

PAKISTAN PENSION FUND

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Vision

To become synonymous with Savings.

Mission

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

Core Values

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

FUND'S INFORMATION

| | | |
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| Management Company | MCB-Arif Habib Savings & Investments Limited 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi | |
| Board of Directors | Mian Muhammad Mansha Mr. Nasim Beg Mr. Muhammad Saqib Saleem Dr. Syed Salman Ali Shah Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Qamar Beg | Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director |
| Audit Committee | Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Mirza Qamar Beg Mr. Nasim Beg | Chairman Member Member Member |
| Risk Management Committee | Mr. Mirza Qamar Beg Mr. Ahmed Jahangir Mr. Nasim Beg | Chairman Member Member |
| Human Resource & Remuneration Committee | Dr. Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Mr. Muhammad Saqib Saleem | Chairman Member Member Member Member |
| Chief Executive Officer | Mr. Muhammad Saqib Saleem | |
| Chief Operating Officer & Company Secretary | Mr. Muhammad Asif Mehdi Rizvi | |
| Chief Financial Officer | Mr. Abdul Basit | |
| Trustee | Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block 'B'S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcpakistan.com | |
| Bankers | MCB Bank Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited Allied Bank Limited Silk Bank Limited JS Bank Limited Zarai Traqiati Bank Limited Habib Bank Limited National Bank of Pakistan Askari Bank Limited MCB Islamic Bank Limited | |
| Auditors | Deloitte Yousuf Adil Chartered Accountants Cavish Court, A-35, Block 7 & 8, KCHSU, Shahrah-e-Faisal, Karachi-75350. | |
| Legal Advisor | Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi | |
| Transfer Agent | MCB-Arif Habib Savings & Investments Limited 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi. | |
| Rating | AM2++ Asset Manager Rating assigned by PACRA | |

REPORT OF THE DIRECTOR OF THE PENSION FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2018

Dear Investor,

On behalf of the Board of Directors, We are pleased to present **Pakistan Pension Fund** accounts review for the year ended June 30, 2018.

ECONOMY AND MONEY MARKET OVERVIEW

FY18 has been a rollercoaster ride of contradicting economic indicators with benign inflation and healthy LSM growth positively contributed to the economy, while mounting fiscal pressure, falling FX reserves, and political turmoil created a negative impact on the economy. Upward trending global commodity prices, especially rising crude oil prices, further added to the woes of the local economy.

GDP growth is expected to set at a record 10 years high of ~5.7% supported by a robust industrial and services sector growth. The marked end of power crises along with easing monetary cycle has led to an expansion in LSM growth which is expected to post a growth of ~7% for FY18. Inflation as measured by CPI has averaged ~4.0% owing to adequate supply of commodities and a stable currency during the most part of the year. However, for FY19, we expect CPI to jack up to average of ~7.5% owing to rising commodity prices along with weakness in currency. Furthermore, the weaker currency is also expected to shoot up the core inflation above 8.0%.

External sector has been the Achilles heel as a record high current account deficit along with financial flows by both bilateral and multilateral institutions have caused a scarcity of dollars. Current account deficit soared to USD 18 billion, nearly 5.8% of the GDP raising alarm bells for the economy. As a result of which, foreign exchange reserves of SBP have depleted by USD 6.5 bn during FY18 to USD 9.7 bn, providing a mere import coverage of ~2.0x. By large, Pakistan could be heading towards another IMF program during the second quarter of next fiscal year unless significant flows are generated via the amnesty scheme.

During FY18 State Bank of Pakistan increased Policy Rate by a cumulative 75bps mainly due to ballooning twin deficits, declining real interest rates and rapid increase in imports. In anticipation of an interest rate hike, bond yield curve showed an upward trajectory particularly during the second half of FY18. Pace of widening trade deficit remained alarmingly high which kept on diluting Forex reserves, keeping investors away from longer tenor securities. To extend maturity profile SBP introduced Floater rate 10 year bond with a base rate of 6-month MTB weighted average yield. Healthy participation of PKR 174 billion was witnessed in the very first auction of 10 year Floater bond out of which a total of PKR 20 billion was accepted at a rate of benchmark + 50 bps. Liquidity remained comfortable throughout FY18 owing to regular OMOs conducted by SBP. Scarcity of Shariah Compliant avenues continued in period under review as there was no fresh issuance of Ijara SUKUK despite ample liquidity in the market.

EQUITIES MARKET OVERVIEW

Equities turned red after a span of nearly 9 years, as the benchmark index lost ~10% during the year. Both economic and political factors continued to haunt the investors; with the dominant theme prevailing around the external account crisis. Foreigners' in view of weak currency, kept offloading local equities, selling USD 288 mn of stocks which was mainly absorbed by Insurance companies (~USD 204 Mn) and Companies (~USD 100 Mn). Trading volumes during the year averaged around 174 mn shares/ USD 8.15 bn depicting a massive decline of ~49%/47% YoY respectively. Cyclical had the worst year as emerging concerns on the economic growth kept the investors at bay. Cement and Autos were major laggards as they lost ~42% and 30% respectively. Cements declined due to increasing coal prices and imminent supply additions in the sector. While, Autos lost mainly due to a weak local currency along with negative sentiments emanating post budget due to government's announcement of barring non-filers from purchasing vehicles. Power sector shrank by ~20% due to rising circular debt resulting in non-payment of dividends by some companies and shut-down of some FO plants post government orders. E&Ps and Fertilizers were the only major sectors providing positive return, gaining 20% and 3% respectively. Against the market movement, E&Ps posted a considerable gain of ~20% YoY due to surge in average oil prices by 29%. Fertilizer rallied due to improved sector dynamics in the form of comfortable inventory levels and enhanced pricing power of the manufacturers being reflected in increased fertilizer prices post-budget.

