
		Upto three months	More than three months and up to one year	More than one year		Upto three months	More than three months and up to one year	More than one year		Upto three months	More than three months and up to one year	More than one year		Upto three months	More than three months and up to one year	More than one year		
%		(Rupees'000)																
On-balance sheet financial instruments																		
Financial assets																		
Bank balances	3.75 - 11.25	757,713	90,093	-	-	-	157,027	-	-	-	503,343	-	-	10	7,240	-	-	-
Investments	7.25 - 14.69	2,352,879	-	-	-	1,146,657	-	387,018	248,728	-	570,172	-	-	-	-	-	-	304
Receivable against sale of investments		1,440	-	-	-	1,440	-	-	-	-	-	-	-	-	-	-	-	-
Dividend and mark-up receivable		16,298	-	-	-	2,980	-	-	-	-	11,877	-	-	-	1,441	-	-	-
Deposits and other receivables		37,668	-	-	-	11,910	-	-	-	-	11,939	-	-	-	11,062	-	-	2,757
		3,165,998	90,093	-	-	1,162,987	157,027	387,018	248,728	23,816	1,073,515	-	-	12,513	7,240	-	-	3,061
Financial liabilities																		
Payable to the Pension Fund Manager		5,059	-	-	-	1,965	-	-	-	1,375	-	-	-	1,670	-	-	-	49
Payable to the Trustee		329	-	-	-	131	-	-	-	78	-	-	-	118	-	-	-	2
Payable against purchase of investments		3,000	-	-	-	3,000	-	-	-	-	-	-	-	-	-	-	-	-
Accrued and other liabilities		13,319	-	-	-	4,379	-	-	-	6,137	-	-	-	2,676	-	-	-	127
Net assets attributable to Participants' Sub-Funds		3,108,668	-	-	-	1,222,486	-	-	-	800,221	-	-	-	1,076,277	-	-	-	9,684
		3,130,375	-	-	-	1,231,961	-	-	-	807,811	-	-	-	1,080,741	-	-	-	9,862
On-balance sheet gap (a)		35,623	90,093	-	-	(68,974)	157,027	387,018	248,728	(783,995)	1,073,515	-	-	(1,068,228)	7,240	-	-	(6,801)
Off-balance sheet financial instruments																		
Purchase of 29 ounce gold in US\$ 50,332		8,458	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,458
Off-balance sheet gap (b)		8,458	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,458
Total interest rate sensitivity gap (a) + (b)			90,093	-	-	(68,974)	157,027	387,018	248,728	(783,995)	1,073,515	-	-	(1,068,228)	7,240	-	-	1,657
Cummulative interest rate sensitivity gap			90,093	-	-	(68,974)	157,027	387,018	248,728	(783,995)	1,073,515	-	-	(1,068,228)	7,240	-	-	1,657

