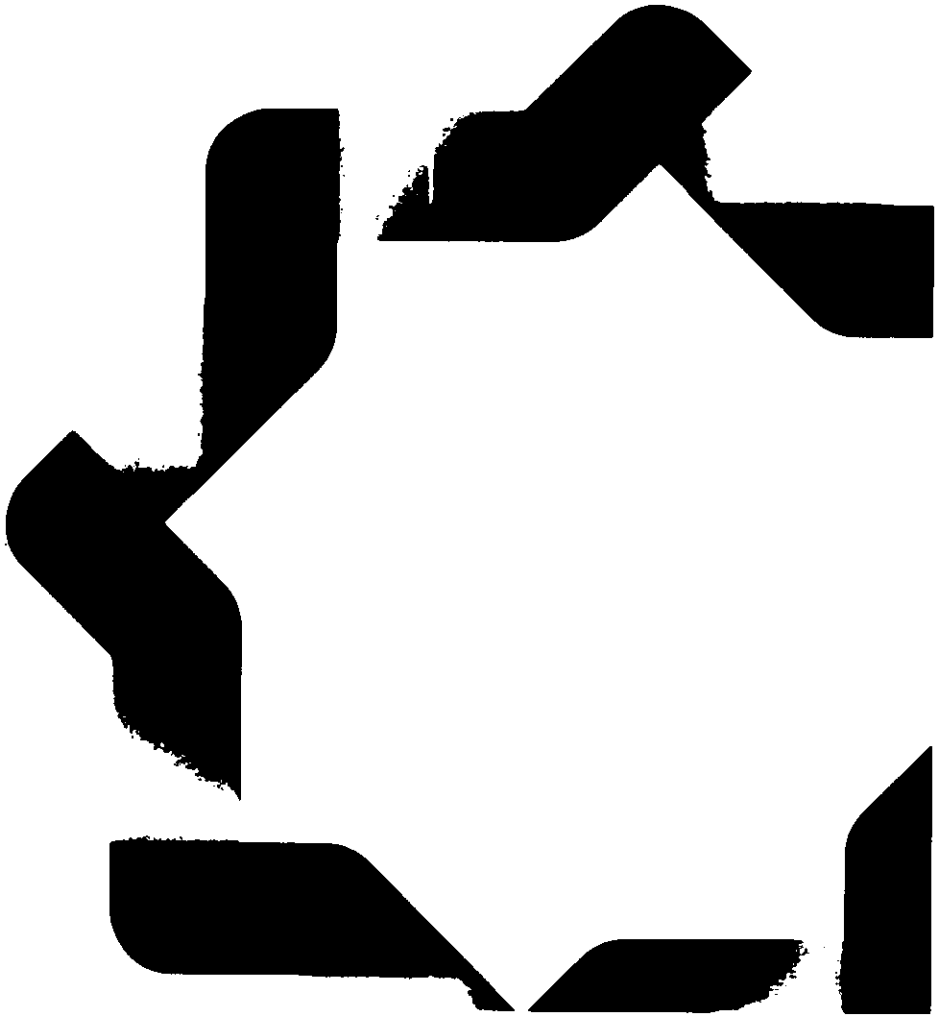


ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REPORT TO THE PARTICIPANTS OF

NIT KP Pension Fund
For the period ended June 30, 2024



INDEPENDENT AUDITOR'S REPORT To the participants of NIT KP Pension Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **NIT KP Pension Fund** (the Fund), which comprise the statement of assets and liabilities as at **June 30, 2024**, and income statement, statement of comprehensive income, statement of movements in Participants' sub funds, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at **June 30, 2024**, and of its financial performance and its cash flows for the year then ended in accordance with approved accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Information other than the Financial Statements and Auditor's Report Thereon

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially

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Rahman**

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misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Pension Fund Manager and Those Charged with Governance for the Financial Statements

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

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

The Board of Directors of the Pension Fund Manager is responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management;

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide to the Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

- a) The financial statements prepared for the year ended **June 30, 2024**, have been properly drawn in accordance with the relevant provisions of the Trust Deed and the voluntary pension system rules, 2005;
- b) The allocation and reallocation of units of the sub funds for all the participants have been made according to voluntary pension system rules, 2005;
- c) The cost and expenses debited to the Fund and appointment of expenses between the sub funds are as specified in the constitutive documents of the fund;
- d) 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;
- e) 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
- f) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Other Matter

The engagement partner on the audit resulting in this independent auditor's report is **Muhammad Shaukat Naseeb**.