FUND PERFORMANCE

Debt Fund

The debt sub-fund generated an annualized return of 4.31% during the period under review. The fund's exposure towards T-Bills decreased from 34.5% to 19.9 % and PIBs decreased from 11.20% to 1.50% at period end. The Net Assets of the Fund as at June 30, 2018 stood at Rs. 590.36 million as compared to Rs. 512.78 million as at June 30, 2017 registering an increase of 15.13%.

REPORT OF THE DIRECTOR OF THE PENSION FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2018

The Net Asset Value (NAV) per unit as at June 30, 2018 was Rs. 239.67 as compared to opening NAV of Rs. 229.77 per unit as at June 30, 2017 registering an increase of Rs. 9.9 per unit.

Money Market Fund

The money market sub-fund generated a return of 4.39% during the period. The fund's exposure in T-bills decreased to 29.0% from 45.2% while exposure in cash increased from 5.0% to 42.9%.

The Net Assets of the Fund as at June 30, 2018 stood at Rs. 239.70 million as compared to Rs. 170.05 million as at June 30, 2017 registering an increase of 40.95%.

The Net Asset Value (NAV) per unit as at June 30, 2018 was Rs. 219.42 as compared to opening NAV of Rs. 210.20 per unit as at June 30, 2017 registering an increase of Rs. 9.22 per unit.

Equity Fund

The Equity sub-fund generated a return of -9.43% against the KSE-100 return of -10.00% registering an outperformance of 0.57%. The sub-fund increased its overall equity exposure from 96.3% to 98.0%. Sector-wise, the sub-fund increased its exposure in Commercial Banks and Oil & Gas Exploration sector whilst reduced its exposure in Cement Sector. The Net Assets of the Fund as at June 30, 2018 stood at Rs. 742.09 million as compared to Rs. 768.48 million as at June 30, 2017 registering a decrease of 3.44%.

The Net Asset Value (NAV) per unit as at June 30, 2018 was Rs. 511.85 as compared to opening NAV of Rs. 565.12 per unit as at June 30, 2017 registering a decrease of Rs. 53.27 per unit.

FUTURE OUTLOOK

For the next year, the economic growth is expected to slightly slow down as a weak currency and tighter monetary policy will rein on the consumption patterns. However, increased power supply along with the documentation of economy will provide a respite to the economic managers during this critical juncture. We share the optimism on better governance & long term prospects for economic revival amid more focused and sincere efforts to address chronic issues on economic front by the new government; however, the path is likely to be tough and with a number of potentially un-popular policy steps. Given initial plans of PTI (ruling party) some sense of policy steps can be expected but given the precarious economic conditions, we think immediate term measures to address twin deficits are critical. Fiscal side is also expected to weaken as reckless spending by the government will cause fiscal deficit to cross above 6.0% of GDP. Given pressures on the external front along with rising inflation, State Bank is expected to further tighten the monetary policy, with 100 bps already increased, which shall result in higher debt servicing cost for the government during the next fiscal year. Along with entry to the IMF program, which will aim to curtail the fiscal deficit, developmental expenditures will be sharply cut during the next year.

On the equity side, post elections, we shall closely monitor the environment to incorporate the new policy guidance as it becomes available. In broader terms, we believe, the last two years market performance (down approx. 20% from peak levels) has reflected the concerns on political and economic direction & also reflected in performance of cyclical stocks where correction in stock prices is even sharper. We continue to reiterate our stance that current levels offer little downside potential which puts in a lot of comfort for long term investors. We believe upside in stocks shall unveil only gradually as confidence reigns back and economic policies shape the outlook in the expected manner. Therefore, going forward, stocks offer long term investment opportunity with rewards for patient investors. We continue to track trends in the economic indicators of the country and adjust our portfolio accordingly. Our Top-Down analysis favors sectors that benefit from currency depreciation and higher interest rates; however, we cannot ignore the individual company dynamics along with their prices that can play an important role in security selection.

EXTERNAL AUDITORS

The fund's external auditors, Deloitte Yousuf Adil Chartered Accountants, have retired during the year & Ernst & Young Ford Rhodes Chartered Accountants have been appointed as an external auditors of the fund for financial year ending June 30, 2019. Ernst & Young Ford Rhodes Chartered Accountants has also expressed their willingness to act as the fund auditors.