Effective yield / interest rate	Total	2019																
		Equity Sub-Fund				Debt Sub-Fund				Money Market Sub-Fund				Commodity Sub-Fund				
		Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	
		Upto three months	More than three months and up to one year	More than one year		Upto three months	More than three months and up to one year	More than one year		Upto three months	More than three months and up to one year	More than one year		Upto three months	More than three months and up to one year	More than one year		
		(Rupees'000)																
On-balance sheet financial instruments																		
Financial assets																		
Bank balances	3.75 - 13.4	786,285	89,278	-	-	-	315,280	-	-	-	376,284	-	-	-	5,443	-	-	-
Investments	7.25 - 12.65	1,781,678	-	-	-	917,741	181,177	-	189,972	-	492,328	-	-	-	460	-	-	-
Receivable against sale of investments		2,395	-	-	-	2,395	-	-	-	-	-	-	-	-	-	-	-	-
Dividend and mark-up receivable		17,240	-	-	-	4,258	-	-	-	10,438	-	-	-	2,505	39	-	-	-
Deposits and other receivables		19,815	-	-	-	4,242	-	-	-	4,735	-	-	-	9,775	1,063	-	-	-
		2,607,413	89,278	-	-	928,636	496,457	-	189,972	15,173	868,612	-	-	12,280	7,005	-	-	-
Financial liabilities																		
Payable to the Pension Fund Manager		3,806	-	-	-	1,526	-	-	-	1,002	-	-	-	1,229	-	-	-	49
Payable to the Trustee		288	-	-	-	114	-	-	-	77	-	-	-	95	-	-	-	2
Payable against purchase of investments		3,839	-	-	-	3,839	-	-	-	-	-	-	-	-	-	-	-	-
Accrued and other liabilities		2,940	-	-	-	1,699	-	-	-	826	-	-	-	317	-	-	-	98
Net assets attributable to Participants' Sub-Funds		2,567,361	-	-	-	992,144	-	-	-	692,678	-	-	-	875,956	-	-	-	6,583
		2,578,234	-	-	-	999,322	-	-	-	694,583	-	-	-	877,597	-	-	-	6,732
On-balance sheet gap		29,179	89,278	-	-	(70,686)	496,457	-	189,972	(679,410)	868,612	-	-	(865,317)	7,005	-	-	(6,732)
Off-balance sheet financial instruments																		
Purchase of 23 ounce gold in US\$ 29,629		5,202	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,202
Off-balance sheet gap (b)		5,202	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,202
Total interest rate sensitivity gap (a) + (b)			89,278	-	-	(70,686)	496,457	-	189,972	(679,410)	868,612	-	-	(865,317)	7,005	-	-	(1,530)
Cummulative interest rate sensitivity gap			89,278	-	-	(70,686)	496,457	-	189,972	(679,410)	868,612	-	-	(865,317)	7,005	-	-	(1,530)

23.1.3 Other 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 rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all similar financial instruments traded in the market.

Equity Sub-Fund

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

In case of 5% increase / decrease in KSE 100 index on June 30, 2020, the net assets relating to the Equity Sub-Fund and total net assets of the Fund would increase / decrease by Rs.57.333 (2019: Rs.45.887) million as a result of gains / losses on equity securities classified as at fair value through profit or loss.

The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Sub-Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 index, having regard to the historical volatility of the index. The composition of the Sub-Fund's investment portfolio and the correlation thereof to the KSE index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2020 is not necessarily indicative of the effect on the Sub-Fund's net assets of future movements in the level of KSE 100 index.

Commodity Sub-Fund

The Commodity Sub-Fund is exposed to price risk because of Gold Futures Contracts held by the Commodity Sub-Fund and classified on the balance sheet as 'at fair value through profit or loss'.

A decrease / increase of 5% in the quoted price of future gold contracts of Pakistan Mercantile Exchange would have an impact of approximately Rs.0.42 (2019: Rs.0.26) million on the net income for the year with consequential effect on net assets of the Fund. The sensitivity analysis is based on the Fund's commodity securities at each statement of assets and liabilities date, with all other variables held constant.

23.2 Credit risk

Credit risk represents the risk of loss if counterparties fail to perform as contracted. The Fund's credit risk is primarily attributable to its investment in debt securities, however, investments in T Bills and PIBs being Government securities are not subject to credit risk. The Fund is also exposed to counter party credit risks on balances with banks and profit receivable.

For banks and financial institutions, the Fund keeps deposits with reputed financial institutions with reasonably high credit ratings. Credit risk on account of dividend receivable is minimal due to the statutory protection. All transactions in listed securities are settled / paid for upon delivery using the system of National Clearing Company of Pakistan Limited. The risk of default in these transactions is considered minimal due to inherent systematic measures taken therein. The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed and the requirements of the NBFC rules and the regulations and the guidelines given by the SECP from time to time.

The Fund's maximum exposure to credit risk related to receivables at June 30, 2019 and June 30, 2020 is the carrying amounts of following financial assets.

