

NIT Pension Fund aims to provide participants with a savings vehicle geared for retirement planning and providing decent returns through investments in its various sub-funds.



NIT - PENSION FUND

CORPORATE INFORMATION

FUND NAME

NIT - Pension Fund

NAME OF AUDITORS

EY Ford Rhodes, Chartered Accountants

LIST OF BANKERS

Bank Al Habib Limited
United Bank Limited
Habib Bank Limited
Allied Bank Limited
Bank Al-Falah Limited
Dubai Islamic Bank Limited
Habib Metropolitan Bank Limited
Sindh Bank Limited
JS Bank Limited
Soneri Bank Limited
MCB Islamic Bank Limited
MCB Bank Limited

NIT - PENSION FUND

FUND MANAGER REPORT

2019-2020

NIT Pension Fund (NIT-PF) Objective

NIT Pension Fund aims to provide participants with a savings vehicle geared for retirement planning and providing decent returns through investments in its various sub-funds.

Profile of Investment Manager

National Investment Trust Ltd. (NITL) is the first and among the largest Asset Management Company of Pakistan, formed in 1962. With approximately Rs. 76 billion assets as of June 30, 2020 the total number of Funds under the management of NITL is 12, including 4 equity Funds, 2 fixed Income Funds, Money market Fund, Islamic Income Fund, Asset Allocation Fund, Exchange Traded Fund, Conventional Pension Fund and Islamic Pension Fund. During the fiscal year 2019-20 NITL launched NIT Pakistan Gateway Exchange Traded Fund which is the first exchange traded Fund in the history of Pakistan's capital market. During the period NIT-Asset Allocation Fund was also launched and added to the tally of NIT's family of Funds. NIT has established a strong national distribution network which comprises of 24 branches and 03 sale counters including an Investor Facilitation Centre and customer Call Centre at Karachi and various Authorized Bank branches all across Pakistan as its distributors. NITL has also launched an online application allowing its customers to interact with it for a range of services. The Board of Directors of NITL consists of representatives of leading financial institutions, prominent industrialists and nominee of Govt. of Pakistan. The Company has been assigned an Asset Manager rating of "AM2++" by PACRA, which demonstrates that the Asset Manager meets high investment management industry standards and benchmarks with noted strengths in several of the rating factors. All Investment decisions are taken by the Investment Committee of NITL.

Fund Information - NIT-PF

All Sub-Funds:			
• Launch Date	19 th June, 2015	• Minimum Investment	Rs. 1,000
• Type	Open Ended - Pension Scheme	• Management Fee	Equities Sub Fund: 0.75% Debt, MM and Commodities Sub Funds: 0.50%
• Fund Manager	Wasim Akram	• Front End Load	0.00% - 3.00%
• Par Value	Rs. 10	• Back End Load	0.00%
• Auditors	EY Ford Rhodes.	• Trustee	Central Depository Company of Pakistan Ltd.
• Pricing Mechanism	Forward Pricing	• Asset Manager Rating	AM2++ (PACRA)

Individual Sub-Funds:				
Sub-Fund Name	Equities Sub Fund (NITPF-ESF)	Debt Sub Fund (NITPF-DSF)	MM Sub Fund (NITPF-MMSF)	Commodities Sub Fund (NITPF-CSF)
• Fund Size as on June 30, 2020	75.67	123.48	120.53	121.13
• NAV/unit	8.1724	15.2898	13.8802	16.1482
• Risk Profile	High	Moderate	Low	High

Fund Performance Analysis:

Equities Sub-Fund

	2019-20	2018-19
Opening Net Assets (Rs. in million)	71.13	85.43
Opening NAV /unit (Rs.) (Ex Div)	8.2023	10.1247
Ending Net Assets (Rs. in million)	75.67	71.13
Ending NAV/unit (Rs.)	8.1724	8.2023
Total Return (%)	-0.36%	-18.99%



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Debt Sub-Fund

	2019-20	2018-19
Opening Net Assets (Rs. in million)	99.82	90.95
Opening NAV /unit (Rs.) (Ex Div)	12.3980	11.4180
Ending Net Assets (Rs. in million)	123.48	99.82
Ending NAV/unit (Rs.)	15.2898	12.3980
Total Return (%)	23.26%	8.58%

Money Market Sub-Fund

	2019-20	2018-19
Opening Net Assets (Rs. in million)	113.25	99.33
Opening NAV /unit (Rs.) (Ex Div)	12.3557	11.3787
Ending Net Assets (Rs. in million)	120.53	113.25
Ending NAV/unit (Rs.)	13.8802	12.3557
Total Return (%)	12.30%	8.59%

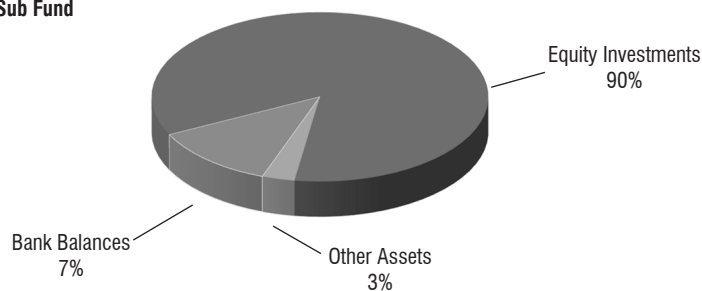
Commodities Sub-Fund

	2019-20	2018-19
Opening Net Assets (Rs. in million)	95.99	85.27
Opening NAV /unit (Rs.) (Ex Div)	12.7964	11.3682
Ending Net Assets (Rs. in million)	121.13	95.99
Ending NAV/unit (Rs.)	16.1482	12.7964
Total Return (%)	26.19%	12.56%

Asset Allocation

Equities Sub-Fund: The Fund allocation is geared towards actively taking advantage of market opportunities. As on 30th June 2020, the Fund was invested to the extent of 90% in Equities as a percentage of total assets while the remaining exposure was in cash and others. The Fund's equity exposure varied throughout the year in order to take maximum advantage of investment opportunities. The asset allocation position of the Fund as on 30-06-2020 is depicted in the chart below:

Equities Sub Fund



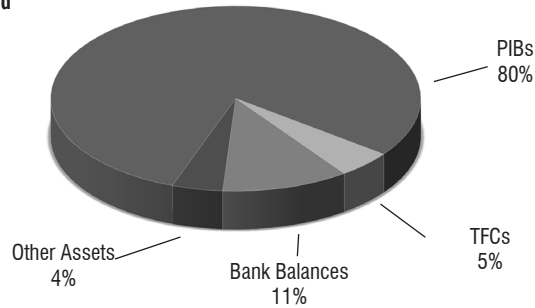
NIT - PENSION FUND

FUND MANAGER REPORT

2019-2020

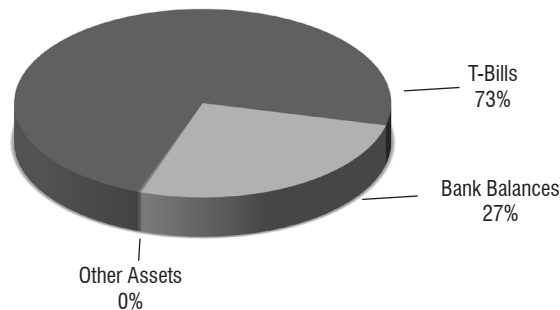
Debt Sub-Fund: Given the rising interest rate scenario, investment in Government securities stood at 80% of total assets comprising of PIBs as at June 30, 2020. Bank balances and TFCs formed 11% and 5% of total assets respectively. Other assets formed 4% of net assets as at June 30, 2020:

Debt Sub Fund



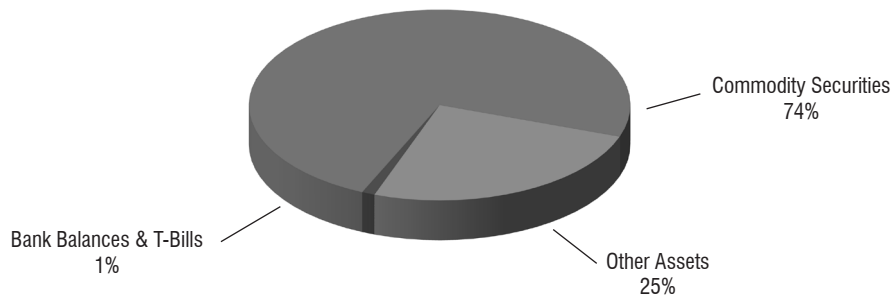
Money Market Sub-Fund: The Sub-Fund continued investing primarily in T-Bills, which formed 73% of total assets while the remaining liquidity was placed in Bank deposits offering decent rates as at June 30, 2020.

Money Market Sub Fund



Commodities Sub-Fund: The Fund remained invested in Gold Futures contracts to an extent of 74% of the Fund's total assets as of June 30, 2020. Short term T-Bills and Bank balances formed 1% while other assets formed 25% of the total assets of the fund.

Commodities Sub Fund



Categorization of Unit Holders By Size - (JUNE 2020)

Category	NIT Pension Fund Unit Holders	% of Total
Institutional Investors	1	1.40%
Individual	70	98.59%
TOTAL	71	100%

NIT - PENSION FUND

FUND MANAGER REPORT

2019-2020

Market & Fund Performance Review

Stock Market

Despite Covid-related challenges, the Pakistan Stock Exchange managed to close the fiscal year 2019-20 in positive zone, with the benchmark KSE-100 index registering a gain of 1.53%. Although the GDP growth in FY20 has been negative, it is significant given the fact that at the start of the fiscal year 2019-20, Pakistan's macro-economic situation was in a troubled phase mainly due to a late entry in IMF Program. Later half of the fiscal year was severely affected by the COVID-19 pandemic that brought economic activity to a stand still having a severe impact on global economics including Pakistan. Nonetheless, the turnaround witnessed from April 2020, following the announcement of government fiscal stimulus, and the gradual opening of the economy, provided some respite to the stock market, helping it close the year in the green zone.

Improving Balance of Payment position, low Interest rates, increasing foreign remittances and gradual recovery from Covid-19 started turning the tide and had helped the benchmark KSE-100 Index to post a recovery of 7,193pts in 4Q-FY20. Last quarter saw an overall increase of 5,190pts in the Index. Gradual resumption of business activities following recovery from Covid-19 helped improved in business confidence. Similarly, State Bank of Pakistan followed the pattern of global Central Banks, cutting interest rates in the wake of declining Inflation and have brought the Policy rate from 13.25% to 7%. This has relieved the already stressed Corporate sector off the burdening financial charges at one hand and has also made Equities as the preferred asset class in comparison with fixed income instruments.

The overall activity at the bourse remained lackluster, though average traded volumes increased by 27% to 196mn shares/day in FY20, However, it still remained 10% lower compared to its preceding 5-year average of 219mn shares/day. The average traded value declined by 2% in FY20 to US\$46mn/day, while also remained 51% lower compared to its preceding 5-year average of US\$94mn/day.

During FY20, foreigners maintained selling stance from yesteryears and took out US\$ 284.8mn on net basis. These outflows have largely been absorbed by Individuals by investing US\$ 213.2mn, followed by Insurance Sector US\$ 127.6mn, Other Organizations US\$ 31.6mn, Companies US\$ 26.8mn and Non-Banking Finance Companies US\$ 4.5mn.