REPORT OF THE DIRECTOR OF THE PENSION FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2018

ACKNOWLEDGMENT

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

On behalf of Directors,



Muhammad Saqib Saleem
Chief Executive Officer
September 14, 2018



Nasim Beg
Director / Vice Chairman

ڈائریکٹر رپورٹ

ایکویٹی کی جہت پر انتخابات کے بعد ہم ماحول کی باریک بینی سے نگرانی کریں گے تاکہ پالیسی کے حوالے سے نئی راہنمائی کے دستیاب ہوتے ہی اس پر عملدرآمد کر سکیں۔ وسیع تر تناظر میں ہم سمجھتے ہیں کہ مارکیٹ کی گزشتہ دو برسوں کی کارکردگی (اوپر کی ترین سطح سے تقریباً 20% کم) سیاسی اور معاشی سمت پر خدشات کی عکاسی ہوئی ہے، اور دورانی اسٹاکس کی کارکردگی کی بھی عکاسی ہوئی ہے جہاں اسٹاکس کی قیمتوں میں تصحیح مزید تیز ہے۔ ہم اپنے موقف پر قائم ہیں کہ موجودہ سطحوں پر کمی کی محدود استعداد ہے جس کی بدولت طویل المیعاد سرمایہ کاروں کو خاطر خواہ سہولت فراہم ہوتی ہے۔ ہم سمجھتے ہیں کہ اسٹاکس میں ترقی بتدریج ظاہر ہوگی جب اعتماد بحال ہوگا اور معاشی پالیسیاں حالات کو توقعات کے مطابق ڈھالیں گی۔ چنانچہ آگے بڑھتے ہوئے اسٹاکس طویل المیعاد سرمایہ کاری کا موقع فراہم کرتے ہیں جس میں صبر کے ساتھ چلنے والے سرمایہ کاروں کے لیے منافع ہوگا۔ ہم بدستور ملک کی معاشی علامات کے رجحانات پر نظر رکھ کر ان کے مطابق اپنے دائرہ کار میں تبدیلیاں لا رہے ہیں۔ ہمارا Top-Down تجزیہ روپے کی قدر میں کمی اور انٹریسٹ کی بلند شرحوں سے مستفید ہونے والے شعبوں کی حمایت کرتا ہے؛ تاہم، ہم کمپنی کے انفرادی عناصر اور ان کی قیمتوں کو نظر انداز نہیں کر سکتے جن سے سیکورٹی کے انتخاب میں اہم کردار ادا ہو سکتا ہے۔

3. ستمبر 14، 2018 کے منعقد میٹنگ میں بورڈ کی رسک کمیٹی کا قیام کیا گیا ہے، جس کے اراکین مندرجہ ذیل ہیں:

- 1 جناب مرزا قمر بیگ - چیئرمین
- 2 جناب نسیم بیگ
- 3 جناب احمد جہانگیر

خارجی آڈیٹرز

فنڈ کے خارجی آڈیٹرز "ای وائے فور ڈیوڈز چارٹرڈ اکاؤنٹنٹس" نے 30 جون 2019ء کو ختم ہونے والے اگلے سال کے لئے فنڈ کے آڈیٹرز کے طور پر کام جاری رکھنے پر رضامندی ظاہر کی ہے۔ بورڈ کی آڈٹ کمیٹی نے 30 جون 2019ء کو ختم ہونے والے سال کے لئے فنڈ کے آڈیٹرز کے طور پر ای وائے فور ڈیوڈز چارٹرڈ اکاؤنٹنٹس کی دوبارہ تقرری کی سفارش کی ہے۔

اظہار تشکر

بورڈ آف ڈائریکٹرز فنڈ کے گراں قدر سرمایہ کاروں، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور فنڈ کے ٹرسٹیز کی مسلسل معاونت اور پشت پناہی کے لئے شکر گزار ہے۔ علاوہ ازیں، ڈائریکٹرز مینجمنٹ ٹیم کی کوششوں کو بھی خراج تحسین پیش کرتے ہیں۔

من جانب ڈائریکٹرز،



نسیم بیگ

ڈائریکٹر / وائس چیئرمین



محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

14 ستمبر 2018ء

منی مارکیٹ فنڈ

زیرِ جائزہ مدت کے دوران منی مارکیٹ سب-فنڈ کا منافع 4.39% تھا۔ فنڈ کی ٹی بلز میں شمولیت 45.2% سے کم ہو کر 29.0% رہ گئی جبکہ نقد میں شمولیت 5.0% سے بڑھ کر 42.9% ہو گئی۔

30 جون 2018ء کو فنڈ کے net اثاثہ جات 239.70 ملین روپے تھے، جو 30 جون 2017ء کو 170.05 ملین روپے کے مقابلے میں 40.95% اضافہ ہے۔

30 جون 2018ء کو فنڈ کی net اثاثہ جاتی قدر (NAV) فی یونٹ 219.42 روپے تھی، جو 30 جون 2017ء کو 210.20 روپے ابتدائی NAV کے مقابلے میں 9.22 روپے فی یونٹ اضافہ ہے۔

ایکویٹی فنڈ

ایکویٹی سب-فنڈ نے 9.43% منافع حاصل کیا جو KSE-100 کے 10.00% منافع کے مقابلے میں 0.57% زیادہ ہے۔