Grant Thornton Anjum Rahman
Chartered Accountants

Karachi

Date: September 16, 2024

UDIN: AR202410126oZsakUm2n

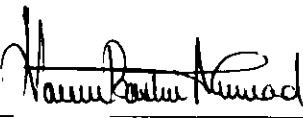
NIT KP PENSION FUND
STATEMENT OF ASSETS & LIABILITIES
As at JUNE 30, 2024

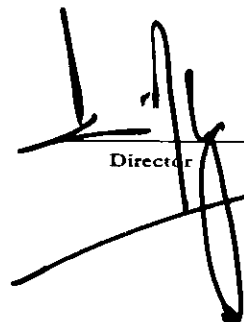
		June 30, 2024				
Note	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Equity Index Sub-Fund	Total	
Assets						
Bank balances	7	559,405	559,405	8,599,776	559,654	10,278,240
Investments	8	-	-	34,384,465	-	34,384,465
Preliminary expenses and flotation costs		-	-	289,603	-	289,603
Security deposits	9	-	-	100,000	-	100,000
Total assets		559,405	559,405	43,373,844	559,654	45,052,308
Liabilities						
Payable to National Investment Trust Limited - Pension Fund Manager	10	-	-	450,201	-	450,201
Payable to Central Depository Company of Pakistan Limited - Trustee	11	-	-	12,520	-	12,520
Payable to Securities and Exchange Commission of Pakistan	12	-	-	8,139	-	8,139
Accrued expenses and other liabilities	13	59,405	59,405	2,026	59,654	180,490
Total liabilities		59,405	59,405	472,886	59,654	651,350
Net assets		500,000	500,000	42,900,958	500,000	44,400,958
Unit holders' funds (as per statement attached)		500,000	500,000	42,900,958	500,000	44,400,958
Number of units in issue	14	5,000	5,000	387,556	5,000	402,556
Net assets value per unit (in Rupees)		100.0000	100.0000	110.6962	100.0000	
Contingencies and commitments	15					

The annexed notes from 1 to 26 form an integral part of these financial statement. *QSM*

For National Investment Trust Limited
(Pension Fund Manager)


Managing Director


Director


Director


Chief Financial Officer

NIT KP PENSION FUND
INCOME STATEMENT
FOR THE PERIOD ENDED JUNE 30, 2024 (FROM JULY 24, 2023 TO JUNE 30, 2024)

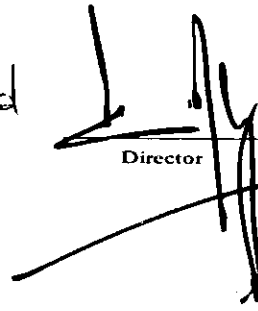
	Note	30 June 2024				Total
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Equity Index Sub-Fund	
(Rupees)						
Income						
From government securities		-	-	1,873,801	-	1,873,801
Profit on bank balances		-	-	2,316,201	-	2,316,201
Unrealised (diminution) on remeasurement of investments		-	-	(5,021)	-	(5,021)
Total income		-	-	4,184,981	-	4,184,981
Expenses						
Remuneration of National Investment Trust Limited - Pension Fund Manager	10.1	-	-	101,781	-	101,781
Sindh Sales Tax on remuneration of Pension Fund Manager	10.2	-	-	13,231	-	13,231
Remuneration of Central Depository Company of Pakistan Limited - Trustee	11.1	-	-	30,534	-	30,534
Sindh Sales Tax on remuneration of Trustee	11.2	-	-	3,969	-	3,969
Annual fee to Securities and Exchange Commission of Pakistan	12	-	-	8,139	-	8,139
Auditors' remuneration	16	-	-	95,040	-	95,040
Amortisation of preliminary expenses and floatation costs		-	-	35,422	-	35,422
Settlement and bank charges		-	-	367	-	367
Legal & Professional charges		-	-	93,459	-	93,459
Total expenses		-	-	381,942	-	381,942
Net income for the period before taxation		-	-	3,803,039	-	3,803,039
Taxation		-	-	-	-	-
Net income for the period after taxation		-	-	3,803,039	-	3,803,039

The annexed notes from 1 to 26 form an integral part of these financial statement.