Money Market

In the first monetary policy announced during the fiscal year, the State Bank of Pakistan (SBP) raised interest rates by 100 bps to 13.75% citing inflationary pressures. However with the Covid-19 pandemic the economic impact of the virus changed global economies outlook. Oil prices plummeted to historical lows due to collapse in global demand during the pandemic. Therefore in order to boost economic activities SBP took anticipatory measures and started slashing interest rates while offering concessionary refinancing schemes to support fresh investments and combat the virus and its economic impact. As a result SBP reduced interest rates by a cumulative 625 bps on account of decline in inflation over the period and weak domestic economic activity. Interest rates now stand at 7.00% p.a. Average Consumer Price Index stood at 10.74% for FY20 as compared to 6.80% in FY19 while SBP sees inflation could fall below the announced range of 7% - 9% for next fiscal year. The country's FX reserves stood at about US\$ 19 billion as compared to US\$ 14 billion in the past year.

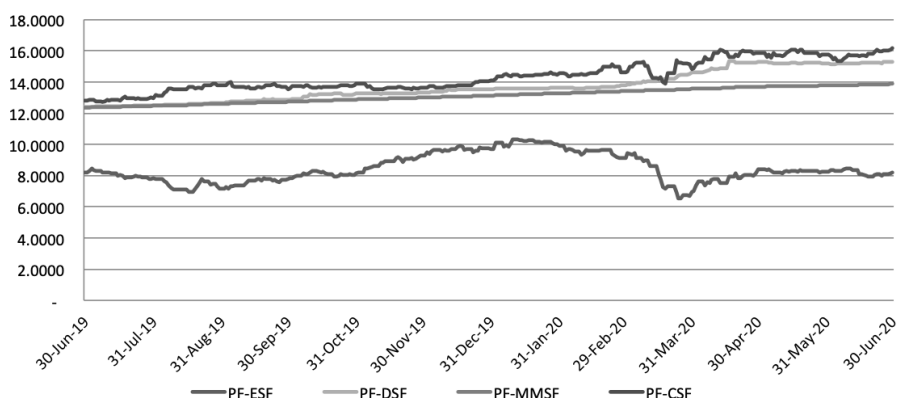
During FY20, SBP conducted a total of 27 T-bill auctions (two auctions per month and 3 auctions in Jul-19, Dec-19 and Jun-20). Treasury Bills auction cut off held in Jun-20 for the 3M, 6M and 12M tenors reduced to 6.85% p.a., 6.66% p.a. and 6.85% p.a. from 12.74% p.a. , 12.70% p.a. and 13.15% p.a. respectively held in June-19. The cut-off yield on the 3 years, 5 years and 10 years PIB closed at 7.82% p.a., 8.21% p.a. and 8.86% p.a. decreasing from the previous year's closing rate of 13.67% p.a., 13.79% p.a. and 13.68% p.a. for the 3 years, 5 years and 10 years bond. Further, at the end of FY20 the 6-month KIBOR decreased by 587bps to 7.21% as compared to last year ending at 13.11%.

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FUND MANAGER REPORT

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NAV Performance of Various Sub-Funds



NITPF-ESF: During the period under review, the NITPF-ESF posted a return of -0.36%. The return is reflective of prevailing market conditions. Investment policy the Fund remains to vary equity exposure dynamically to take maximum advantage of investment opportunities. Stock selection continues to be based on selection of attractive investments considering the long-term nature of the pension funds.

NITPF-DSF: The NITPF-DSF posted a return of 23.26% during the period under review. The Fund return remained above par while maintaining high asset quality as the Fund remained primarily invested in government securities during the period.

NITPF-MMSF: The Money Market Sub-fund of NIT Pension Fund posted a return of 12.30% during the period. The assets of the Fund continued to remain invested primarily in short-term government securities while remaining liquidity was placed in bank deposits offering attractive rates.

NITPF-CSF: The Commodities Sub-Fund posted a return of 26.19% during the year as gold prices remained bullish during the year.

Performance of Fund Since Inception

	FY 2015*	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	Since Inception
NITPF-ESF (%)	0.19	1.22	19.04	-16.11	-18.99	-0.36%	-18.28%
NITPF-DSF (%)	6.08	3.90	4.48	4.96	8.58	23.26%	10.50%
NITPF-MMSF (%)	6.08	3.87	4.17	4.94	8.59	12.30%	7.71%
NITPF-CSF (%)	0.20	10.05	-1.70	4.88	12.56	26.19%	61.48%

*Launched on June 19, 2015

SWWF Disclosure

The Scheme has maintained provisions against Sind Workers' Welfare Fund's liability (**Rs. 0.19 million ESF, Rs. 0.66 million DSF, Rs. 0.68 million MMSF and Rs. 0.97 million CSF**). If the same were not made the NAV per unit/ year to date return of the Scheme would be higher by (**Rs. 0.0201/0.25% for ESF, Rs. 0.0811/0.53% for DSF, Rs. 0.0779/0.56% for MMSF and Rs. 0.1292/0.80% for CSF**). For details investors are advised to read the latest Financial Statement of the Scheme.



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FUND MANAGER REPORT

2019-2020

Economic Review

With the unprecedented onset of pandemic Covid-19 taking over the world in FY20, the global economy slid into recession with overall economic growth shrinking this year, Pakistan was no exception, with negative 0.38% GDP growth as compared to 1.9% growth recorded a year earlier. The slowdown was broadly attributed to contractionary economic policies and inflationary pressures in the aftermath of exchange rate depreciation. The second half of the fiscal year 2019- 20 is characterized by the COVID-19 inflicted economic slowdown. The pandemic caused multifaceted problems and its impact on economy is much broader in terms of magnitude, intensity and implications than any other shock in human history.

This will be the first time in 68 years since 1952 that Pakistan experiences negative GDP growth. The negative 0.38% GDP growth is mainly caused by the unprecedented losses faced by manufacturing, transport and trade sectors, as the government tightened containment measures to limit the spread. Agriculture remained somewhat insulated, as most of the important crops had already been harvested before disruptions began to surface.

Agriculture sector fell short of its targeted growth and showed mixed patterns in growth of its components. Its overall growth improved to 2.7 % in 2019-20 from 0.6 % last year. Within agriculture, the crop sector performance which registered average growth of 0.6 % during 2013-18, showed marked improvement as it registered positive growth of 3 %. Important crops depicted 2.9 % growth due to an increase in production of wheat, rice and maize by 2.5 %, 2.9 %, and 6 %, respectively. The cotton crop succumbed to unfavorable weather, low water availability, and pest attacks.

Industrial sector plays a significant role in the economic development of a country. It contributes almost 20 % to GDP and employs 24 % of total employed labor force. However, the industrial sector faced the major brunt of the COVID-19 related shutdown and depicted overall contraction of 2.6 %. The LSM sector witnessed contraction of 7.8 % as against contraction of 2.6 % in FY19. Major decline has been observed in textile, food, beverage & tobacco, coke & petroleum products, pharmaceuticals, chemicals and automobiles.

Services sector has been worst affected by falling tourism revenues, lower mobility in the transport sector (air, rail, ships and road), lockdown inflicted complete cessation of trading activities, closure of education, event management and community services, and major burden on financial sector because of falling interest rates and business financing. Overall services sector remained in negative zone and posted negative growth of 0.6 % as compared to positive growth of 3.8 % last year. However, there were some services which performed well like health services, CSO operations, online digital content and product delivery.

Average headline CPI inflation (national) stood at 10.7 % during 2019-20 as compared to 6.8 % during the same period last year. Main contributors to inflationary pressures were increase in food prices, electricity & gas prices, and impact of exchange rate movements.

The State Bank of Pakistan raised the policy rate by 100 bps to 13.25 % in July 2019 and maintained it at same level till Mar 2020. However, to stimulate economic activities and to support households and businesses, economic growth, and employment levels during challenging times of COVID 19, SBP reduced the policy rate by a cumulative 625 bps reducing the benchmark rate from 13.25% to 7.00% in Jun'20.

Significant improvement in Pakistan's external account continued in FY20, mainly on the back of contraction in imports. While demand for non-energy imports was already subdued, energy imports declined substantially due to COVID-19 related weakness in global oil prices and lower domestic demand. Nonetheless, the lower trade deficit, together with a decent growth in workers' remittances (specifically from the US and the GCC), and a significant reduction in the services deficit, lowered the FY20 current account deficit to US\$ 2.97 billion as compared to US\$ 13.43 billion in FY19.

Though the current account deficit (CAD) improved substantially year on year, however, it experienced reduction in both imports as well as exports. The country's exports which stood at US\$ 27.95 billion, recorded a decline of 7.5% in FY'20 versus FY'19's export figure of US\$ 30.22 billion, however, the import bill contracted by 19.3% over the same period with imports of US\$ 50.7 billion during FY20. The country's balance of trade recorded a deficit of USD 22.75 billion during FY'20, improving by 25.55% over FY'19.

Workers' remittances rose by 6.3 % YoY to US\$ 23.1 billion in FY20. The rise in workers' remittances this year was broad-based, particularly, inflows from the GCC countries and continuous efforts by the Govt. to increase remittances inflows through formal channels. Number of incentive schemes for remitters were introduced which yielded productive results

Foreign exchange inflows via FDI rebounded as the work on CPEC related projects gained traction. As a result, net FDI inflows in FY20 increased to US\$ 2.6 billion, up from 1.3 billion during the same period of FY19. FDI inflows from China witnessed a rebound, specifically in the last quarter of FY20, as the country continued to invest in CPEC projects. In the backdrop of this global investment scenario, the foreign portfolio investment in Pakistan in FY20 also came under strain. The foreign investment that started pouring in the domestic debt market (T-bills and PIBs) continued to

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gather pace till January 2020. However, with the unfolding of COVID-19 into a pandemic by March 2020, these portfolio inflows witnessed a trend reversal, with outflows of US\$ 241 million, in line with the global trend. Similarly, Pakistan's equity market came under severe pressure, as both local and foreign investors resorted to panic selling. Foreign portfolio investors pulled out US\$ 284.8mn on net basis in FY20 from the equity market.

The country's FX reserves stood at USD 18.9 billion at Jun'20, with flows from multilateral agencies providing support for external payments. The pandemic also caused significant pressure in the FX markets as the exchange rate, depreciated by 8.5% since Dec'19 to close at Rs. 168.05 at June 30, 2020.

Economic landscape in 2020-21 predominantly depends upon how the pandemic unfolds and effectiveness of the government efforts to control locust. Even after the lockdown is completely lifted, the second-round impact of COVID-19 may still affect the growth performance of the country. However, monetary easing and debt relief will also improve fiscal position and external account will improve due to resumption of remittance inflows and better exports performance.

(Economic data source: Economic Survey of Pakistan, FBS & SBP Website)

Other Disclosures under NBFC Regulations 2008:

The Fund Manager hereby makes the following disclosures as required under the NBFC Regulations 2008;

- a. The Management Company or any of its delegates did not receive any soft commission (goods & services) from any of its brokers / dealers by virtue of transactions conducted by the Fund.
- b. There was no unit split undertaken during the year.