سب-فنڈ کی ایکویٹی میں مجموعی شمولیت 96.3% سے بڑھ کر 98.0% ہو گئی۔ سیکٹر کے اعتبار سے سب-فنڈ کی کمرشل بینکوں اور آئل اینڈ گیس ایکسپلوریشن میں شمولیت میں اضافہ کیا گیا جبکہ سیمنٹ میں شمولیت میں کمی کی گئی۔

دورانِ مدت سب-فنڈ کی ایکویٹی میں شمولیت کو 91.0% سے کم کر کے 88.0% کر دیا گیا۔

30 جون 2018ء کو فنڈ کے net اثاثہ جات 742.09 ملین روپے تھے، جو 30 جون 2017ء کو 768.48 ملین روپے کے مقابلے میں 3.44% کمی ہے۔

30 جون 2018ء کو فنڈ کی net اثاثہ جاتی قدر (NAV) فی یونٹ 511.85 روپے تھی، جو 30 جون 2017ء کو 565.12 روپے ابتدائی NAV کے مقابلے میں 53.27 روپے فی یونٹ کمی ہے۔

مستقبل کا منظر

اگلے سال معاشی ترقی میں کچھ سست رفتاری متوقع ہے کیونکہ کھپت کے رجحان پر کمزور روپیہ اور تنگ مالیاتی پالیسی کا راج رہے گا۔ تاہم زیادہ بجلی کی فراہمی کے ساتھ ساتھ معیشت کی دستاویزی کی بدولت اس اہم موڑ پر معاشی منتظمین کو سہولت میسر ہوگی۔ دیرینہ مسائل کے حل کے لیے نئی حکومت کی مرکز اور مخلصانہ کوششوں کے پیش نظر ہم بہتر طرز حکومت اور معاشی بحالی کے طویل المیعاد امکانات کے حوالے سے پُر امید ہیں، تاہم راستہ دشوار اور پالیسی میں متعدد ناپسندیدہ اقدامات سے پُر ہو سکتا ہے۔ پاکستان تحریک انصاف (حکمران جماعت) کے ابتدائی منصوبوں کی روشنی میں بہتر پالیسی اقدامات کی توقع کی جاسکتی ہے، لیکن خطرناک معاشی حالات کے پیش نظر ہم سمجھتے ہیں کہ فوری میعاد والے اقدامات بے حد ضروری ہیں تاکہ جڑواں خساروں پر توجہ دی جاسکے۔

مالیاتی جہت میں بھی ضعف متوقع ہے کیونکہ حکومت کے بے دریغ خرچ کے باعث مالیاتی خسارہ مجموعی ملکی پیداوار (GDP) کے 6.0% سے تجاوز کر جائے گا۔ خارجی رُخ پر متعدد دباؤ کے ساتھ ساتھ افراطِ زر میں اضافے کے پیش نظر اسٹیٹ بینک کی جانب سے مالیاتی پالیسی میں مزید سختی متوقع ہے، جبکہ 100 bps اضافہ پہلے ہی ہو چکا ہے، جس کے نتیجے میں حکومت کے لیے اگلے مالی سال کے دوران قرضوں کی واپسی کی لاگت میں اضافہ ہو جائے گا۔ آئی ایم ایف پروگرام میں داخلے کے ساتھ ساتھ، جس کا مقصد مالیاتی خسارے میں کمی ہوگا، ترقیاتی اخراجات میں بھی اگلے سال تیزی سے کمی کی جائے گی۔

ایکویٹیز مارکیٹ کا مجموعی جائزہ

ایکویٹیز تقریباً 9 سال کے عرصے کے بعد خطرے کی حدود میں آ گئیں کیونکہ انڈیکس کے مقررہ معیار میں دوران سال 10% کمی ہوئی۔ معاشی اور سیاسی، دونوں عوامل نے سرمایہ کاروں کو پریشان کیے رکھا جن میں اہم ترین موضوع خارجی اکاؤنٹ کا بحران تھا۔ کمزور روپے کے پیش نظر غیر ملکی سرمایہ کار مقامی ایکویٹیز سے دستبردار ہوتے رہے، اور 288 ملین ڈالر مالیت کے اسٹاکس فروخت کیے جن کا زیادہ تر اثر انشورنس کمپنیوں (204 ملین ڈالر) اور کمپنیوں (100 ملین ڈالر) نے قبول کیا۔ دوران سال تجارتی حجم کا اوسط تقریباً 174 ملین حصص / 8.15 بلین ڈالر تھا، جو بالترتیب 49% / 47% YoY کی بڑی کمی تھی۔

Cyclicals کے لیے یہ بدترین سال تھا کیونکہ معاشی ترقی کے حوالے سے بڑھتے ہوئے خدشات کے باعث سرمایہ کاروں کی حوصلہ شکنی ہوئی۔ سیمنٹ اور آئوز بالترتیب 42% اور 30% کمی کے باعث پسماندہ ترین شعبے تھے۔ سیمنٹ کے شعبے میں پسماندگی کی وجہ کوئلے کی بڑھتی ہوئی قیمتیں اور فراہمیوں میں اضافہ ہے، جبکہ آئوز میں پسماندگی کے بنیادی عوامل کمزور روپیہ، اور بجٹ کے بعد ٹیکس ریٹرن فائل نہ کرنے والوں کے لیے گاڑیوں کی خریداری پر پابندی کے حکومتی اعلان سے پیدا ہونے والے منفی جذبات ہیں۔