For National Investment Trust Limited
(Pension Fund Manager)


Managing Director


Director


Director



Chief Financial Officer

NIT KPK PENSION FUND
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED JUNE 30, 2024 (FROM JULY 24, 2023 TO JUNE 30, 2024)

	June 30, 2024				Total
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Equity Index Sub-Fund	
Net income for the period after taxation	-	-	3,803,039	-	3,803,039
Other comprehensive income for the period					
<i>Cumulative change in fair value through other comprehensive income (FVOCI)</i>	-	-	-	-	-
Total comprehensive income for the period	-	-	3,803,039	-	3,803,039

The annexed notes from 1 to 26 form an integral part of these financial statement. ९१५


For National Investment Trust Limited
(Pension Fund Manager)



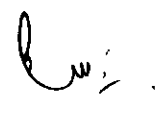
Managing Director



Director



Director



Chief Financial Officer

NIT KP PENSION FUND
STATEMENT OF MOVEMENT IN PARTICIPANTS' FUNDS
FOR THE PERIOD ENDED JUNE 30, 2024 (FROM JULY 24, 2023 TO JUNE 30, 2024)

	June 30, 2024				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Equity Index Sub-Fund	Total
Net assets at beginning of the period	-	-	-	-	-
Amount received on issue of units	500,000	500,000	39,097,919	500,000	40,597,919
Other comprehensive income	500,000	500,000	39,097,919	500,000	40,597,919
Other net income for the period	-	-	3,803,039	-	3,803,039
Total comprehensive income for the period	-	-	3,803,039	-	3,803,039
Net assets at end of the period	500,000	500,000	42,900,958	500,000	44,400,958

The annexed notes from 1 to 26 form an integral part of these financial statement. *ein*

For National Investment Trust Limited
(Pension Fund Manager)



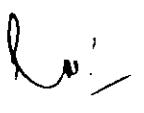
Managing Director



Director



Director



Chief Financial Officer

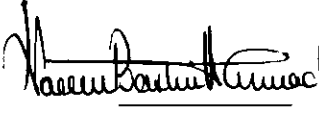
NIT KP PENSION FUND
CASH FLOW STATEMENT
FOR THE PERIOD ENDED JUNE 30, 2024 (FROM JULY 24, 2023 TO JUNE 30, 2024)

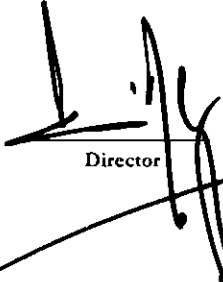
	June 30, 2024				Total
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Equity Index Sub-Fund	
(Rupees)					
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income for the period	-	-	3,803,039	-	3,803,039
	-	-	3,803,039	-	3,803,039
(Increase) / decrease in assets					
Investment - net			(34,384,465)		(34,384,465)
Preliminary expenses and flotation costs	-	-	(289,603)	-	(289,603)
Security deposits	-	-	(100,000)	-	(100,000)
	-	-	(34,774,068)	-	(34,774,068)
Increase / (decrease) in liabilities					
Payable to National Investment Trust Limited - Pension Fund Manager	-	-	450,201	-	450,201
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	12,520	-	12,520
Payable to Securities and Exchange Commission of Pakistan	-	-	8,139	-	8,139
Accrued expenses and other liabilities	59,405	59,405	2,026	59,654	180,490
	59,405	59,405	472,886	59,654	651,350
Net cash used in operating activities	59,405	59,405	(30,498,143)	59,654	(30,319,679)
CASH FLOWS FROM FINANCING ACTIVITIES					
Amount received on issue of units	500,000	500,000	39,097,919	500,000	40,597,919
Net cash generated from financing activities	500,000	500,000	39,097,919	500,000	40,597,919
Net increase in cash and cash equivalents during the period	559,405	559,405	8,599,776	559,654	10,278,240
Cash and cash equivalents at beginning of the period	-	-	-	-	-
Cash and cash equivalents at end of the period	559,405	559,405	8,599,776	559,654	10,278,240

The annexed notes from 1 to 26 form an integral part of these financial statement. *ra*

For National Investment Trust Limited
(Pension Fund Manager)


Managing Director


Director


Director


Chief Financial Officer

NIT KP PENSION FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2024 (FROM JULY 24, 2023 TO JUNE 30, 2024)