TRUSTEE REPORT

TRUSTEE REPORT TO THE PARTICIPANTS

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

We, Central Depository Company of Pakistan Limited, being the Trustee of NIT Pension Fund (the Fund) are of the opinion that National Investment Trust 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

Sd/-

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 28, 2020

AUDITORS' REPORT

AUDITORS' REPORT TO THE PARTICIPANTS OF NIT PENSION 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 Movement in Participants' Sub-Funds; and
- v) Cash flow statement

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

It is the responsibility of 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 Voluntary Pension System Rules, 2005. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards as applicable in Pakistan. Those standards require that we 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion:

- a. the financial statements prepared for the year 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 30 June 2020 and of the transactions of the Fund for the year ended 30 June 2020;
- 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 or the financial statements prepared are in agreement with the Fund's books and records, that fact;
- f. we were able to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purpose of the audit; and
- g. no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Sd/-

EY Ford Rhodes

Chartered Accountants

Audit Engagement Partner: Shaikh Ahmed Salman

Date: 23 September 2020

Karachi



NIT - PENSION FUND

BALANCE SHEET

AS AT JUNE 30, 2020

	June 30, 2020					June 30, 2019					
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Commodities Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Commodities Sub-Fund	Total	
Note ----- (Rupees in '000) -----											
Assets											
Bank balances	6	5,158	15,854	32,218	8,904	62,134	6,622	7,953	64,444	79,052	158,071
Investments	7	71,094	105,335	89,101	79,767	345,297	64,720	92,429	49,272	-	206,421
Financial assets at fair value through profit and loss	8	-	-	-	3,013	3,013	-	-	-	5,994	5,994
Dividend and profit receivable	9	86	3,313	216	57	3,672	399	262	271	306	1,238
Security deposits and advances	10	2,600	169	117	30,791	33,677	2,600	100	100	11,498	14,298
Total assets		78,938	124,671	121,652	122,532	447,793	74,341	100,744	114,087	96,850	386,022
Liabilities											
Payable to National Investment Trust Limited - Pension Fund Manager	11	2,740	243	141	129	3,253	2,737	232	132	119	3,220
Payable to Central Depository Company of Pakistan Limited - Trustee	12	10	17	18	16	61	10	14	17	15	56
Payable to Securities and Exchange Commission of Pakistan	13	25	37	38	35	135	26	31	35	29	121
Accrued expenses and other liabilities	14	491	899	921	1,226	3,537	442	643	655	701	2,441
Total liabilities		3,266	1,196	1,118	1,406	6,986	3,215	920	839	864	5,838
Net assets		75,672	123,475	120,534	121,126	440,807	71,126	99,824	113,248	95,986	380,184
Participants' funds (as per statement attached)		75,672	123,475	120,534	121,126	440,807	71,126	99,824	113,248	95,986	380,184
Number of units in issue	15	9,259,397	8,075,680	8,683,919	7,500,935	33,519,931	8,671,476	8,051,580	9,165,591	7,501,073	33,389,720
Net assets value per unit (Rupees)		8,1724	15,2898	13,8802	16,1482	8,2023	12,3980	12,3557	12,7964		

The annexed notes from 1 to 25 form an integral part of these financial statements.

**For National Investment Trust Limited
(Pension Fund Manager)**

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director

NIT - PENSION FUND

INCOME STATEMENT

FOR THE YEAR ENDED JUNE 30, 2020

	June 30, 2020					June 30, 2019				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Commodities Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Commodities Sub-Fund	Total
(Rupees in '000)										
Income										
Income from government securities	-	11,811	11,324	6,348	29,483	-	7,557	8,021	680	16,258
Income from term finance certificates and sukuks	-	881	-	-	881	-	652	-	-	652
Profit on bank deposits	838	1,163	3,142	3,854	8,997	587	789	1,964	6,491	9,831
Dividend income	3,218	-	-	-	3,218	3,910	-	-	-	3,910
Net unrealised gain on futures contracts of gold	-	-	-	3,013	3,013	-	-	-	5,994	5,994
Realised gain / (loss) on gold contracts	-	-	-	13,391	13,391	-	-	-	(1,298)	(1,298)
Gain / (loss) gain on sale of investments - net	-	373	18	53	444	-	(4)	(43)	-	(47)
Total income	4,056	14,228	14,484	26,659	59,427	4,497	8,994	9,942	11,867	35,300
Expenses										
Remuneration of National Investment Trust Limited - Pension Fund Manager	572	561	582	538	2,253	597	477	532	432	2,038
Sindh Sales Tax on remuneration of Pension Fund Manager	74	73	76	70	293	78	62	69	56	265
Remuneration of Central Depository Company of Pakistan Limited - Trustee	114	168	175	161	618	119	143	160	130	552
Sindh Sales Tax on remuneration of trustee	15	22	22	21	80	16	19	21	17	73
Annual fee - Securities and Exchange Commission of Pakistan	25	37	38	35	135	26	31	35	29	121
Central depository charges	7	7	7	-	21	8	7	-	-	15
Auditors' remuneration	64	63	64	64	255	71	72	72	72	287
Securities transaction costs	-	-	-	108	108	-	-	-	134	134
Printing and related costs	29	29	29	29	116	23	23	22	22	72
Settlement and bank charges	643	200	16	11	870	89	24	24	43	180
Total expenses	1,543	1,160	1,009	1,037	4,749	1,027	858	935	935	3,755
Net income from operating activities	2,513	13,068	13,475	25,622	54,678	3,470	8,136	9,007	10,932	31,545
Provision for Sindh Workers' Welfare Fund	(50)	(261)	(269)	(512)	(1,092)	(69)	(163)	(180)	(219)	(631)
Net income for the year	2,463	12,807	13,206	25,110	53,586	3,401	7,973	8,827	10,713	30,914

The annexed notes from 1 to 25 form an integral part of these financial statements.

For National Investment Trust Limited
(Pension Fund Manager)

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director

NIT - PENSION FUND

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2020

Note	June 30, 2020					June 30, 2019				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Commodities Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Commodities Sub-Fund	Total
	(Rupees in '000)									
Net income for the year	2,463	12,807	13,206	25,110	53,586	3,401	7,973	8,827	10,713	30,914
Other comprehensive income for the year										
Items not to be reclassified to income statement in subsequent years										
(Loss) / gain on sale of investments classified as 'fair value through other comprehensive income' (FVOCI)	(590)	-	-	-	(590)	193	-	-	-	193
Net unrealised (diminution) / appreciation on re-measurement of equity investments classified as fair value through other comprehensive income' (FVOCI)	(2,552)	-	-	-	(2,552)	(19,916)	-	-	-	(19,916)
Net other comprehensive (loss) / income not to be reclassified to income statement in subsequent years	(3,142)	-	-	-	(3,142)	(19,723)	-	-	-	(19,723)
Items to be reclassified to income statement in subsequent years										
Net unrealised diminution on re-measurement of investments classified as fair value through other comprehensive income' (FVOCI)	-	10,828	353	32	11,213	-	(103)	(7)	-	(110)
Net other comprehensive income to be reclassified to income statement in subsequent years	-	10,828	353	32	11,213	-	(103)	(7)	-	(110)
Total comprehensive (loss) / income for the year	(679)	23,635	13,559	25,142	61,657	(16,322)	7,870	8,820	10,713	11,081

The annexed notes from 1 to 25 form an integral part of these financial statements.

**For National Investment Trust Limited
(Pension Fund Manager)**

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director

NIT - PENSION FUND

STATEMENT OF MOVEMENT IN PARTICIPANTS' FUNDS

FOR THE YEAR ENDED JUNE 30, 2020

Note	June 30, 2020					June 30, 2019				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Commodities Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Commodities Sub-Fund	Total
	(Rupees in '000)									
Net assets at beginning of the year	71,126	99,824	113,248	95,986	380,184	85,428	90,946	99,329	85,274	360,977
16	3,693	9,136	9,891	-	22,720	2,518	1,356	5,470	1	9,345
Amount received on issue of units	(434)	(11,220)	(12,100)	-	(23,754)	(1,205)	(14)	-	-	(1,219)
Amount paid on redemption of units	1,966	2,100	(4,064)	(2)	-	707	(334)	(371)	(2)	-
Reallocation among sub-funds	5,225	16	(6,273)	(2)	(1,034)	2,020	1,008	5,099	(1)	8,126
7.9	(2,552)	10,828	353	32	8,661	(19,916)	(103)	(7)	-	(20,026)
Net unrealised diminution on re-measurement of investments classified as fair value through other comprehensive income' (FVOCI)	(590)	-	-	-	(590)	193	-	-	-	193
Gain on sale of investments classified as 'fair value through other comprehensive income' (FVOCI)	-	-	-	13,391	13,391	-	-	-	(1,298)	(1,298)
Realised gain / (loss) on gold contracts	-	-	-	-	391	-	-	-	-	(47)
Gain / (loss) on sale of investments - net	-	373	18	-	391	-	(4)	(43)	-	5,994
Net unrealised gain on futures contracts of gold	-	-	-	3,013	3,013	-	-	-	5,994	5,994
Other net income for the year	2,463	12,434	13,188	8,706	36,791	3,401	7,977	8,870	6,017	26,265
Total comprehensive (loss) / income for the year	(679)	23,635	13,559	25,142	61,657	(16,322)	7,870	8,820	10,713	11,081
Net assets at end of the year	75,672	123,475	120,534	121,126	440,807	71,126	99,824	113,248	95,986	380,184

The annexed notes from 1 to 25 form an integral part of these financial statements.

For National Investment Trust Limited
(Pension Fund Manager)

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director

NIT - PENSION FUND

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2020

	June 30, 2020					June 30, 2019				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Commodities Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Commodities Sub-Fund	Total
(Rupees in '000)										
CASH FLOWS FROM OPERATING ACTIVITIES										
Net income for the year	2,463	12,807	13,206	25,110	53,586	3,401	7,973	8,827	10,713	30,914
(Increase) / decrease in assets										
Investments	(9,516)	(2,078)	(39,476)	(79,735)	(130,805)	(7,815)	(10,837)	29,933	-	11,281
Dividend and profit receivable	313	(3,051)	55	249	(2,434)	(157)	(113)	(267)	(306)	(843)
Financial assets at fair value through profit and loss	-	-	-	2,981	2,981	-	-	-	(5,994)	(5,994)
Security deposits	-	(69)	(17)	(19,293)	(19,379)	-	-	(100)	534	434
	(9,203)	(5,198)	(39,438)	(95,798)	(149,637)	(7,972)	(10,950)	29,566	(5,766)	4,878
Increase / (decrease) in liabilities										
Payable to National Investment Trust Limited - Pension Fund Manager	3	11	9	10	33	(9)	3	-	(3)	(9)
Payable to Central Depository Company of Pakistan Limited - Trustee	-	3	1	1	5	(2)	2	2	1	3
Payable to Securities and Exchange Commission of Pakistan	(1)	6	3	6	14	(3)	2	5	-	4
Financial liabilities at fair value through profit and loss	-	-	-	-	-	-	-	-	(2,526)	(2,526)
Accrued expenses and other liabilities	49	256	266	525	1,096	66	171	186	204	627
	51	276	279	542	1,148	52	178	193	(2,324)	(1,901)
Net cash (used in) / generated from operating activities	(6,689)	7,885	(25,953)	(70,146)	(94,903)	(4,519)	(2,799)	38,586	2,623	33,891
CASH FLOWS FROM FINANCING ACTIVITIES										
Amount received on issue of units	3,693	9,136	9,891	-	22,720	2,518	1,356	5,470	1	9,345
Amount paid on redemption of units	(434)	(11,220)	(12,100)	-	(23,754)	(1,205)	(14)	-	-	(1,219)
Re allocation among sub funds	1,966	2,100	(4,064)	(2)	-	707	(334)	(371)	(2)	-
Net cash flows generated from / (used in) financing activities	5,225	16	(6,273)	(2)	(1,034)	2,020	1,008	5,099	(1)	8,126
Net (decrease) / increase in cash and cash equivalents during the year	(1,464)	7,901	(32,226)	(70,148)	(95,937)	(2,499)	(1,791)	43,685	2,622	42,017
Cash and cash equivalents at beginning of the year	6,622	7,953	64,444	79,052	158,071	9,121	9,744	20,759	76,430	116,054
Cash and cash equivalents at end of the year	5,158	15,854	32,218	8,904	62,134	6,622	7,953	64,444	79,052	158,071

The annexed notes from 1 to 25 form an integral part of these financial statements.