	2020					2019				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Commodity Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Commodity Sub-Fund	Total
	(Rupees'000)									
Bank balances	90,093	157,027	503,353	7,240	757,713	89,278	315,280	376,284	5,443	786,285
Investments	-	36,531	-	-	36,531	-	65,369	-	-	65,369
Mark-up receivables	69	364	1,441	-	1,874	626	2,485	2,505	39	5,655
Deposits and other receivables	11,910	11,939	11,062	2,757	37,668	4,242	4,735	9,775	1,063	19,815
	102,072	205,861	515,856	9,997	833,786	94,146	387,869	388,564	6,545	877,124

All deposits with banks and deposits with National Clearing Company of Pakistan Limited and Central Depository Company of Pakistan Limited are highly rated and risk of default is considered minimal.

The analysis below summarises the credit rating quality of the Fund's financial assets as at June 30, 2020:

	Rating long-term	2020	2019
----- (Rupees in '000) -----			
Bank balances by rating category			
Allied Bank Limited	AAA	339	23
Bank Alfalah Limited	AA+	82,453	59,853
United Bank Limited	AAA	37,818	45,237
JS Bank Limited	AA-	225	255,300
MCB Bank Limited	AAA	16,101	2,546.73
Samba Bank Limited	AA	116,592	50,454
Telenor Microfinance Bank Limited (formerly Tameer Microfinance Bank Limited)	A+	12	11
Habib Bank Limited	AAA	209,284	194,163
Sindh Bank Limited	A+	30	26
National Bank of Pakistan	AAA	1,377	1,243
Zarai Taraqiati Bank Limited	AAA	9	8
Soneri Bank Limited	AA-	293,473	177,421
		757,713	786,285

Term Finance Certificates by rating category

AA+	30,548	43,619
A+	-	15,764
Not rated	5,983	5,986
	30,548	43,619

The maximum exposure to credit risk before any credit enhancement as at June 30, 2020 is the carrying amount of the financial assets.

Concentration of credit risk

Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Fund mainly deals in equity securities which are primarily subject to price risk. The Fund's portfolio of other financial assets are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk.

23.3 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset or such obligations will have to be settled in a manner disadvantageous to the Fund.

The Fund is exposed to the daily settlement of securities and to daily cash redemption requests on a regular basis. Units are redeemable at the holders' option based on the Fund's net asset value per unit, at the time of redemption, calculated in accordance with the Fund's constitutive document and guidelines laid down by the SECP.

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's policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily realised.

In order to manage the Fund's overall liquidity, the Fund also has the option to withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. Further, the Fund also has the ability to suspend redemptions of units with the approval of the Board of Directors of the Pension Fund Manager in extraordinary circumstances.

The table below analyses the Sub-funds' financial liabilities into relevant maturity groupings based on the remaining year at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

Total	2020											
	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund			Commodity Sub-Fund		
	Upto one month	More than one month upto three months	More than three months and upto one year	Upto one month	More than one month upto three months	More than three months and upto one year	Upto one month	More than one month upto three months	More than three months and upto one year	Upto one month	More than one month upto three months	More than three months and upto one year

(Rupees'000)

Financial Liabilities

Payable to the Pension Fund Manager	5,059	1,965	-	-	1,375	-	-	1,670	-	-	49	-	-
Payable to the Trustee	329	131	-	-	78	-	-	118	-	-	2	-	-
Payable against purchase of investments	3,000	3,000	-	-	-	-	-	-	-	-	-	-	-
Accrued and other liabilities	13,319	4,379	-	-	6,137	-	-	2,676	-	-	127	-	-
Net assets attributable to Participants' Sub-Funds	3,108,668	1,222,486	-	-	800,221	-	-	1,076,277	-	-	9,684	-	-
	3,130,375	1,231,961	-	-	807,811	-	-	1,080,741	-	-	9,862	-	-