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 NIT KP 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 May 12, 2022 and the Trust Deed was executed on July 24, 2023.
- 1.2 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.
- 1.3 An agreement between the Government of Khyber Pakhtunkhwa (GOKP) through the Secretary to Government Finance Department and NITL, to appoint Pension Fund Manager to manage Pension Funds for its contributors (referred to as employees of KP) in accordance with Voluntary Pension System Rules, 2005 and the Khyber Pakhtunkhwa Contributory Provident Fund Rules 2022 (KPCPF Rules, 2022). 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.
- 1.4 The objective of the Fund is to provide a secure source of retirement savings and regular income after retirement to the Employee(s) of KP Government. The allocation of the contributions between the various Sub-Funds at the date of opening of Individual Pension Account shall be allocated 100% to the Money Market Sub-Fund for a period of three years from the date of opening of employee's pension account and thereafter, shall be in accordance with the Allocation Policy applicable to the Employee(s) as mentioned in the Third Schedule of KPCPF Rules, 2022.
- 1.5 The Fund received Seed Money from Pension Fund Manager amounting to Rs. 31.5 million (i.e. Rs. 30 million in Money Market Sub Fund and Rs. 0.5 million in remaining each Sub-Fund) on December 13, 2023, against which 0.315 million units at the offer price of Rs. 100 each unit were issued. Accordingly, the Fund commenced its operations in NIT KP Money Market Sub Fund from December 14, 2023.
- 1.6 VIS reaffirmed rating of "AM1" on December 28, 2023 to the Pension Fund Manager and PACRA has maintained as asset manager rating of "AM1" with stable outlook on May 24, 2024 to the Pension Fund Manager
- 1.7 Title to the assets of the Fund are held in the name of CDC as the Trustee of the Fund.
- 1.8 The Trust Act, 1882 has been repealed due to promulgation of Provincial Trust Act "Sindh Trusts Act, 2020" as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Various new requirements including registration under the Sindh Trusts Act, 2020 have been introduced as part of this act. The Management Company after fulfilling the requirement for registration of Trust Deed under Sindh Trusts Act, 2020, has submitted Voluntary Pension Scheme Trust Deed to Registrar acting under Sindh Trusts Act, 2020 for registration on November 11, 2021.
- 1.9 The Fund consist of four sub funds namely, NIT KP Pension Equity Sub-Fund ("Equity Sub-Fund"), NIT KP Pension Debt sub-fund ("Debt Sub-Fund"), NIT KP Pension Money Market Sub-Fund ("Money Market Sub-Fund") and NIT KP Pension Equity Index Sub-Fund ("Equity Index Sub-Fund") (collectively the "Sub Funds"). The investment policy for each of the sub-funds are as follows:

The Equity Sub-fund consists of minimum (90%) of net assets invested in listed equity securities. Investment in single company is restricted to the lower of 10% of Net Assets Value (NAV) of equity sub-fund or paid-up capital of the investee company. Investment in single stock exchange sector is restricted to the higher of (30%) of NAV or index weight, subject to maximum of thirty five percent (35%) of NAV of Equity Sub-Fund. Remaining assets of the Equity Sub-Fund may be invested in any government treasury bills or government securities having less than one year time maturity or be deposited with scheduled commercial banks having atleast 'A' rating.

The Debt Sub-Fund consists of Shariah compliant tradeable securities with weighted average time to maturity of the investment portfolio of the Sub-Fund not exceeding five years. At least twenty five per cent (25%) net assets of the debt sub fund shall be invested in debt securities issued by the Federal Government. Up to twenty five per cent (25%) may be deposited with scheduled commercial banks having not less than 'A +' rating. Investment in securities issued by companies of a single sector shall not exceed twenty percent (20%) except for banking sector for which the exposure limit shall be up to thirty percent (30%) of net assets of a debt sub-fund.

NIT KP PENSION FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2024 (FROM JULY 24, 2023 TO JUNE 30, 2024)

The money market sub fund consists of short term debt instruments with weighted average time to maturity not exceeding ninety days. There is not restriction on the amount of investment securities issued by the Federal Government and deposit with commercial bank having 'A Plus' or higher rating. Investment in securities issued by provincial or city government, government corporate entities with 'A' or higher rating or a government corporations with 'A Plus' or higher rating shall be in proportion as defined in offering documents.