بجلی کے شعبے میں 20% کمی ہوئی جس کا سبب یہ تھا کہ گزشتہ قرضوں میں اضافے کی وجہ سے کچھ کمپنیوں نے ڈیویڈنڈ کی ادائیگی نہیں کی اور حکومتی احکام کے بعد کچھ FO پلانٹس بند کر دیئے گئے۔ صرف E&Ps اور فریٹلائزرز کے شعبوں میں بالترتیب 20% اور 3% ترقی ہوئی۔ E&Ps نے مارکیٹ کی صورتحال کے برخلاف YoY 20% منافع دیا جس کی وجہ تیل کی اوسط قیمتوں میں 29% اضافہ ہے۔ فریٹلائزرز میں ترقی کا سبب اس شعبے کے عوامل میں بہتری ہے، اور اس کے اسباب یہ ہیں کہ انوینٹری باسہولت سطحوں پر رہی، اور مینوفیکچررز کے قیمتیں طے کرنے کے اختیار میں اضافہ ہوا جس کی عکاسی بجٹ کے بعد فریٹلائزرز کی قیمتوں میں اضافے سے ہوئی۔

فنڈ کی کارکردگی

Debt فنڈ

زیر جائزہ مدت کے دوران Debt سبب فنڈ کا ایک سال پر محیط منافع 4.31%۔ اختتام مدت پر فنڈ کی ٹی بلز میں شمولیت 34.5% سے کم ہو کر 19.9% رہ گئی اور پاکستان انویسٹمنٹ بانڈز (PIBs) میں شمولیت 11.20% سے کم ہو کر 1.50% رہ گئی۔

30 جون 2018ء کو فنڈ کے net اثاثہ جات 590.36 ملین روپے تھے، جو 30 جون 2017ء کو 512.78 ملین روپے کے مقابلے میں 15.30% اضافہ ہے۔

30 جون 2018ء کو فنڈ کی net اثاثہ جاتی قدر (NAV) فی یونٹ 239.67 روپے تھی، جو 30 جون 2017ء کو 229.77 روپے ابتدائی NAV کے مقابلے میں 9.9 روپے فی یونٹ اضافہ ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے پاکستان پینشن فنڈ کے 30 جون 2018ء کو اختتام پذیر ہونے والے سال کے اکاؤنٹس کا جائزہ پیش خدمت ہے۔

معیشت اور بازار زر کا جائزہ

مالی سال 2018ء متضاد معاشی علامات کے مدوجزر سے بھرپور رہا۔ مفید افراط زر اور LSM کی خاطر خواہ ترقی نے معیشت میں مثبت کردار ادا کیا جبکہ بڑھتے ہوئے مالیاتی دباؤ، غیر ملکی زرمبادلہ کے گھٹتے ہوئے ذخائر اور سیاسی ہلچل نے منفی اثرات مرتب کیے۔ عالمی اشیاء، خصوصاً خام تیل، کی بڑھتی ہوئی قیمتوں نے ملکی معیشت کے مسائل میں مزید اضافہ کیا۔

مجموعی ملکی پیداوار (GDP) میں 5.7% ترقی متوقع ہے جو گزشتہ دہائی کی سب سے اونچی سطح ہے، اور اس میں صنعتی اور خدمات کے شعبے کی بھرپور ترقی کی معاونت شامل ہے۔ بجلی کے بحران کے خاتمے اور مالیاتی چکر میں نرمی کے نتیجے میں LSM کی ترقی میں وسعت ہوئی ہے جو مالی سال 2018ء میں 7% متوقع ہے۔ CPI کی صورت میں پیمائش کردہ افراط زر کا اوسط 4.0% ہے جو سال کے اکثر حصے کے دوران اشیاء کی خاطر خواہ فراہمی اور مستحکم روپے کی بدولت ہے۔ تاہم مالی سال 2019ء کے لیے توقع ہے کہ اشیاء کی بڑھتی ہوئی قیمتوں اور روپے میں ضعف کے باعث CPI بڑھ کر 7.5% اوسط تک پہنچ جائے گا۔ مزید براں، کمزور روپیہ متوقع طور پر افراط زر کو 8.0% سے اونچی سطح پر لے جائے گا۔

خارجی شعبہ نازک مقام رہا کیونکہ کرنٹ اکاؤنٹ کے اب تک کے سب سے زیادہ خسارے کے ساتھ ساتھ دو جہتی اور کثیر الجہتی، دونوں قسم کے اداروں کی جانب سے مالیاتی آمدورفت کے باعث ڈالر میں قلت ہو گئی ہے۔ کرنٹ اکاؤنٹ کا خسارہ 18 بلین ڈالر تک پہنچ گیا، یعنی GDP کا تقریباً 5.8%، جو معیشت کے لیے خطرے کی گھنٹی ہے۔ اس کے نتیجے میں مالی سال 2018ء کے دوران اسٹیٹ بینک آف پاکستان کے غیر ملکی زرمبادلہ کے ذخائر 6.5 بلین ڈالر کم ہو کر 9.7 بلین ڈالر رہ گئے، جس سے صرف 2.0x درآمداتی تلافی فراہم ہوئی۔ مجموعی طور پر اگلے مالی سال کی دوسری سہ ماہی کے دوران پاکستان ایک اور IMF پروگرام کے رُخ پر گامزن ہو سکتا ہے، سوائے اس کے کہ ایمنسٹی اسکیم کے ذریعے خاطر خواہ آمدورفت پیدا کی جائے۔