Total	2019											
	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund			Commodity Sub-Fund		
	Upto one month	More than one month upto three months	More than three months and upto one year	Upto one month	More than one month upto three months	More than three months and upto one year	Upto one month	More than one month upto three months	More than three months and upto one year	Upto one month	More than one month upto three months	More than three months and upto one year

(Rupees'000)

Financial Liabilities

Payable to the Pension Fund Manager	3,806	1,526	-	-	1,002	-	-	1,229	-	-	49	-	-
Payable to the Trustee	288	114	-	-	77	-	-	95	-	-	2	-	-
Payable against purchase of investments	3,839	3,839	-	-	-	-	-	-	-	-	-	-	-
Accrued and other liabilities	2,940	1,699	-	-	826	-	-	317	-	-	98	-	-
Net assets attributable to Participants' Sub-Funds	2,567,361	992,144	-	-	692,678	-	-	875,956	-	-	6,583	-	-
	2,578,234	999,322	-	-	694,583	-	-	877,597	-	-	6,732	-	-

24. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between the market participants at the measurement date. Consequently, differences can arise between carrying value and the fair value estimates.

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 on adverse terms.

Fair value of investments classified as 'at fair value through profit or loss' which are tradable in an open market is based on the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from the carrying value as the items are short-term in nature.

The Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- Fair value measurements using Inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

The table below analyse financial instruments measured at the end of the reporting year by the level in the fair value hierarchy into which the fair value measurement is categorised:

	2020			
	Fair value			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Investments at fair value through profit or loss				
Equity Sub-Fund				
Listed equity securities	1,146,657	-	-	1,146,657
Debt Sub-Fund				
Government securities - Treasury Bills	-	381,035	-	381,035
Government securities - Pakistan Investment Bonds	-	212,491	-	212,491
Debt securities - Term Finance Certificates / Sukuks	-	36,531	-	36,531
Money Market Sub-Fund				
Government Securities - Treasury Bills	-	570,172	-	570,172
Commodity Sub-Fund				
Future gold contracts	304	-	-	304
Investments at fair value through other comprehensive income				
Debt Sub-Fund				
Government securities - Pakistan Investment Bonds	-	5,689	-	5,689
	<u>1,146,961</u>	<u>1,205,918</u>	<u>-</u>	<u>2,352,879</u>

	2019			
	Fair value			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Investments at fair value through profit or loss				
Equity Sub-Fund				
Listed equity securities	917,741	-	-	917,741
Debt Sub-Fund				
Government securities - Treasury Bills	-	181,177	-	181,177
Government securities - Pakistan Investment Bonds	-	124,603	-	124,603
Debt securities - Term Finance Certificates / Sukuks	-	65,369	-	65,369
Money Market Sub-Fund				
Government Securities - Treasury Bills	-	492,328	-	492,328
Commodity Sub-Fund				
Future gold contracts	460	-	-	460
Investments at fair value through other comprehensive income				
	<u>918,201</u>	<u>863,477</u>	<u>-</u>	<u>1,781,678</u>

25. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties comprise United Bank Limited (Holding Company of the Pension Fund Manager), UBL Fund Managers Limited (Pension Fund Manager), Al-Ameen Islamic Financial Services (Private) Limited (Subsidiary of the Pension Fund Manager), entities under common management or directorships, the Central Depository Company of Pakistan Limited (Trustee), Directors and Officers of Pension Fund Manager, persons having 10% or more beneficial ownership of the units of the Fund and other collective investment schemes managed by the Pension Fund Manager.

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, other charges, sale and purchase of investments and distribution payments to connected persons. The transactions with connected persons are at contracted / agreed rates.