A Equity Index Sub-fund of a Pension Fund shall invest only in those Equity Index contracts that are traded at the Pakistan Mercantile Exchange in which At least seventy percent (70%) of Net Assets of a Equity Index Sub-fund shall remain invested in Equity Index futures contracts during the year based on quarterly average investment calculated on daily basis and At least 10% of the net assets of the Equity Index Sub-fund shall remain invested in government treasury bills or government securities having less than 90 days' time to maturity or kept as deposits with scheduled commercial banks which are rated not less than AA (Double A) by a rating agency registered with the Commission.

2 BASIS FOR 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 VIII A of the repealed Companies Ordinance, 1984; and
- voluntary pension rules, 2005 (the vps rules) and the requirement of the trust deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIII A 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 VIII A 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.

3.1 Functional and presentation currency

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

4 STANDARD, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED ACCOUNTING AND REPORTING STANDARDS THAT ARE EFFECTIVE IN THE CURRENT YEAR

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's accounting period beginning on July 1, 2023. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective

There are certain other standards, amendments and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2024 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

However, these are not expected to have any significant effects of fund's operations and are, therefore, not detailed in these financial statements.

5 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 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.

NIT KP PENSION FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2024 (FROM JULY 24, 2023 TO JUNE 30, 2024)

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

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

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

- a) Classification and valuation of financial instruments;(note 6.1)
- b) Impairment of financial instruments (note 6.1) and
- c) Provision (note 6.3).

6 MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies adopted in the preparation of these financial statements are as follows:

6.1 Financial assets

Classification

There are three principal classification categories for financial assets:

- Measured at Amortized cost ("AC")
- Fair value through other comprehensive income (FVTOCI)
- Fair value through profit and loss (FVTPL)

Debt instruments

A debt investment is measured at amortised cost if it meets both of the following condition and it 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;
- 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 investment is measured at FVTOCI if it meets both of the following condition and it 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;

NIT KP PENSION FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2024 (FROM JULY 24, 2023 TO JUNE 30, 2024)

- 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;
- 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 (FVTAC)

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 (FVTPL)

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 (FVTOCI)

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.

NIT KP PENSION FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2024 (FROM JULY 24, 2023 TO JUNE 30, 2024)

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

The fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets (other than debt instruments) carried at amortised cost and FVOCI. The fund recognises loss allowances for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions

Impairment loss on debt securities

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the Income Statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, in accordance with the provisioning policy duly approved by the Board of Directors of the Management Company. The provisioning policy approved by the Board of Directors has been placed on the Management Company's website as required under the SECP's circular.

Financial Liabilities

Recognition

The Fund classifies its financial liabilities in the following categories.

- Measured at amortized cost (AC); or
- Measured at Fair value through profit and loss (FVTPL)

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the fund has opted to measure them at FVTPL.

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.

6.2 Regular way contract

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

6.3 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 five 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.

NIT KP PENSION FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2024 (FROM JULY 24, 2023 TO JUNE 30, 2024)

6.4 Provisions

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

6.5 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.

6.6 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.

6.7 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.

6.8 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.

6.9 Distributions to the unit holders

Distribution of dividend or bonus units are not allowed under VPS rules 2005.

6.10 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.

6.11 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.

NIT KP PENSION FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2024 (FROM JULY 24, 2023 TO JUNE 30, 2024)

7	BANK BALANCES	June 30, 2024				
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Equity Index Sub-Fund	Total
		(Rupees)				
	Savings accounts	559,405	559,405	7,653,836	559,654	9,332,300
	Current Accounts	-	-	945,940	-	945,940
	Total	559,405	559,405	8,599,776	559,654	10,278,240

7.1 The balances in saving accounts carry profit rates ranging from 20.50% to 20.75% per annum.

8 INVESTMENTS

8.1 INVESTMENT IN FAIR VALUE THROUGH PROFIT OR LOSS

Treasury Bills

Issue date	Tenor	Face value				June 30, 2024			Market Value	Market Value
		As at July 1, 2023	Purchases during the period	Sales / matured during the period	June 30, 2024	Carrying Value	Market Value	Appreciation / (Diminution)	as a Percentage of Net Assets	as a Percentage of Investments
(Rupees)										
May 16, 2024	03 Months	-	20,000,000	-	20,000,000	19,572,075	19,584,040	11.97	45.65%	56.96%
January 25, 2024	06 Months	-	15,000,000	-	15,000,000	14,817,411	14,800,425	(16.99)	34.50%	43.04%
November 16, 2023	06 Months	-	20,000,000	20,000,000	-	-	-	-	-	-
		-	55,000,000	20,000,000	35,000,000	34,389,486	34,384,465	(5.02)		