For National Investment Trust Limited
(Pension Fund Manager)

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director

NIT - PENSION FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

NIT Pension Fund (the Fund) was established under a Trust Deed executed between National Investment Trust Limited as Pension Fund Manager and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) on 30 April 2015 and the Trust Deed was executed on May 14, 2015.

National Investment Trust Limited has been licensed to act as a Pension Fund Manager under the Voluntary Pension Scheme Rules, 2005 through a certificate of registration issued by SECP. The registered office of the Pension Fund Manager is situated at 6th floor, National Bank of Pakistan Building I.I. Chundrigar Road, Karachi.

The Fund is an unlisted pension scheme and offers units for public subscription on a continuous basis. The units are non-transferable except in the circumstances mentioned in VPS Rules and can be redeemed by surrendering to the Fund. Further, as per the Offering document, no distribution of income or dividend is allowed from any of the sub-funds.

The objective of the Fund is to provide individuals with a portable, individualised, funded (based on defined contribution), flexible pension scheme, assisting and facilitating them to plan and provide for their retirement. The Fund comprises of four sub-funds namely Equity Sub-Fund, Debt Sub-Fund, Money Market Sub-Fund & Commodities Sub-Fund. Participants are offered various investment allocation schemes depending on their investment horizon, return requirements, risk tolerance and unique circumstances. Allocation schemes can be selected at the time of opening of account and subsequently at anniversary of the account. The contributions from participants are invested in various instruments belonging to different asset classes to get full benefits of risk minimisation through diversification.

The Fund received Seed Money from Pension Fund Manager amounting to Rs.300 million (i.e. Rs.75 million in each Sub-Fund) on June 12, 2015 against which 30 million units at the offer price of Rs.10 each were issued (i.e. Rs.75 million of each Sub-fund). Accordingly, the Fund commenced its operations from June 12, 2015.

PACRA has maintained an asset manager rating of "AM2++" to the Pension Fund Manager while the Fund is not currently rated.

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

3 BASIS OF MEASUREMENT

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

These financial statements are presented in Pakistani Rupee which is the Fund's functional and presentation currency.

4 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions

NIT - PENSION FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5.1 New / Revised Standards, Interpretations and Amendments

IFRS 16 – Leases

IFRIC 23 – Uncertainty over Income Tax Treatments

IFRS 3 – Business Combinations – Previously held interests in a joint operation

IFRS 9 – Financial instruments – Prepayment Features with Negative Compensation (Amendments)

IAS 28 – Long-term Interests in Associates and Joint Ventures (Amendments)

IFRS 11 – Joint Arrangements – Previously held interests in a joint operation

IAS 12 Income Taxes – Income tax consequences of payments on financial instruments classified as equity

IAS 23 – Borrowing Costs - Borrowing costs eligible for capitalisation

IAS 19 – Employee Benefits – Plan Amendment, Curtailment or Settlement (Amendments)

IFRS 14 – Regulatory Deferral Accounts

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017 which became effective in the current period.

The adoption of the above standards, amendments and improvements to accounting standards and interpretations did not have any material effect on the financial statements.

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

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	IASB Effective date (annual periods beginning on or after)
Definition of a Business - Amendments to IFRS 3	January 01, 2020
Interest rate benchmark reform - Amendment to IFRS 9, IAS 39 and IFRS 7	January 01, 2020
Definition of Material – Amendments to IAS 1 and IAS 8	January 01, 2020
Covid-19-Related Rent Concessions – Amendment to IFRS 16	June 01, 2020
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	January 01, 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	January 01, 2022
Classification of liabilities as current or non-current - Amendment to IAS 1	January 01, 2022
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalized

The above standards and amendments are not expected to have any material impact on the Fund's financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018

NIT - PENSION FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

which is effective for annual periods beginning on or after January 01, 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards	IASB Effective date (annual periods beginning on or after)
IFRS 1 - First-time Adoption of International Financial Reporting Standards	July 01, 2009
IFRS 17 – Insurance Contracts	January 01, 2023

5.3 Financial assets

Classification

Debt instruments

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

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- 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.

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

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

A debt instrument held for trading purposes is classified and measured at FVTPL.

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

Business model assessment

The Fund determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Fund's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- The objectives for the portfolio, in particular, whether management's strategy focuses on earning contractual revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;

NIT - PENSION FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected);

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Fund's original expectations, the Fund does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Assessments whether contractual cash flows are solely payments of principal and interest (SPPI)

As a second step of its classification process the Fund assesses the contractual terms of financial to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Fund applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Equity Instruments

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

An equity instrument held for trading purposes is classified and measured at FVTPL.

Initial Measurement

Investments are initially measured at their fair value except in the case of financial assets recorded at FVTPL, transaction costs are added to, or subtracted from, this amount.

Subsequent Measurement

Debt instruments at amortised cost

After initial measurement, such debt instruments are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the effective interest rate.

Debt instruments at fair value through profit or loss

Financial assets at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss.

Debt instruments at fair value through other comprehensive income

Financial assets at FVOCI are recorded in the statement of financial position at fair value. Changes in fair value are recorded in other comprehensive income.

Equity instruments at fair value through other comprehensive income

Upon initial recognition, the Fund occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The Fund's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other

NIT - PENSION FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

operating income when the right of the payment has been established, except when the Fund benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss. Dividend income from equity instruments measured at FVTPL is recorded in profit or loss when the right to the payment has been established.

Impairment

IFRS 9 requires an expected credit loss model which requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

However, SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 have deferred the applicability of above impairment requirements in relation to debt securities for mutual funds and accordingly, basis defined in Circular No. 33 of 2012 dated, October 24, 2012 will be followed.

Derecognition

The Fund derecognises a financial asset when the contractual right to the cash flows from the financial asset expires or it transfers the right to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

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 to realise the assets and settle the liabilities simultaneously.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

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 to realise the assets and settle the liabilities simultaneously.

5.4 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund and include underwriting commission, commission to the bankers to the issue, brokerage paid to the members of the stock exchanges and other expenses. These costs have been amortised over a period of three years commencing from the date of complete receipt of proceeds against Seed Capital Units subscribed by the Seed Investor as per the requirements set out in the Trust Deed of the Fund.

5.5 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.

5.6 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.

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

NIT - PENSION FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

5.7 Issue, allocation, reallocation and redemption of units

Contribution received in the individual pension account after deduction of applicable front end fee is used to purchase the units of sub-funds of the pension fund according to the Allocation Scheme selected by the participant. The units are allotted at the net assets value notified by the Pension Fund Manager at the close of the business day for each sub-fund on the date on which funds are actually realized against application after deduction of front end fee. The front end fee, if any, is payable to the distributors and the Pension Fund Manager.

The Pension Fund Manager makes reallocation of the sub-fund units between the sub-funds at least once a year to ensure that the allocation of the sub-fund units of all the Participants are according to the allocation schemes selected by the Participants. In case of withdrawal before retirement, units are redeemed at the net assets value of each of the Sub-Fund as of the close of the business day on which such request is received by the distributor before the cut off time. Redemption of units is recorded on acceptance of application for redemption.

In case of retirement of the participant, units are redeemed at the net assets value of each of the Sub-Fund as of the close of the business day on which retirement age is reached.

In case of change of Pension Fund Manager, units are redeemed at the net assets value of each of the Sub-Fund as of the close of the business day corresponding to the date of change specified by the participant.

5.8 Net Assets Value per unit

The Net Assets Value (NAV) per unit, as disclosed on the Statement of Assets and Liabilities, is calculated by dividing the net assets of each of the Sub-Fund by the number of units in circulation of that Sub-Fund at the end of the reporting period.

5.9 Revenue recognition

- Realised gains / (losses) arising on sale of debt instruments are included in the income statement on the date at which the transaction takes place.

Realised gains / (losses) arising on sale of equity instruments classified at Fair value through other comprehensive income are included in the statement of comprehensive income on the date at which the transaction takes place.

- Unrealised appreciation / (diminution) arising on re-measurement of investments classified as fair value through other comprehensive income are included in the statement of comprehensive income in the period in which they arise.

- Dividend income is recognised when the right to receive dividend is established i.e. on the date of book closure of the investee company / institution declaring the dividend.

- Mark-up on bank deposits and mark-up / return on debt and government securities is recognised using effective yield method.

- Income on commercial papers is recognised on an time proportion basis using effective yield method.

5.10 Earnings per unit (EPU)

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

5.11 Cash and cash equivalents

Cash and cash equivalents comprise of saving accounts maintained with banks. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

June 30, 2020					June 30, 2019				
Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Commodities Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Commodities Sub-Fund	Total

Note

(Rupees in '000)

6 BANK BALANCES

Savings accounts	6.1	5,158	15,854	32,218	8,904	62,134	6,622	7,953	64,444	79,052	158,071
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NIT - PENSION FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

6.1 The balances in saving accounts have expected profit rates ranging from 7.80% to 8.30% per annum (June 30, 2019: 3.75% to 7.35%).

June 30, 2020					June 30, 2019				
Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Commodities Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Commodities Sub-Fund	Total

Note

7 INVESTMENTS

Fair value through other comprehensive income

	7.1	7.2 - 7.4	7.5	7.6	7.7 & 7.8					
Listed equity securities	71,094	-	-	-	-	71,094	64,720	-	-	64,720
Government securities	-	99,386	89,101	79,767	268,254	-	83,667	44,294	-	127,961
Term Finance Certificates	-	4,008	-	-	4,008	-	4,326	-	-	4,326
Listed Sukuks	-	1,941	-	-	1,941	-	2,445	-	-	2,445
Commercial Paper	-	-	-	-	-	-	1,991	4,978	-	6,969
	71,094	105,335	89,101	79,767	345,297	64,720	92,429	49,272	-	206,421