مالی سال 2018ء کے دوران اسٹیٹ بینک آف پاکستان نے پالیسی شرح میں مجموعی طور پر 75 bps اضافہ کیا جس کی بنیادی وجہ بڑھتے ہوئے جڑواں خسارے، ریٹیل انٹریسٹ کی گھٹتی ہوئی شرحیں، اور تیزی سے بڑھتی ہوئی درآمدات ہیں۔ انٹریسٹ کی شرحوں میں تیز رفتار اضافے کے امکانات کے باعث بانڈ کی آمدنی کا خم اوپر کی طرف گیا، خصوصاً مالی سال 2018ء کی دوسری سہ ماہی کے دوران۔ تجارتی خسارے میں اضافے کی رفتار خوفناک حد تک تیز رہی جس کے باعث غیر ملکی زرمبادلہ کے ذخائر متاثر ہوئے اور سرمایہ کاروں نے طویل المیعاد سیکیورٹیز میں دلچسپی کا اظہار نہیں کیا۔ میچورٹی کے دائرہ کار میں توسیع کے لیے اسٹیٹ بینک نے فلوٹر ریٹ 10 سالہ بانڈ متعارف کرایا جس کا base ریٹ 6 ماہ ایم ٹی بی weighted اوسط منافع ہے۔ 10 سالہ فلوٹر بانڈ کی سب سے پہلی نیلامی میں 174 بلین روپے کی بھرپور شرکت دیکھی گئی جس میں سے 20 بلین روپے پنچ مارک + 50 bps کی شرح پر قبول کر لیے گئے۔ مالی سال 2018ء کے دوران اسٹیٹ بینک کی جانب سے باقاعدگی کے ساتھ OMOs کے انعقاد کی بدولت نقدیت میں سہولت رہی۔ زیر جائزہ مدت میں شریعت سے ہم آہنگ مواقع کی قلت رہی کیونکہ مارکیٹ میں خاطر خواہ نقدیت کے باوجود تازہ اجارہ سگ کا اجراء نہیں کیا گیا۔

REPORT OF THE PENSION FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2018

Fund Type and Category

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

Investment Strategy

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

Manager's Review

Equity Sub-Fund

The Equity sub-fund generated a return of -9.43% against the KSE-100 return of -10.00% registering. The sub-fund increased its overall equity exposure from 96.3% to 98.0%. Sector-wise, the sub-fund increased its exposure in Oil and Gas Exploration sector and Commercial Banks whilst reduced its exposure towards Cements.

The Net Assets of the Fund as at June 30, 2018 stood at Rs. 742.09 million as compared to Rs. 768.48 million as at June 30, 2017 registering a decrease of -3.43%. The Net Asset Value (NAV) per unit as at June 30, 2018 was Rs. 511.85 as compared to opening NAV of Rs. 565.12 per unit as at June 30, 2017 registering a decrease of Rs. 53.27 per unit.

Money Market Sub- Fund

The money market sub-fund generated a return of 4.31% during the period. The fund's exposure in T-bills decreased to 29.0 from 45.2% while exposure in PIBs was 0%.

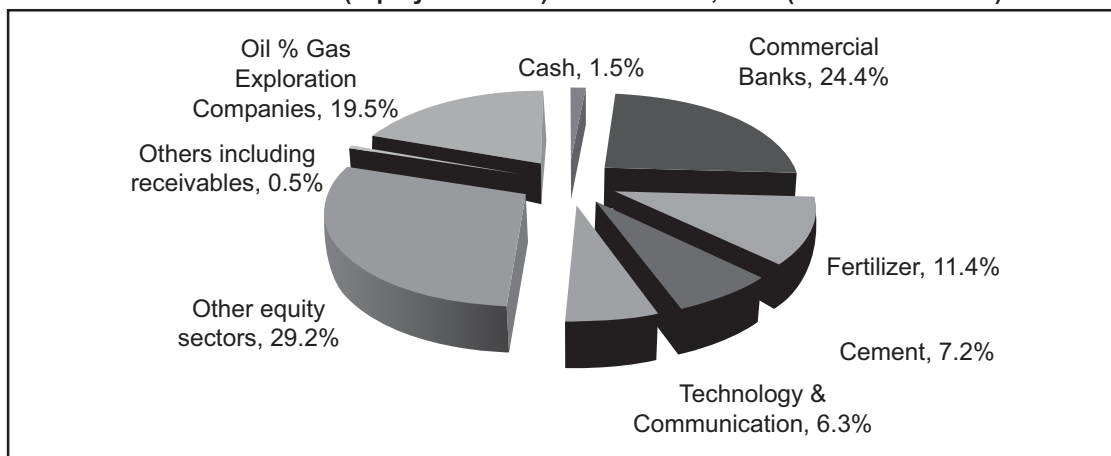
The Net Assets of the Fund as at June 30, 2018 stood at Rs. 239.70 million as compared to Rs. 170.05 million as at June 30, 2017 registering an increase of 40.96%. The Net Asset Value (NAV) per unit as at June 30, 2018 was Rs. 219.42 as compared to opening NAV of Rs. 210.20 per unit as at June 30, 2017 registering an increase of Rs. 9.22 per unit.