8.2 Government securities - Market Treasury Bills held by Money Market Sub Fund

Issue date	Tenor	Face value			As at June 30, 2024		
		As at July 1, 2023	Purchased during the period	Matured during the period	As at June 30, 2024	Carrying cost	Market value
(Rupees)							
16-May-24	03 Month	-	20,000,000	-	20,000,000	19,572	19,584,040
25-Jan-24	06 Month	-	15,000,000	-	15,000,000	14,817	14,800,425
16-Nov-24	06 Month	-	20,000,000	20,000,000	-	-	-
		-	55,000,000	20,000,000	35,000,000	34,389	34,384,465

9 SECURITY DEPOSITS

	Note	June 30, 2024				
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Equity Index Sub-Fund	Total
(Rupees)						
Central Depository Company of Pakistan Limited		-	-	100,000	-	100,000
		-	-	100,000	-	100,000

10 PAYABLE TO NATIONAL INVESTMENT TRUST LIMITED - PENSION FUND

Remuneration of Pension Fund Manager	10.1	-	-	17,854	-	17,854
Sindh Sales Tax	10.2	-	-	2,322	-	2,322
Preliminary expenses and flotation costs		-	-	325,025	-	325,025
Security deposit		-	-	105,000	-	105,000
		-	-	450,201	-	450,201

10.1 As per rule 11 of the Voluntary Pension System Rules, 2005, the Pension Fund Manager has charged its remuneration at the rate upto 0.5% p.a for Money Market sub fund of the average annual net assets for the current period. The remuneration is paid on monthly basis in arrears.

10.2 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% on the remuneration of the Pension Fund Manager through Sindh Sales Tax on Services Act, 2011.

11 PAYABLE TO CENTRAL DEPOSITORY PAKISTAN LIMITED - TRUSTEE

	Note	2024				
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Equity Index Sub-Fund	Total
(Rupees)						
Trustee remuneration	11.1	-	-	11,081	-	11,081
Sindh Sales Tax on Trustee remuneration	11.2	-	-	1,439	-	1,439
		-	-	12,520	-	12,520

NIT KP PENSION FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2024 (FROM JULY 24, 2023 TO JUNE 30, 2024)

11.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff 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, 2024 is as follows:

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

The Trustee vide its email dated December 14, 2023 has agreed to receive remuneration at the rate of 0.15% p.a of net asset. Accordingly the Management Company has charged and paid the Trustee's remuneration on the same basis. The remuneration is paid to the Trustee monthly in arrears.

11.2 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% on the remuneration of the Trustee through Sindh Sales Tax on Services Act, 2011.

12 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 Voluntary Pension Fund System Rules, 2005 where by the fund is required to pay SECP an amount 25th of 1% of average annual net asset value of each of the pension sub fund.

13 ACCRUED EXPENSES AND OTHER LIABILITY

	30 June 2024				Total
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Index Sub-Fund	
	(Rupees in '000)				
Legal Fee Payable	-	-	1,659	-	1,659
Brokers Account	-	-	367	-	367
Payable to Management	59,405	59,405	-	59,654	178,464
	<u>59,405</u>	<u>59,405</u>	<u>2,026</u>	<u>59,654</u>	<u>180,490</u>

14 NUMBER OF UNITS IN ISSUE

	30 June 2024				Total
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Equity Index Sub-Fund	
	(Numbers of units)				
Total units in issue at beginning of the period	-	-	-	-	-
Units issued during the year	5,000	5,000	387,556	5,000	402,556
Total units in issue at end of the period	<u>5,000</u>	<u>5,000</u>	<u>387,556</u>	<u>5,000</u>	<u>402,556</u>

15 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30 2024.

16 AUDITORS' REMUNERATION

	Note	30 June 2024				Total
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Equity Index Sub-Fund	
		(Rupees in '000)				
Statutory audit fees	16.1	-	-	-	-	-
Half yearly review fees		-	-	90,000	-	90,000
Out of pocket expenses including government levy		-	-	5,040	-	5,040
		<u>-</u>	<u>-</u>	<u>95,040</u>	<u>-</u>	<u>95,040</u>

16.1 Statutory Audit Fee would be paid by the management company.

17 TOTAL EXPENSE RATIO (TER)

The total expense ratio in money market sub-fund (all the expenses, including government levies, incurred during the period divided by average net asset value for the period) is 1.03% per annum. Total expense ratio (excluding government levies) in money market sub-funds is 0.96% per annum. These ratios are within the maximum limit of 1% for money market sub-fund prescribed as per agreement.