7.1 Listed equity securities

7.1.1 Held by Equity Sub-Fund

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

Name of the Investee Companies	As at July 01, 2019	Purchases during the year	Bonus issue	Right shares purchased / subscribed during the year	Sales during the year	As at June 30, 2020	Carrying cost as at June 30, 2020	Market value as at June 30, 2020	Market value as a percentage of net assets of sub-fund	Market value as a percentage of total investment of sub-fund	Par value as a percentage of issued capital of the investee company held
	(Number of shares)				(Rupees in '000)			(%)			
Commercial Banks											
Habib Bank Limited	34,500	-	-	-	-	34,500	5,267	3,342	4.42	4.70	0.02
MCB Bank Limited	25,000	2,000	-	-	-	27,000	5,371	4,376	5.78	6.16	0.04
Bank AL Habib Limited	20,000	-	-	-	-	20,000	882	1,046	1.38	1.47	0.01
Bank Alfalah Limited	18,500	-	-	-	-	18,500	927	621	0.82	0.87	-
United Bank Limited	42,000	-	-	-	-	42,000	7,576	4,341	5.74	6.11	0.04
	140,000	2,000	-	-	-	142,000	20,023	13,726	18.14	19.31	
Insurance											
IGI Holding Limited	8,625	10,000	-	-	-	18,625	3,902	3,370	4.45	4.74	1.06
	8,625	10,000	-	-	-	18,625	3,902	3,370	4.45	4.74	
Textile Composite											
Nishat Mills Limited	14,500	-	-	-	-	14,500	2,069	1,131	1.49	1.59	0.03
	14,500	-	-	-	-	14,500	2,069	1,131	1.49	1.59	
Cement											
D.G. Khan Cement Company Limited	22,000	17,500	-	-	8,000	31,500	2,866	2,688	3.55	3.78	0.06
Fauji Cement Company Limited	84,000	-	-	-	-	84,000	1,919	1,418	1.87	1.99	0.01
Lucky Cement Limited	14,000	1,000	-	-	2,500	12,500	6,482	5,770	7.62	8.12	0.18
	120,000	18,500	-	-	10,500	128,000	11,267	9,876	13.04	13.89	
Power Generation and Distribution											
Kot Addu Power Company Limited	8,000	-	-	-	-	8,000	431	161	0.21	0.23	0.00
The Hub Power Company Limited	61,654	15,000	-	-	-	76,654	6,524	5,557	7.34	7.82	0.05
	69,654	15,000	-	-	-	84,654	6,955	5,718	7.55	8.05	
Oil and Gas Marketing Companies											
Pakistan State Oil Company Limited	11,720	15,000	2,344	-	-	29,064	5,321	4,597	6.07	6.47	0.17
Sui Northern Gas Pipeline Limited	13,500	5,000	-	-	-	18,500	1,467	1,010	1.33	1.42	0.02
	25,220	20,000	2,344	-	-	47,564	6,788	5,607	7.40	7.89	
Oil and Gas Exploration Companies											
Pakistan Oil Field Limited	1,400	-	-	-	-	1,400	407	491	0.65	0.69	0.02
Oil and Gas Development Company Limited	53,000	2,500	-	-	-	55,500	8,502	6,050	7.99	8.51	0.01
Mari Petroleum Limited	1,660	-	166	-	-	1,826	2,259	2,258	2.98	3.18	0.21
Pakistan Petroleum Limited	36,575	28,000	9,915	-	-	74,490	6,797	6,464	8.54	9.09	0.03
	92,635	30,500	10,081	-	-	133,216	17,965	15,263	20.16	21.47	
Automobile Assembler											
Honda Atlas Cars (Pakistan) Limited	1,500	-	-	-	-	1,500	475	291	0.38	0.41	0.02
Indus Motor Company Limited	3,000	-	-	-	-	3,000	2,819	2,985	3.94	4.20	0.38
	4,500	-	-	-	-	4,500	3,293	3,275	4.32	4.61	
Engineering											
International Steels Limited	10,000	-	-	-	-	10,000	1,017	517	0.68	0.73	0.01
International Industries Limited	5,500	-	550	-	-	6,050	963	555	0.74	0.78	0.05
Crescent Steel & Allied Products Limited	13,000	-	-	-	-	13,000	1,185	592	0.78	0.83	0.08
	28,500	-	550	-	-	29,050	3,165	1,663	2.20	2.34	
Automobile & Parts											
Aqrauto Industries Limited*	5,000	-	-	-	-	5,000	1,221	910	1.20	1.28	0.63
	5,000	-	-	-	-	5,000	1,221	910	1.20	1.28	
Cable & Electric Goods											
Pakistan Cables Limited	5,000	-	-	-	-	5,000	1,043	534	0.71	0.75	0.19
	5,000	-	-	-	-	5,000	1,043	534	0.71	0.75	

NIT - PENSION FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

Name of the Investee Companies	As at July 01, 2019	Purchases during the year	Bonus issue	Right shares purchased / subscribed during the year	Sales during the year	As at June 30, 2020	Carrying cost as at June 30, 2020	Market value as at June 30, 2020	Market value as a percentage of net assets of sub-fund	Market value as a percentage of total investment of sub-fund	Par value as a percentage of issued capital of the investee company held
	(Number of shares)					(Rupees in '000)					
	----- (%) -----										
Fertilizer											
Engro Corporation Limited	17,600	2,000	-	-	-	19,600	5,518	5,741	7.59	8.08	0.11
Engro Fertilizer Limited	15,000	-	-	-	-	15,000	829	904	1.19	1.27	0.01
Fauji Fertilizer Company Limited	14,500	-	-	-	-	14,500	1,229	1,595	2.11	2.24	0.01
	47,100	2,000	-	-	-	49,100	7,576	8,240	10.89	11.59	
Pharmaceuticals											
The Searle Company Limited	6,932	2,000	-	-	-	8,932	2,281	1,780	2.35	2.50	0.05
	6,932	2,000	-	-	-	8,932	2,281	1,780	2.35	2.50	
Total - June 30, 2020	567,666	100,000	12,975	-	10,500	670,141	87,549	71,094	93.90	100	
Total - June 30, 2019	522,128	138,600	13,284	6,654	113,000	567,666	78,623	64,720	90.99	100	

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

7.1.2 Investments include shares with market value of Rs.2.420 million (June 30, 2019: Rs.2.809 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan, the breakup of which is as follows:

7.1.3 Name of Investee	Shares pledged	Market value (Rs. in '000)
	5,000	362
The Hub Power Company Limited	5,000	101
Kot Addu Power Company Limited	2,500	732
Engro Corporation Limited	5,000	434
Pakistan Petroleum Limited	5,000	791
Pakistan State Oil Company Limited		2,420

7.2 Government securities - Held by Debt Sub Fund

7.2.1 Market Treasury Bills	Tenor	Face value			As at June 30, 2020		Market Value as a Percentage of Net Assets	Market Value as a Percentage of Investments	
		As at July 01, 2019	Purchased during the year	Disposed / matured during the year	As at June 30, 2020	Carrying cost			Market value / Carrying Value
		(Rupees in '000)						----- (%) -----	
Issue date	Note								
23-May-19	3 months	85,000	-	85,000	-	-	-	-	-
1-Aug-19	3 months	-	7,000	7,000	-	-	-	-	-
16-Aug-19	3 months	-	65,000	65,000	-	-	-	-	-
Total as at June 30, 2020		85,000	72,000	157,000	-	-	-	-	-
Total as at June 30, 2019		75,000	405,000	395,000	85,000	83,719	83,667	90.52	83.81

7.2.2 Pakistan Investment Bond

Issue date		Tenor								
12-Jul-18	7.2.3	3 Years	-	58,000	-	58,000	54,363	58,107	47.06	55.16
19-Sep-19	7.2.3	10 Years	-	46,000	8,000	38,000	33,965	41,279	33.43	39.19
Total as at June 30, 2020			-	104,000	8,000	96,000	88,328	99,386	80.49	94.35

7.2.3 These carry effective yield ranging from 11.26% - 13.89% (June 30, 2019: 12.58%) per annum and will mature by September 2029.

7.3 Government securities - Held by Money Market-Sub Fund

Issue date		Tenor								
23-May-19		3 Months	45,000	-	45,000	-	-	-	-	
18-Jul-19		3 Months	-	62,000	62,000	-	-	-	-	
1-Aug-19		3 Months	-	23,000	23,000	-	-	-	-	
24-Oct-19		3 Months	-	25,000	25,000	-	-	-	-	
7-Nov-19		3 Months	-	45,000	45,000	-	-	-	-	
23-Apr-20	7.3.1	3 Months	-	50,000	50,000	50,000	49,834	49,854	41.00	56.00
30-Jan-20		3 Months	-	50,000	50,000	-	-	-	-	
10-Oct-19		6 Months	-	37,000	37,000	-	-	-	-	
9-Apr-20	7.3.1	6 Months	-	40,000	40,000	40,000	38,941	39,247	32.92	44.00
Total as at June 30, 2020			45,000	377,000	332,000	90,000	88,775	89,101	73.82	100.00
Total as at June 30, 2019			80,000	460,000	495,000	45,000	44,322	44,294	49.71	36.75

7.3.1 These treasury bills carry effective yield ranging from 8.21% - 10.26% (June 30, 2019: 12.575%) per annum and will mature by October 2020.

NIT - PENSION FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

7.4 Government securities - Held by Commodities Fund

Issue date									
July 18, 2019	3 Months	-	75,000	75,000	-	-	-	-	-
January 30, 2020	3 Months	-	80,000	80,000	-	-	-	-	-
October 24, 2019	3 Months	-	75,000	75,000	-	-	-	-	-
August 1, 2019	3 Months	-	75,000	75,000	-	-	-	-	-
April 23, 2020	3 Months	-	80,000	-	80,000	79,735	79,767	65.85	46.90
Total as at June 30, 2020			385,000	305,000	80,000	79,735	79,767	65.85	46.90

7.4.1 These treasury bills carry effective yield of 8.21% (June 30, 2019: 12.575%) per annum and will mature by July 2020.

7.5 Term Finance Certificates

7.5.1 Held by Debt Sub-Fund

Name of the investee company	Number of certificates			As at June 30, 2020		Market value as a percentage of total investments of sub fund	Market value as a percentage of net assets of sub fund	
	As at July 01, 2019	Purchased during the year	Disposed / matured during the year	As at June 30, 2020	Carrying cost			Market value / Carrying value
Bank AL Habib Limited (5th issue)	----- (Rupees in '000) ----- (%) -----							
As at June 30, 2020	875	-	-	875	4,368	4,008	3.25	3.80
As at June 30, 2019	875	-	-	875	4,370	4,326	4.11	3.50

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

Name of security	Number of certificates	Unredeemed face value (Rupees)	Mark-up rate (per annum)	Issue date	Tenor	Secured / unsecured	Rating
Bank AL Habib Limited (5th issue)	875	4,992	6-months KIBOR + 0.75%	March 17, 2016	10 years	Unsecured	AA

7.6 Listed Sukuks

7.6.1 Held by Debt Sub-Fund

Name of the investee companies	Issue Date	Number of certificates			As at June 30, 2020		Market value as a percentage of total investments of sub fund	Market value as a percentage of net assets of sub fund	
		As at July 01, 2019	Purchased during the year	Sold during the year	As at June 30, 2020	Carrying cost			Market value / Carrying value
Dawood Hercules Corporation Limited	March 1, 2018	22	-	-	22	1,760	1,792	1.45	1.70
Fatima Fertilizer Company Limited	November 28, 2016	99	-	-	99	149	149	0.12	0.14
Total as at June 30, 2020		121	-	-	121	1,909	1,941	1.57	1.84
Total as at June 30, 2019		121	-	-	121	2,448	2,445	2.32	1.98

7.6.2 Significant terms and conditions of listed Sukuks outstanding at the year end are as follows:

Name of security	Number of certificates	Unredeemed face value (Rupees)	Mark-up rate (per annum)	Issue date	Tenor	Secured / unsecured	Rating
Dawood Hercules Corporation Limited	22	80,000	3-months KIBOR + 1.0%	March 1, 2018	5 years	Secured	AA
Fatima Fertilizers Company Limited	99	1,500	6-months KIBOR + 1.1%	November 28, 2016	5 years	Unsecured	AA-

7.7 Commercial Paper - Held by Debt Sub-Fund

Name of the investee company	Issue Date	Number of certificates			As at June 30, 2020		Market value as a percentage of total investments of sub fund	Market value as a percentage of net assets of sub fund
		As at July 01, 2019	Purchased during the year	Disposed during the year	As at June 30, 2020	Carrying cost		
Hascal Petroleum Limited	January 15, 2019	2,000	-	2,000	-	-	-	-
K-Electric Limited	August 28, 2019	-	5,000	5,000	-	-	-	-
Total		2,000	5,000	7,000	-	-	-	-

NIT - PENSION FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

11 PAYABLE TO NATIONAL INVESTMENT TRUST LIMITED - PENSION FUND MANAGER

	June 30, 2020					June 30, 2019				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub Fund	Commodities Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub Fund	Commodities Sub-Fund	Total
Note	(Rupees in '000)									
Remuneration of Pension Fund Manager	46	50	47	42	185	45	41	45	33	164
Sindh Sales Tax	6	7	13	6	32	6	5	6	5	22
Preliminary expenses and flotation costs	61	61	61	61	244	61	61	61	61	244
Security deposit	2,625	100	-	-	2,725	2,600	100	-	-	2,700
Others	2	25	20	20	67	25	25	20	20	90
	2,740	243	141	129	3,253	2,737	232	132	119	3,220

11.1 As per rule 11 of the Voluntary Pension System Rules, 2005, the Pension Fund Manager has charged its remuneration at the rate of 0.75% for Equity Sub Fund and 0.5% for Debt Sub Fund, Money Market Sub Fund and Commodity Sub Fund of average annual net assets per annum. The remuneration is paid on a monthly basis in arrears.