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

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

	Pension Fund Manager	Associated companies	Trustee	Funds under common management	Directors and key executives	Other connected persons / related parties**
----- (Rupees in '000) -----						
Equity Sub-Fund	For the year ended June 30, 2020					
Transactions during the year						
Mark-up on bank accounts	-	9,184	-	-	-	-
Bank charges	-	12	-	-	-	-
Units issued (units in '000)	-	-	-	-	32	-
Units redeemed (units in '000)	-	-	-	-	-	-
Remuneration*	18,779	-	1,467	-	-	-
Purchase of securities	-	469,514	-	-	-	-
Sale of securities	-	401,844	-	-	-	-
Dividend received	-	29,670	-	-	-	-
Central Depository Service (CDS) expenses	-	-	26	-	-	-
For the year ended June 30, 2019						
Mark-up on bank accounts	-	2,453	-	-	-	-
Bank charges	-	12	-	-	-	-
Units issued (units in '000)	-	-	-	-	17,667	-
Units redeemed (units in '000)	-	-	-	-	-	-
Remuneration*	20,493	-	1,626	-	-	-
Central Depository Service (CDS) expenses	-	-	51	-	-	-
Equity Sub-Fund	As at June 30, 2020					
Balances held						
Units held	-	-	-	-	67,210	-
Units held (Rupees in '000)	-	-	-	-	39,479	-
Investments	-	626,001	-	-	-	-
Bank balances	-	27,775	-	-	-	-
Remuneration payable*	1,681	-	131	-	-	-
Sales load payable	280	-	-	-	-	-
Mark-up receivable	-	62	-	-	-	-
Other payable	4	-	-	-	-	-
As at June 30, 2019						
Units held (units in '000)	-	-	-	-	45,930	254,337
Units held (Rupees in '000)	-	-	-	-	24,997	138,423
Bank balances	-	38,085	-	-	-	-
Remuneration payable*	1,406	-	114	-	-	-
Sales load payable	116	-	-	-	-	-
Mark-up receivable	-	212	-	-	-	-
Other payable	4	-	-	-	-	-

Pension Fund Manager	Associated companies	Trustee	Funds under common management	Directors and key executives	Other connected persons / related parties**
----- (Rupees in '000) -----					
For the year ended June 30, 2020					

Debt Sub-Fund

Transactions during the year

Mark-up on bank accounts	-	3,645	-	-	-
Bank charges	-	36	-	-	-
Units issued (units in '000)	-	-	-	-	-
Units redeemed (units in '000)	-	-	-	-	-
Remuneration*	12,245	-	958	-	-
CDS expenses	-	-	6	-	-

For the year ended June 30, 2019

Mark-up on bank accounts	-	1,398	-	-	-
Bank charges	-	36	-	-	-
Units issued (units in '000)	-	-	-	1,500	-
Units redeemed (units in '000)	-	-	-	51	-
Remuneration*	11,485	-	911	-	-
CDS expenses	-	-	7	-	-

As at June 30, 2020

Debt Sub-Fund

Balances held

Units held	-	-	-	1,894	-
Units held (Rupees in '000)	-	-	-	504	-
Bank balances	-	33,294	-	-	-
Remuneration payable*	1,096	-	78	-	-
Sales load payable	275	-	-	-	-
Other payable	4	-	-	-	-
Mark-up receivable	-	554	-	-	-

As at June 30, 2019

Units held (units in '000)	-	-	-	9,018	-
Units held (Rupees in '000)	-	-	-	2,090	-
Bank balances	-	5,787	-	-	-
Remuneration payable*	957	-	77	-	-
Sales load payable	41	-	-	-	-
Other payable	4	-	-	-	-
Mark-up receivable	-	31	-	-	-

Pension Fund Manager	Associated companies	Trustee	Funds under common management	Directors and key executives	Other connected persons / related parties**
----- (Rupees in '000) -----					
For the year ended June 30, 2020					

Money Market Sub-Fund

Transactions during the year

Mark-up on bank accounts	-	9,755	-	-	-
Bank charges	-	26	-	-	-
Units issued (units in '000)	-	-	-	-	-
Units redeemed (units in '000)	-	-	-	88	-
Remuneration*	17,161	-	1,345	-	-