Debt Sub-Fund

The debt sub-fund generated an annualized return of 4.31% during the period under review. The fund's exposure towards T-Bills decreased from 34.5% to 19.9% and PIBs decreased from 11.2% to 1.5% at period end.

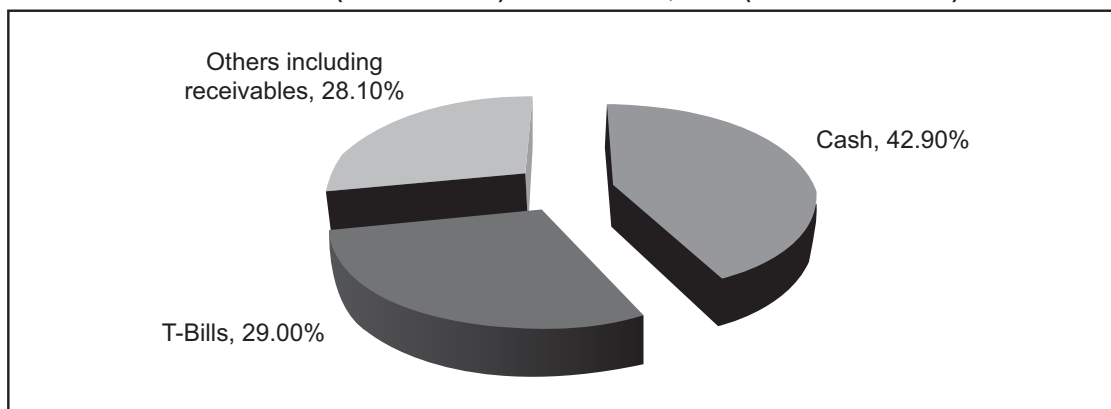
The Net Assets of the Fund as at June 30, 2018 stood at Rs. 590.36 million as compared to Rs. 512.78 million as at June 30, 2017 registering an increase of 15.13%. The Net Asset Value (NAV) per unit as at June 30, 2018 was Rs. 239.67 as compared to opening NAV of Rs. 229.77 per unit as at June 30, 2017 registering an increase of Rs. 9.9 per unit.

Asset Allocation (Equity Sub-fund) as of June 30, 2018 (% of Total Assets)

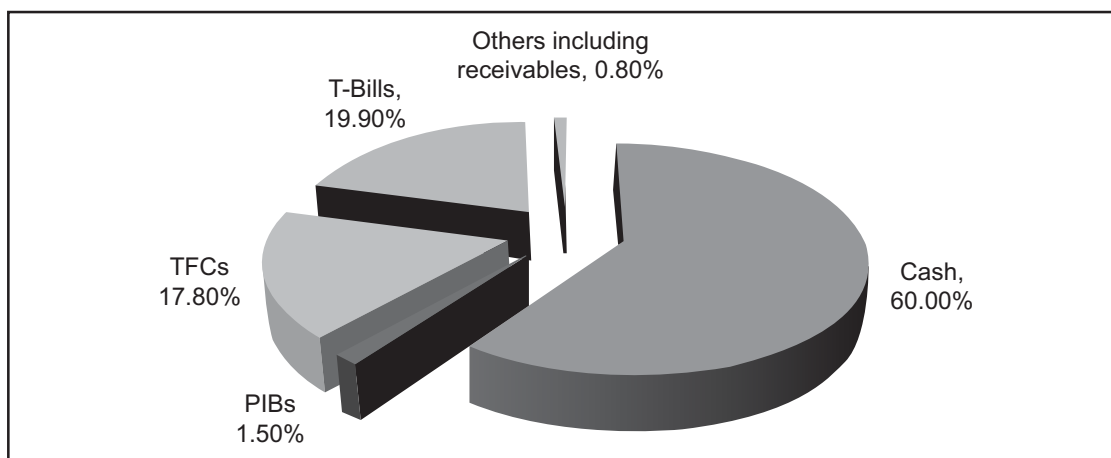


REPORT OF THE PENSION FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2018

Asset Allocation (MM Sub-fund) as of June 30, 2018 (% of Total Assets)



Asset Allocation (Debt Sub-fund) as of June 30, 2018 (% of Total Assets)



Syed Abid Ali
Fund Manager

Karachi: September 14, 2018

TRUSTEE REPORT TO THE PARTICIPANTS

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office

CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shakra-e-Faisal
Karachi - 74400. Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326020 - 23
URL: www.cdcPakistan.com
Email: info@cdcpak.com



TRUSTEE REPORT TO THE PARTICIPANTS

PAKISTAN PENSION FUND

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

We Central Depository Company of Pakistan Limited, being the Trustee of Pakistan Pension Fund (the Fund) are of the opinion that MCB-Arif Habib Savings and Investments Limited being the Pension Fund Manager of the Fund has in all material respects managed the Fund during the year ended June 30, 2018 in accordance with the provisions of the constitutive documents of the Fund and the Voluntary Pension System Rules, 2005.