11.2 The Sindh Provincial Government levied Sindh Sales Tax on the remuneration of the Management Company and sales load through Sindh Sales Tax on Services Act, 2011, effective from July 01, 2011. During the year, Sindh Sales Tax at the rate of 13% (June 30, 2019: 13%) was charged on management remuneration and sales load.

12 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

	June 30, 2020					June 30, 2019				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub Fund	Commodities Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub Fund	Commodities Sub-Fund	Total
Note	(Rupees in '000)									
Trustee remuneration	9	15	15	14	53	9	12	14	12	47
Sindh Sales Tax on Trustee remuneration	1	2	3	2	8	1	2	3	3	9
	10	17	18	16	61	10	14	17	15	56

12.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net assets of the Fund.

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

Net assets

Upto Rs.1,000 million
Exceeding Rs.1,000 million upto Rs.3,000 million
Exceeding Rs.3,000 million upto Rs.6,000 million
Exceeding Rs.6,000 million

Tariff

Rs.0.3 million or 0.15% p.a of net assets, whichever is higher
Rs.1.5 million plus 0.10% p.a of net assets exceeding Rs.1,000 million
Rs.3.5 million plus 0.08% p.a of net assets exceeding Rs.3,000 million
Rs.5.9 million plus 0.06% p.a of net assets exceeding Rs.6,000 million

The remuneration is paid to the Trustee monthly in arrears.

12.2 The Sindh Provincial Government levied Sindh Sales Tax on the remuneration of the Trustee through Sindh Sales Tax on Services Act, 2011, effective from July 01, 2015. During the year, Sindh Sales Tax at the rate of 13% (June 30, 2019: 13%) was charged on Trustee remuneration.

13 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents annual fee payable to Securities and Exchange Commission of Pakistan (SECP) in accordance with rule 36 of the Voluntary Pension System Rules, 2005 whereby the Fund is required to pay SECP an amount equal to one thirtieth of 1% of the average annual net asset value of each of the pension sub fund.

14 ACCRUED EXPENSES AND OTHER LIABILITIES

	June 30, 2020					June 30, 2019				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub Fund	Commodities Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub Fund	Commodities Sub-Fund	Total
Note	(Rupees in '000)									
Provision for Sindh Workers' Welfare Fund	186	655	677	969	2,487	135	393	407	457	1,392
Federal Excise Duty on remuneration to Pension Fund Manager	187	198	198	195	778	188	199	197	195	779
Auditors' remuneration	46	46	46	46	184	49	50	49	49	197
Legal and professional charges	-	-	-	-	-	-	-	-	-	-
Payable against printing charges	68	-	-	-	68	68	-	-	-	68
Brokerage payable	4	-	-	16	20	2	1	2	-	5
	491	899	921	1,226	3,537	442	643	655	701	2,441

NIT - PENSION FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

14.1 The Sindh Revenue Board (SRB) had written to few mutual funds in January 2016 to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after December 31, 2013. MUFAP reviewed the issue and based on an opinion obtained in August 2016 decided that SWWF is not applicable on mutual funds as they are not financial institutions as required by SWWF Act, 2014. MUFAP wrote to SRB that mutual funds are not establishments and are pass through vehicles hence, they do not have any worker and no SWWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, therefore SWWF is applicable on mutual funds. MUFAP has taken up this matter before the Sindh Finance Ministry to exclude mutual funds from SWWF.

MUFAP has also taken a legal opinion that SWWF, if applicable, can only be applied from the date of enactment of SWWF Act, 2014, i.e. May 21, 2015. Accordingly, on January 12, 2017, MUFAP as an abundant caution, has decided to provide for SWWF with effect from May 21, 2015, while the efforts to exclude mutual funds from SWWF continue. The provision for SWWF is being made on a daily basis. Had the SWWF not been provided, the NAV per unit of the Fund would have been higher by Rs.0.0201, Rs.0.0811, Rs.0.078 and Rs.0.1292 for Equity sub-fund, Debt sub-fund, Money market sub-fund and commodities sub fund respectively (June 30, 2019: Rs.0.0156, Rs.0.0488, Rs.0.0444 and Rs.0.0609).

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

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

During the year 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 01, 2016. However, as a matter of abundant caution the provision for FED made prior to this period has been maintained by the Fund which at June 30, 2020 aggregates to Rs.0.779 million (2019: Rs.0.779 million). Had the provision for FED not been recorded in the financial statements of the Fund, the NAV per unit of the Fund as at June 30, 2020 would have been higher by Rs.0.0202, Rs.0.0246, Rs.0.0228 and Rs.0.0260 for Equity sub-fund, Debt sub-fund, Money Market sub-fund and Commodities sub-fund respectively (June 30, 2019: Rs.0.0217, Rs.0.0247, Rs.0.0215 and Rs.0.0260).

15 NUMBER OF UNITS IN ISSUE

Total units in issue at beginning of the year
Units issued during the period
Units redeemed during the period
Reallocation during the period
Total units in issue at end of the year

June 30, 2020					June 30, 2019				
Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Commodities Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Commodities Sub-Fund	Total
(Rupees in '000)									
8,671,476	8,051,580	9,165,591	7,501,073	33,389,720	8,437,623	7,965,191	8,729,349	7,501,147	32,633,310
447,413	687,568	763,603	-	1,898,584	276,496	114,540	466,393	65	857,494
(49,785)	(834,503)	(928,211)	-	(1,812,499)	(126,150)	(1,170)	-	-	(127,320)
190,293	171,035	(317,064)	(138)	44,126	83,507	(26,981)	(30,151)	(139)	26,236
9,259,397	8,075,680	8,683,919	7,500,935	33,519,931	8,671,476	8,051,580	9,165,591	7,501,073	33,389,720

16 CONTRIBUTION TABLE

Individuals

June 30, 2020									
Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Commodities Sub-Fund		Total	
(Units)	(Rs. '000)	(Units)	(Rs. '000)	(Units)	(Rs. '000)	(Units)	(Rs. '000)	(Units)	(Rs. '000)
447,413	3,693	687,568	9,136	763,603	9,891	-	-	1,898,584	22,720

Individuals

June 30, 2019									
Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Commodities Sub-Fund		Total	
(Units)	(Rs. '000)	(Units)	(Rs. '000)	(Units)	(Rs. '000)	(Units)	(Rs. '000)	(Units)	(Rs. '000)
276,496	2,518	114,540	1,356	466,393	5,470	65	1	857,494	9,345

17 AUDITORS' REMUNERATION

Statutory audit fee
Half yearly review
Out of pocket expenses including government levy

June 30, 2020					June 30, 2019				
Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Commodities Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Commodities Sub-Fund	Total
(Rupees in '000)									
40	40	40	38	158	38	37	37	37	150
20	20	20	19	79	19	19	19	18	75
4	3	4	7	18	14	15	16	17	62
64	63	64	64	255	71	72	72	72	287

NIT - PENSION FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

18 FINANCIAL INSTRUMENTS BY CATEGORY

	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund			Commodities Sub-Fund				Total
	At amortised cost	At fair value through OCI	Total	At amortised cost	At fair value through OCI	Total	At amortised cost	At fair value through OCI	Total	At amortised cost	At fair value through P&L	At fair value through OCI	Total	
(Rupees in '000)														
Financial assets														
Bank balances	5,158	-	5,158	15,854	-	15,854	32,218	-	32,218	8,904	-	-	8,904	62,134
Investments	-	71,094	71,094	-	105,335	105,335	-	89,101	89,101	-	-	79,767	79,767	345,297
Dividend and profit receivables	86	-	86	3,313	-	3,313	216	-	216	57	-	-	57	3,672
Security deposits	2,600	-	2,600	169	-	169	117	-	117	30,791	-	-	30,791	33,677
Financial asset at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	3,013	-	3,013	3,013
	7,844	71,094	78,938	19,336	105,335	124,671	32,551	89,101	121,652	39,752	3,013	79,767	122,532	447,793

June 30, 2020														
Liabilities at fair value through profit or loss	Equity Sub-Fund			Debt Sub-Fund			Money market Sub-Fund			Commodities Sub-Fund				Total
	At amortised cost	At fair value through OCI	Total	Liabilities at fair value through profit or loss	At amortised cost	Total	Liabilities at fair value through profit or loss	At amortised cost	Total	Liabilities at fair value through profit or loss	At amortised cost	Total		
(Rupees in '000)														
Payable to National Investment Trust Limited - Pension Fund Manager	-	2,734	2,734	-	236	236	-	128	128	-	-	123	123	3,221
Payable to Central Depository Company of Pakistan Limited - Trustee	-	9	9	-	15	15	-	15	15	-	-	14	14	53
Accrued expenses and other liabilities	-	115	115	-	43	43	-	43	43	-	-	43	43	244
	-	2,858	2,858	-	294	294	-	186	186	-	-	180	180	3,518

Financial liabilities

Payable to National Investment Trust Limited - Pension Fund Manager
 Payable to Central Depository Company of Pakistan Limited - Trustee
 Accrued expenses and other liabilities

June 30, 2019														
At amortised cost	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund			Commodities Sub-Fund				Total
	At amortised cost	At fair value through OCI	Total	At amortised cost	At fair value through OCI	Total	At amortised cost	At fair value through OCI	Total	At amortised cost	At fair value through P&L	At fair value through OCI	Total	
(Rupees in '000)														
Financial assets														
Bank balances	6,622	-	6,622	7,953	-	7,953	64,444	-	64,444	79,052	-	-	79,052	158,071
Investments	-	64,720	64,720	-	92,429	92,429	-	49,272	49,272	-	-	-	-	206,421
Dividend and profit receivables	399	-	399	262	-	262	271	-	271	306	-	-	306	1,238
Security deposits	2,600	-	2,600	100	-	100	100	-	100	11,498	-	-	11,498	14,298
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	5,994	-	5,994	5,994
	9,621	64,720	74,341	8,315	92,429	100,744	64,815	49,272	114,087	90,856	5,994	-	96,850	386,022

Financial liabilities

Payable to National Investment Trust Limited - Pension Fund Manager
 Payable to Central Depository Company of Pakistan Limited - Trustee
 Accrued expenses and other liabilities

June 30, 2019														
Liabilities at fair value through profit or loss	Equity Sub-Fund			Debt Sub-Fund			Money market Sub-Fund			Commodities Sub-Fund				Total
	At amortised cost	At fair value through OCI	Total	Liabilities at fair value through profit or loss	At amortised cost	Total	Liabilities at fair value through profit or loss	At amortised cost	Total	Liabilities at fair value through profit or loss	At amortised cost	Total		
(Rupees in '000)														
Payable to National Investment Trust Limited - Pension Fund Manager	-	2,731	2,731	-	227	227	-	126	126	-	-	114	114	3,198
Payable to Central Depository Company of Pakistan Limited - Trustee	-	9	9	-	12	12	-	14	14	-	-	12	12	47
Accrued expenses and other liabilities	-	120	120	-	51	51	-	51	51	-	-	49	49	271
	-	2,860	2,860	-	290	290	-	191	191	-	-	175	175	3,516

19 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

19.1 Connected persons include National Investment Trust Limited being the Pension Fund Manager, Central Depository Company of Pakistan Limited being the Trustee, other collective investment schemes managed by the Pension Fund Manager, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Pension Fund Manager or the net assets of the Fund and directors and officers of the Pension Fund Manager and unit holders holding 10 percent or more units of the Fund.