NIT KP PENSION FUND
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE PERIOD ENDED JUNE 30, 2024 (FROM JULY 24, 2023 TO JUNE 30, 2024)

18 FINANCIAL INSTRUMENTS BY CATEGORY

	June 30, 2024														
	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund			Equity Index Sub-Fund			Total	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	At amortised cost	At fair value through OCI	At fair value through P&L	Total	At amortised cost			At fair value through P&L
	(Rupees in '000)														
Financial assets															
Bank balances	559,405	-	559,405	559,405	-	-	559,405	8,599,776	-	-	8,599,776	559,654	-	559,654	10,278,240
Investments	-	-	-	-	-	-	-	-	-	34,384,465	34,384,465	-	-	34,384,465	
Preliminary expenses and flotation costs	-	-	-	-	-	-	-	289,603	-	-	289,603	-	-	-	289,603
Security deposits	-	-	-	-	-	-	-	100,000	-	-	100,000	-	-	-	100,000
	<u>559,405</u>	<u>-</u>	<u>559,405</u>	<u>559,405</u>	<u>-</u>	<u>-</u>	<u>559,405</u>	<u>8,989,379</u>	<u>-</u>	<u>34,384,465</u>	<u>43,373,844</u>	<u>559,654</u>	<u>-</u>	<u>559,654</u>	<u>45,052,308</u>
	June 30, 2024														
	Equity Sub-Fund			Debt Sub-Fund			Money market Sub-Fund			Equity Index Sub-Fund			Total	Total	
	Liabilities at fair value through P&L	At amortised cost	Total	Liabilities at fair value through P&L	At amortised cost	Total	Liabilities at fair value through P&L	At amortised cost	Total	Liabilities at fair value through P&L	At amortised cost	Total			Total
	(Rupees in '000)														
Financial liabilities															
Payable to National Investment Trust Limited - Pension Fund Manager	-	-	-	-	-	-	-	450,201	450,201	-	-	-	-	450,201	
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	-	-	-	-	12,520	12,520	-	-	-	-	12,520	
Accrued expenses and other liabilities	-	59,405	59,405	-	59,405	59,405	-	2,026	2,026	-	59,654	59,654	-	180,490	
	<u>-</u>	<u>59,405</u>	<u>59,405</u>	<u>-</u>	<u>59,405</u>	<u>59,405</u>	<u>-</u>	<u>464,747</u>	<u>464,747</u>	<u>-</u>	<u>59,654</u>	<u>59,654</u>	<u>-</u>	<u>643,211</u>	

NIT KP PENSION FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED JUNE 30, 2024 (FROM JULY 24, 2023 TO JUNE 30, 2024)

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.

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, 2024				Total
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Equity Index Sub-Fund	
(Rupees)					
National Investment Trust Limited - Pension Fund Manager					
Remuneration of Pension Fund Manager	-	-	101,781	-	101,781
Sindh Sales Tax on Pension Fund Manager's remuneration	-	-	13,231	-	13,231
Central Depository Company of Pakistan Limited - Trustee					
Trustee remuneration	-	-	30,534	-	30,534
Sindh Sales Tax on remuneration of Trustee	-	-	3,969	-	3,969
National Investment Trust Limited - Pension Fund Manager					
(Number of Units)					
Issue of units	5,000	5,000	300,000	5,000	315,000
(Rupees)					
Issue of units	500,000	500,000	30,000,000	500,000	31,500,000

19.6 Balances outstanding at period end

	June 30, 2024				Total
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Equity Index Sub-Fund	
(Number of Units)					
National Investment Trust Limited - Pension Fund Manager					
Units held	5,000	5,000	300,000	5,000	315,000
(Rupees)					
Amount of units held	500,000	500,000	33,208,860	500,000	34,708,860
Pension Fund Manager's Remuneration	-	-	17,854	-	17,854
Sindh Sales Tax payable	-	-	2,322	-	2,322
Preliminary expenses and flotation costs	-	-	325,025	-	325,025
Security deposit	-	-	105,000	-	105,000
Central Depository Company of Pakistan Limited - Trustee					
Remuneration payable	-	-	11,081	-	11,081
Sindh Sales Tax on Trustee remuneration	-	-	1,439	-	1,439
National Investment Trust Limited - Pension Fund Manager					
(Number of Units)					
Issue of units	-	-	300,000	-	300,000
(Rupees)					
Issue of units	500,000	500,000	30,000,000	500,000	31,500,000

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 (refer note 20.1) (which includes currency risk, interest rate risk and price risk), credit risk (refer note 20.3) and liquidity risk (refer note 20.4) 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.