For the year ended June 30, 2019

Mark-up on bank accounts	-	18	-	-	-
Bank charges	-	48	-	-	-
Units issued (units in '000)	-	-	-	-	-
Units redeemed (units in '000)	-	-	-	-	-
Remuneration*	12,789	-	1,014	-	-

As at June 30, 2020

Money Market Sub-Fund

Balances held

Units held	-	-	-	-	-
Units held (Rupees in '000)	-	-	-	-	-
Bank balances	-	332,934	-	-	-
Remuneration payable*	1,488	-	118	-	-
Sales load payable	178	-	-	-	-
Other payable	4	-	-	-	-
Mark-up receivable	-	118	-	-	-

As at June 30, 2019

Units held (units in '000)	-	-	-	87,542	-
Units held (Rupees in '000)	-	-	-	16,580	-
Bank balances	-	721	-	-	-
Remuneration payable*	1,180	-	95	-	-
Sales load payable	45	-	-	-	-
Other payable	4	-	-	-	-
Mark-up receivable	-	18	-	-	-

Pension Fund Manager	Associated companies	Trustee	Funds under common management	Directors and key executives	Other connected persons / related parties**
----- (Rupees in '000) -----					
For the year ended June 30, 2020					

Commodity Sub-Fund

Transactions during the year

Mark-up on bank accounts	-	758	-	-	-
Bank charges	-	6	-	-	-
Units issued (units in '000)	-	-	-	-	17
Units redeemed (units in '000)	-	-	-	-	2
Remuneration*	140	-	11	-	-

For the year ended June 30, 2019

Mark-up on bank accounts	-	30	-	-	-
Bank charges	-	3	-	-	-
Units issued (units in '000)	-	-	-	-	1,112
Units redeemed (units in '000)	-	-	-	-	40
Remuneration*	88	-	8	-	-

As at June 30, 2020

Commodity Sub-Fund

Balances held

Units held	-	-	-	-	38,080
Units held (Rupees in '000)	-	-	-	-	5,944
Bank balances	-	6,837	-	-	-
Remuneration payable*	13	-	2	-	-
Sales load payable	9	-	-	-	-
Mark-up receivable	-	1	-	-	-
Other payable	27	-	-	-	-

As at June 30, 2019

Units held (units in '000)	-	-	-	-	23,611
Units held (Rupees in '000)	-	-	-	-	2,933
Bank balances	-	643	-	-	-
Remuneration payable*	16	-	2	-	-
Sales load payable	6	-	-	-	-
Mark-up receivable	-	4	-	-	-
Other payable	27	-	-	-	-

* Remuneration for the year is inclusive of sales tax.

26. PARTICIPANTS' FUND RISK MANAGEMENT

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

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

27. GENERAL

27.1 On March 11, 2020, the World Health Organisation made an assessment that the outbreak of a coronavirus (COVID-19) can be characterised as a pandemic. As a result, businesses have subsequently been affected amongst others with temporary suspension of travel, and closure of recreation and public facilities.

To alleviate the negative impact of the COVID-19 pandemic, the Government, Central Banks including financial institutions affiliated to those banks, and regulators have taken measures and issued directives to support businesses, including extensions of deadlines, facilitating continued business through social-distancing and easing pressure on credit and liquidity in the market.

The Pension Fund Manager has made an assessment in order to evaluate the impact of COVID-19 pandemic over the financial performance of the Fund as well as the going concern assessment. As a result of such assessment, the management has not identified any material adverse impact on its financial performance due to COVID-19 pandemic situation

27.2 Figures have been rounded off to the nearest Thousand Rupees unless otherwise specified.

27.3 Comparative figures have been reclassified where necessary for better presentation and comparison.

28. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on September 24, 2020 by the Board of Directors of the Retirement Savings Fund Manager.

**For UBL Fund Managers Limited
(Pension Fund Manager)**

SD

Chief Executive Officer

SD

Chief Financial Officer

SD









Director









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