19.2 Transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

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

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19.4 Details of the transactions with connected persons and balances with them, if not disclosed elsewhere in these financial statements, are as follows:

19.5 Transactions during the year:

	June 30, 2020					June 30, 2019				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Commodities Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Commodities Sub-Fund	Total
	(Rupees in '000)									
National Investment Trust Limited - Pension Fund Manager										
Remuneration of Pension Fund Manager	572	561	582	538	2,253	597	477	532	432	2,038
Sindh Sales Tax on Pension Fund Manager's remuneration	74	73	76	70	293	78	62	69	56	265
Central Depository Company of Pakistan Limited - Trustee										
Trustee remuneration	114	168	175	161	618	119	143	160	130	552
Sindh Sales Tax on remuneration of Trustee	15	22	22	21	80	16	19	21	17	73
Custodian charges of Central Depository Company of Pakistan Limited	7	7	7	-	21	8	7	-	-	15

19.6 Amount outstanding as at year end:

	June 30, 2020					June 30, 2019				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Commodities Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Commodities Sub-Fund	Total
	(Number of Units)									
National Investment Trust Limited - Pension Fund Manager										
Units held	7,500,000	7,500,000	7,500,000	7,500,000	30,000,000	7,500,000	7,500,000	7,500,000	7,500,000	30,000,000
	(Rupees in '000)									
National Investment Trust Limited - Pension Fund Manager										
Amount of units held	61,293	114,674	104,102	121,112	401,181	61,517	92,985	92,668	95,973	343,143
Pension Fund Manager's Remuneration	46	50	47	42	185	45	41	45	33	164
Sindh Sales Tax payable	6	7	13	6	32	6	5	6	5	22
Preliminary expenses and flotation cost payable	61	61	61	61	244	61	61	61	61	244
Security deposits	2,625	100	-	-	2,725	2,600	100	-	-	2,700
Other payable	2	25	20	20	67	25	25	20	20	90
Central Depository Company of Pakistan Limited - Trustee										
Remuneration payable	9	15	15	14	53	9	12	14	12	47
Sindh Sales Tax on Trustee remuneration	1	2	3	2	8	1	2	3	3	9

20 FINANCIAL RISK MANAGEMENT

The Fund primarily invests in a portfolio of equity and money market investments such as shares of listed companies, investment-grade debt securities, government securities and other money market instruments. These activities are exposed to a variety of financial risks i.e. market risk (which includes currency risk, interest rate risk and price risk), credit risk and liquidity risk arising from the financial instruments it holds.

20.1 Market risk

Market risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because 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 Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan. The maximum risk resulting from financial instruments equals their fair values.

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

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20.1.1 Currency risk

Currency risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present, is not exposed to any significant currency risk as its operations are geographically restricted to Pakistan and all major transactions are carried out in Pak Rupees.

20.1.2 Interest rate risk

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

Sensitivity analysis for variable rate instruments

- a) Debt Sub-Fund holds KIBOR based profit bearing TFCs and Sukuks exposing the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR, with all other variables held constant, the net assets of the Fund as on June 30, 2020 and net income for the year then ended would have been higher / lower by Rs.0.059 (June 30, 2019: Rs.0.043) million.
- b) The Fund holds balances with banks in PLS savings accounts, exposing the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR, with all other variables held constant, the net assets of the Fund as on June 30, 2020 and net income for the year then ended would have been higher / lower by Rs.0.60 (June 30, 2019: Rs.1.58) million.

Sensitivity analysis of fixed rate instruments

- a) Money Market Sub-Fund, Debt Sub-Fund and Commodity Sub-Fund hold Government Securities which are classified as 'Fair value through Other Comprehensive Income', exposing the Sub-Funds to interest rate risk. In case of 100 basis points increase / decrease in rates announced by MUFAP (Mutual Funds Association of Pakistan) on June 30, 2020, with all other variables held constant, the net assets of the Fund and net income for the year would have been lower / higher by Rs.2.70 (June 30, 2019: Rs.1.37) million.

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.

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

	EQUITY SUB-FUND						DEBT SUB-FUND						MONEY MARKET SUB-FUND						COMMODITIES SUB-FUND								
	Exposed to yield / interest rate risk		Effective yield / interest rate %		Not exposed to yield / interest rate risk		Exposed to yield / interest rate risk		Effective yield / interest rate %		Not exposed to yield / interest rate risk		Exposed to yield / interest rate risk		Effective yield / interest rate %		Not exposed to yield / interest rate risk		Exposed to yield / interest rate risk		Effective yield / interest rate %		Not exposed to yield / interest rate risk				
	Up to three months	More than three months upto one year	Up to three months	More than three months upto one year	Up to three months	More than three months upto one year	Up to three months	More than three months upto one year	Up to three months	More than three months upto one year	Up to three months	More than three months upto one year	Up to three months	More than three months upto one year	Up to three months	More than three months upto one year	Up to three months	More than three months upto one year	Up to three months	More than three months upto one year	Up to three months	More than three months upto one year	Up to three months	More than three months upto one year			
On-balance sheet financial instruments																											
Financial assets																											
Bank balances	5,158	-	5,158	-	-	-	16,854	5,40-14.50	16,854	5,40-14.50	32,218	48,854	39,247	-	8,904	5,40-14.50	8,904	-	-	-	-	-	-	-	8,904	62,134	
Investments	-	-	71,094	71,094	-	-	195,335	-	195,335	-	-	216	216	-	79,767	-	79,767	-	-	-	-	-	-	57	57	346,297	
Dividend and profit receivables	-	-	86	86	-	-	3,313	-	3,313	-	-	117	117	-	30,791	-	30,791	-	-	-	-	-	-	30,791	30,791	3,672	
Financial asset at fair value through profit or loss	-	-	2,600	2,600	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	30,791	
Financial liabilities																											
Payable to National Investment Trust Limited - Pension Fund Manager	5,158	-	73,780	78,938	-	-	16,854	-	16,854	-	-	333	124,671	-	33,013	-	33,013	-	-	-	-	-	-	-	-	-	447,783
Payable to Central Depository Trustee (CDSL) - Off-Pension Limited-Trouble	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued expenses and other liabilities	-	-	115	115	-	-	-	-	-	-	-	-	43	-	-	-	-	-	-	-	-	-	-	-	-	-	244
On-balance sheet cap																											
	5,158	-	73,895	79,053	-	-	16,854	-	16,854	-	-	333	124,714	-	33,013	-	33,013	-	-	-	-	-	-	-	-	-	447,783
Off-balance sheet financial instruments																											
Off-balance sheet cap	5,158	-	-	-	-	-	16,854	-	16,854	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total interest rate sensitivity cap																											
	5,158	-	73,895	79,053	-	-	16,854	-	16,854	-	-	333	124,714	-	33,013	-	33,013	-	-	-	-	-	-	-	-	-	447,783
Cumulative interest rate sensitivity gap																											
	5,158	-	73,895	79,053	-	-	16,854	-	16,854	-	-	333	124,714	-	33,013	-	33,013	-	-	-	-	-	-	-	-	-	447,783

	EQUITY SUB-FUND						DEBT SUB-FUND						MONEY MARKET SUB-FUND						COMMODITIES SUB-FUND								
	Exposed to yield / interest rate risk		Effective yield / interest rate %		Not exposed to yield / interest rate risk		Exposed to yield / interest rate risk		Effective yield / interest rate %		Not exposed to yield / interest rate risk		Exposed to yield / interest rate risk		Effective yield / interest rate %		Not exposed to yield / interest rate risk		Exposed to yield / interest rate risk		Effective yield / interest rate %		Not exposed to yield / interest rate risk				
	Up to three months	More than three months upto one year	Up to three months	More than three months upto one year	Up to three months	More than three months upto one year	Up to three months	More than three months upto one year	Up to three months	More than three months upto one year	Up to three months	More than three months upto one year	Up to three months	More than three months upto one year	Up to three months	More than three months upto one year	Up to three months	More than three months upto one year	Up to three months	More than three months upto one year	Up to three months	More than three months upto one year	Up to three months	More than three months upto one year			
On-balance sheet financial instruments																											
Financial assets																											
Bank balances	6,622	-	6,622	-	-	-	7,963	5.4-13.55	7,963	5.4-13.55	64,444	44,294	4,978	-	64,444	5.4-13.55	64,444	-	-	-	-	-	-	-	-	158,071	
Investments	-	-	64,720	64,720	-	-	92,629	-	92,629	-	-	271	271	-	48,272	-	48,272	-	-	-	-	-	-	-	-	-	206,421
Dividend and profit receivables	-	-	399	399	-	-	262	-	262	-	-	100,000	100,000	-	14,286	-	14,286	-	-	-	-	-	-	-	-	-	1,238
Financial asset at fair value through profit or loss	-	-	2,600	2,600	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	17,068
Financial liabilities																											
Payable to National Investment Trust Limited - Pension Fund Manager	6,622	-	67,719	74,341	-	-	91,620	-	91,620	-	-	382	100,744	-	371	-	371	-	-	-	-	-	-	-	-	-	5,984
Payable to Central Depository Trustee (CDSL) - Off-Pension Limited-Trouble	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued expenses and other liabilities	-	-	120	120	-	-	-	-	-	-	-	-	51	-	-	-	-	-	-	-	-	-	-	-	-	-	49
On-balance sheet cap																											
	6,622	-	67,839	74,461	-	-	91,620	-	91,620	-	-	382	100,744	-	371	-	371	-	-	-	-	-	-	-	-	-	5,984
Off-balance sheet financial instruments																											
Off-balance sheet cap	6,622	-	-	-	-	-	91,620	-	91,620	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total interest rate sensitivity cap																											
	6,622	-	67,839	74,461	-	-	91,620	-	91,620	-	-	382	100,744	-	371	-	371	-	-	-	-	-	-	-	-	-	5,984
Cumulative interest rate sensitivity gap																											
	6,622	-	67,839	74,461	-	-	91,620	-	91,620	-	-	382	100,744	-	371	-	371	-	-	-	-	-	-	-	-	-	5,984

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20.1.3 Price risk

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

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

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

Details of the Fund's investment portfolio exposed to price risk, at the balance sheet date are disclosed in note 7 to these financial statements. At June 30, 2020 the Fund's overall exposure to price risk is limited to the fair value of those positions. The Fund also manages its exposure to price risk by analysing the investment portfolio by industrial sector and benchmarking the sector weighting to that of the Pakistan Stock Exchange Index - 100 (PSX 100). The Fund's policy is to concentrate the investment portfolio in sectors where management believes that the Fund can maximise the returns derived for the level of risk to which the Fund is exposed.