NIT KP PENSION FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2024 (FROM JULY 24, 2023 TO JUNE 30, 2024)

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) Money Market 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, 2024 and net income for the year then ended would have been higher / lower by Rs.18,738.
- 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, 2024 and net income for the year then ended would have been higher / lower by Rs.23,162.

NIT KP PENSION FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2024 (FROM JULY 24, 2023 TO JUNE 30, 2024)

20.2 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 8 to these financial statements. At June 30, 2024 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.

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, 2024 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, 2024 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.

20.3 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,

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.

The maximum exposure to credit risk is as follows:

As at June 30, 2024								
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Equity Index Sub-Fund	Total	Rating agency	Published rating	of total bank balances %
(Rupees in '000)								
Bank balances								
Name of the bank								
Bank Al Habib Limited	559,405	559,405	8,599,776	559,654	10,278,240	PACRA	AAA	100.00
	559,405	559,405	8,599,776	559,654	10,278,240			100
Security deposits			100,000		100,000			

NIT KP PENSION FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2024 (FROM JULY 24, 2023 TO JUNE 30, 2024)

Concentration of credit risk

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

20.4 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 SOFP date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Equity Sub-Fund				Debt Sub-Fund				Money Market Sub-Fund				Equity Index 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	Total	
As at June 30, 2024																	
Financial Liabilities (excluding participants' funds)																	
Payable to National Investment Trust Limited - Pension Fund Limited	-	-	-	-	-	-	-	-	-	-	-	450,201	450,201	-	-	-	450,201
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	-	-	-	-	-	-	-	-	12,520	12,520	-	-	-	12,520
Accrued expenses and other liabilities	-	-	59,405	59,405	-	-	59,405	59,405	-	-	-	2,026	2,026	-	-	59,654	180,490
	-	-	59,405	59,405	-	-	59,405	59,405	-	-	-	464,747	464,747	-	-	59,654	643,211

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.

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 or 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:

NIT KP PENSION FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2024 (FROM JULY 24, 2023 TO JUNE 30, 2024)

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, 2024 and June 30, 2023, the Fund held the following instruments measured at fair values:

Total	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund			Equity Index 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
(Rupees)												
June 30, 2024												
Financial assets												
Government Securities - Treasury Bills	34,384,465	-	-	-	-	-	-	34,384,465	-	-	-	-
	<u>34,384,465</u>	-	-	-	-	-	-	<u>34,384,465</u>	-	-	-	-

During the year ended June 30, 2024, 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 repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

23 PERFORMANCE TABLE

23.1 Net assets value and net assets per unit

	June 30, 2024			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Equity Index Sub-Fund
Net assets value (Rupees in '000)	500,000	500,000	42,900,958	500,000
Net assets value per unit (Rupees)	100.0000	100.0000	110.6962	100.0000

23.2 Highest and lowest issue price of units during the year

	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Equity Index 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
For the year June 30, 2024	100.0000	100.0000	100.0000	100.0000	100.0000	110.6962	100.0000	100.0000

**NIT KP PENSION FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2024 (FROM JULY 24, 2023 TO JUNE 30, 2024)**

24 GENERAL

Figures have been rounded off to the nearest thousand rupees unless otherwise specified. The trust deed of fund was executed on July 24, 2023. These financial statements cover the period since incorporation till June 30, 2024, therefore no comparative figures have been presented in these financial statements.

25 SUBSEQUENT EVENT

No adjusting or non adjusting events have occurred between the reporting date and date of authorization.

26 DATE OF AUTHORIZATION FOR ISSUE

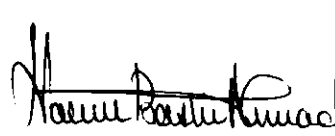
These financial statements were authorised for issue by the Board of Directors in their meeting held on

12 AUG 2024 *CM*

For National Investment Trust Limited
(Management Company)



Managing Director



Director



Director



Chief Financial Officer