In case of 5% increase / decrease in PSX 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.3.55 (June 30, 2019: Rs.3.24) million as a result of gains / losses on equity securities classified as at fair value through other comprehensive income.

The Pension Fund Manager uses the PSX 100 index as a reference point in making investment decisions. However, the Pension Fund Manager does not manage the Fund's investment strategy to track the PSX 100 index or any other index or external benchmark. The sensitivity analysis presented is based upon the portfolio composition as at June 30, 2020 and the historical correlation of the securities comprising the portfolio of the PSX 100 index. The composition of the Fund's investment portfolio and the correlation thereof to the PSX 100 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 Fund's net assets attributed to units of future movements in the level of the PSX 100 Index

20.2 Credit risk

The Fund is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due. Credit risk arises from the inability of the relevant brokerage house or the counter party to fulfil their obligations. There is a possibility of default by participants or failure of the financial markets / stock exchanges, the depositories, the settlements or clearing system, etc.

The Fund's credit risk is primarily attributable to its investment in debt securities and government securities, balances with banks and advances, deposits and other receivables. The credit risk of the Fund is limited as the investments are made and balances are maintained with counter parties that are financial institutions with reasonably high credit rating. Risk attributable to investment in government securities is limited as these are guaranties by the Federal Government.

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. In addition, the risk is managed through the assignment of credit limits and by following strict credit evaluation criteria laid down by the Pension Fund Manager.

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The maximum exposure to credit risk is as follows:

As at June 30, 2020							
Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Commodities Sub-Fund	Total	Rating agency	Published rating	Percentage of total bank balances
(Rupees in '000)							
Bank balances							
Name of the bank							
Habib Bank Limited	50	5	6	61	VIS	AAA	0.11
United Bank Limited	1,191	6	25	1,228	VIS	AAA	1.98
Bank AL Habib Limited	3,942	15,665	8,116	8,754	PACRA	AA+	58.72
Bank Alfalah Limited	5	-	4	60	PACRA	AA+	0.11
Allied Bank Limited	-	9	-	9	PACRA	AAA	0.03
Habib Metropolitan Bank	-	5	-	5	PACRA	AA+	0.02
MIB Bank Limited	7	115	140	306	PACRA	AAA	0.50
Dubai Islamic Bank Pakistan Limited	4	-	4	8	VIS	AA	0.01
Sindh Bank Limited	5	-	5	10	VIS	A+	0.02
Soneri Bank Limited	-	-	23,908	23,908	PACRA	AA-	38.49
JS Bank Limited	-	-	7	7	PACRA	AA-	0.01
National Bank of Pakistan	4	4	4	16	PACRA	AAA	
	5,158	15,854	32,218	8,888			100.00
Dividend and profit receivable	86	3,313	216	57			
Security deposits	2,600	169	117	30,791			
As at June 30, 2020							
Name of the investee company							
(Rupees in '000)							
Term Finance Certificates / Sukuk							
Term Finance Certificates							
Bank AL Habib Limited (5th issue)	4,008	-	-	4,008	PACRA	AA	1.16%
Sukuk							
Fatima Fertilizer Company Limited	149	-	-	149	PACRA	AA-	0.04%
Dawood Hercules Corporation Ltd	1,792	-	-	1,792	PACRA	AA	0.52%
Bank balances							
Name of the bank							
(Rupees in '000)							
As at June 30, 2019							
Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Commodities Sub-Fund	Total	Rating agency	Published rating	Percentage of total bank balances
Habib Bank Limited	7,003	22,000	78,721	107,724	VIS	AAA	68.14
United Bank Limited	27	22	5	54	VIS	AAA	0.03
Bank AL Habib Limited	6,580	830	560	8,235	PACRA	AA+	5.20
Bank Alfalah Limited	4	5	4	18	PACRA	AA+	0.01
Allied Bank Limited	-	9	-	9	PACRA	AAA	0.01
Habib Metropolitan Bank	-	5	-	4	PACRA	AA+	0.01
MIB Bank Limited	2	100	101	246	PACRA	AAA	0.17
Dubai Islamic Bank Pakistan Limited	5	-	4	9	VIS	AA	0.01
Sindh Bank Limited	5	-	5	10	VIS	A+	0.01
Soneri Bank Limited	-	-	22,184	22,184	PACRA	AA-	14.03
JS Bank Limited	-	-	19,564	19,564	PACRA	AA-	12.38
	6,623	7,952	64,444	79,052			100.00
Dividend and profit receivable	399	262	271	306			
Security deposits	2,600	100	100	11,498			
As at June 30, 2019							
Name of the investee company							
(Rupees in '000)							
Term Finance Certificates / Sukuk							
Term Finance Certificates							
Bank AL Habib Limited (5th issue)	4,404	-	-	4,404	PACRA	AA	2.13%
Sukuk							
Fatima Fertilizer Company Limited	353	-	-	353	PACRA	AA-	0.17%
Dawood Hercules Corporation Ltd	2,200	-	-	2,200	PACRA	AA	1.07%

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is

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broadly diversified and transactions are entered into with diverse creditworthy counterparties thereby mitigating any significant concentrations of credit risk.

20.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund is exposed to cash redemptions of its units on a regular basis. Units are redeemable at the holder's 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 Securities and Exchange Commission of Pakistan.

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

As at June 30, 2020																	
Equity Sub-Fund				Debt Sub-Fund				Money Market Sub-Fund				Commodities Sub-Fund			Total		
Upto three months	More than three months and upto one year	More than one year	Total	Upto three months	More than three months and upto one year	More than one year	Total	Upto three months	More than three months and upto one year	More than one year	Total	Upto three months	More than three months and upto one year	More than one year			
(Rupees in 000)																	
Financial Liabilities (excluding participants' funds)																	
Payable to National Investment Trust Limited - Pension Fund Limited	2,734	-	-	2,734	236	-	-	236	128	-	-	128	123	-	-	123	3,221
Payable to Central Depository Company of Pakistan Limited - Trustee	9	-	-	9	15	-	-	15	15	-	-	15	14	-	-	14	53
Accrued expenses and other liabilities	115	-	-	115	43	-	-	43	43	-	-	43	43	-	-	43	244
	2,858	-	-	2,858	294	-	-	294	186	-	-	186	180	-	-	180	3,518
Participants' funds																	
	75,672	-	-	75,672	123,475	-	-	123,475	120,534	-	-	120,534	121,126	-	-	121,126	440,807
As at June 30, 2019																	
Upto three months	More than three months and upto one year	More than one year	Total	Upto three months	More than three months and upto one year	More than one year	Total	Upto three months	More than three months and upto one year	More than one year	Total	Upto three months	More than three months and upto one year	More than one year	Total		
(Rupees in 000)																	
Financial Liabilities (excluding participants' funds)																	
Payable to National Investment Trust Limited - Pension Fund Limited	2,731	-	-	2,731	227	-	-	227	126	-	-	126	114	-	-	114	3,198
Payable to Central Depository Company of Pakistan Limited - Trustee	9	-	-	9	12	-	-	12	14	-	-	14	12	-	-	12	47
Accrued expenses and other liabilities	120	-	-	120	51	-	-	51	51	-	-	51	40	-	-	40	271
	2,860	-	-	2,860	290	-	-	290	191	-	-	191	176	-	-	176	3,516
Participants' funds																	
	71,126	-	-	71,126	99,824	-	-	99,824	113,248	-	-	113,248	95,986	-	-	95,986	380,184

The above mentioned financial liabilities do not carry any mark-up.

Units of the Fund are redeemable on demand at the participants' option. However, participants typically retain them from medium to long term.

21 PARTICIPANTS' FUNDS RISK MANAGEMENT

The participants' fund is represented by redeemable units. These units are entitled to payment of a proportionate share, based on the Fund's net asset value per unit on the redemption date.

The Fund has no restrictions on the subscription and redemption of units. There is no specific capital requirement which is applicable to the Fund.

The Fund's objectives when managing participants' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to participants and to maintain a strong base of assets under management.

In accordance with the risk management policies stated in note 20, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption. Since the participants of the Fund have invested with a long term objective, the possibility of a significant redemption pressure is limited, such liquidity being augmented by borrowing arrangements (which can be entered if necessary) or disposal of investments where necessary.

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

NIT - PENSION FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

22 Fair value of financial instruments

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

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

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

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

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

As at June 30, 2020 and June 30, 2019, the Fund held the following instruments measured at fair values:

	June 30, 2020											
	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund			Commodity Sub-Fund		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Total	(Rupees'000)											
Financial assets classified as												
Fair value through OCI												
Listed equity securities	71,094	71,094	-	-	-	-	-	-	-	-	-	-
Government Securities - Treasury Bills	268,254	-	-	-	99,386	-	-	89,101	-	-	-	79,767
Listed Sukuks	1,941	-	-	-	1,941	-	-	-	-	-	-	-
Debt Securities - Term Finance Certificates / Sukuks	4,008	-	-	4,008	-	-	-	-	-	-	-	-
Commercial Paper	-	-	-	-	-	-	-	-	-	-	-	-
Total	345,297	71,094	-	4,008	101,327	-	-	89,101	-	-	-	79,767
	June 30, 2019											
Total	(Rupees'000)											
Financial assets classified as												
available-for-sale'												
Listed equity securities	64,720	64,720	-	-	-	-	-	-	-	-	-	-
Government Securities - Treasury Bills	127,961	-	-	-	83,667	-	-	44,294	-	-	-	-
Listed Sukuk	2,445	-	-	-	2,445	-	-	-	-	-	-	-
Debt Securities - Term Finance Certificates / Sukuks	4,326	-	-	4,326	-	-	-	-	-	-	-	-
Commercial Paper	6,969	-	-	-	-	1,991	-	-	4,978	-	-	-
Total	206,421	64,720	-	4,326	86,112	1,991	-	44,294	4,978	-	-	-

During the year ended June 30, 2020, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

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

23 PERFORMANCE TABLE

23.1 Net assets value and net assets per unit

	2020				2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Commodities Sub-Fund	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Commodities Sub-Fund
Net assets value (Rupees in '000)	75,672	123,475	120,534	121,126	71,126	99,824	113,248	95,986
Net assets value per unit (Rupees)	8.1724	15.2898	13.8802	16.1482	8.2023	12.3980	12.3557	12.7964

23.2 Highest and lowest issue price of units during the year

	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Commodities 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)							
For the year June 30, 2020	6.5296	10.304	12.4061	15.3210	12.3637	13.8829	12.7234	16.0800
For the year June 30, 2019	7.9861	10.5314	11.0554	12.3910	11.3846	12.3530	10.7226	12.8896

NIT - PENSION FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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24 GENERAL

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

25 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors in their meeting held on August 11, 2020.

**For National Investment Trust Limited
(Pension Fund Manager)**

**Sd/-
Managing Director**

**Sd/-
Director**

**Sd/-
Director**