Aftab Ahmed Diwan
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: October 11, 2018



INDEPENDENT AUDITOR'S REPORT TO THE PARTICIPANTS

Deloitte.

Deloitte Yousuf Adil
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Shahr-e-Faisal
Karachi-75350
Pakistan

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Fax: +92 (0) 21- 3454 1314

www.deloitte.com

AUDITORS REPORT TO THE PARTICIPANTS OF THE PAKISTAN 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 Cash flows;
- v) Statement of movement in participants sub-fund;
- vi) Contribution table;
- vii) Statement of number of units in issue; and
- viii) Financial performance table

of **Pakistan Pension Fund** (the Fund) for the year ended June 30, 2018 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 controls; and prepare and present the financial statements of the Fund in conformity with the International Accounting Standards notified under sub-section (1) of Section 225 of the Companies Act, 2017, and Technical Releases issued by Institute of Chartered Accountants of Pakistan from time to time and the requirements of the Voluntary Pensions System Rules, 2005 and the Companies Act, 2017. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. 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.

In our opinion: -

- (a) the financial statements prepared for the period 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 financial position of the Fund as at June 30, 2018 and of its financial performance, cash flows and transactions for the year then ended in accordance with the approved accounting standards as applicable in Pakistan;
- (c) the allocation and reallocation of units of the sub-funds for all the participants have been made according to the Voluntary Pension System Rules, 2005;
- (d) the cost and expenses debited to the pension fund and apportionment of expenses between sub-funds are as specified in the constitutive documents of the pension fund;
- (e) proper books and records have been kept by the fund and the financial statements prepared are in agreement with the fund's books and records;

PA

Member of
Deloitte Touche Tohmatsu Limited

INDEPENDENT AUDITOR'S REPORT TO THE PARTICIPANTS

Deloitte.

Deloitte Yousuf Adil
Chartered Accountants

- (f) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit; and
- (g) no zakat was deductible at source under Zakat and Ushr Ordinance, 1980.

Deloitte Yousuf Adil
Chartered Accountants

Date: September 14, 2018
Place: Karachi

Member of
Deloitte Touche Tohmatsu Limited

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2018

| | | June 30, 2018 | | | | June 30, 2017 |
|---|----|-----------------------------|----------------------|------------------------------|----------------------|----------------------|
| | | PPF Equity Sub-Fund | PPF Debt Sub-Fund | PPF Money Market Sub-Fund | Total | Total |
| Note | | ----- (Rupees) ----- | | | | |
| Assets | | | | | | |
| Balances with banks | 5 | 10,995,483 | 446,504,324 | 146,108,625 | 603,608,432 | 57,741,805 |
| Investments | 6 | 735,806,799 | 292,056,118 | 98,947,135 | 1,126,810,052 | 1,396,485,955 |
| Dividend receivable | | 526,244 | - | - | 526,244 | 2,928,529 |
| Interest receivable | | 176,758 | 4,699,779 | 573,761 | 5,450,298 | 5,233,972 |
| Receivable against sale of investments | | - | - | 94,964,090 | 94,964,090 | - |
| Advances, deposits and other receivables | 7 | 3,010,889 | 899,265 | 151,741 | 4,061,895 | 3,934,245 |
| Total assets | | 750,516,173 | 744,159,486 | 340,745,352 | 1,835,421,011 | 1,466,324,506 |
| Liabilities | | | | | | |
| Payable to the Pension Fund Manager | 8 | 1,099,420 | 780,304 | 284,314 | 2,164,038 | 2,015,281 |
| Payable to Central Depository Company of Pakistan Limited - Trustee | 9 | 97,073 | 68,944 | 25,087 | 191,104 | 180,913 |
| Annual fee payable to Securities and Exchange Commission of Pakistan | 10 | 244,780 | 177,437 | 59,915 | 482,132 | 439,928 |
| Payable against purchase of investments | | - | 148,409,850 | 98,939,900 | 247,349,750 | - |
| Accrued expenses and other liabilities | 11 | 6,984,501 | 4,365,821 | 1,733,206 | 13,083,528 | 12,381,080 |
| Total liabilities | | 8,425,774 | 153,802,356 | 101,042,422 | 263,270,552 | 15,017,202 |
| Net assets | | 742,090,399 | 590,357,130 | 239,702,930 | 1,572,150,459 | 1,451,307,304 |
| Participants Sub-Funds | | | | | | |
| (as per Statement of Movement | | | | | | |
| in Participants' Sub-Funds) | | | | | | |
| | | 742,090,399 | 590,357,130 | 239,702,930 | | |
| | | ----- Number of units ----- | | | | |
| | | 1,449,822 | 2,463,260 | 1,092,414 | | |
| | | ----- (Rupees) ----- | | | | |
| Net assets value per unit | | 511.85 | 239.67 | 219.42 | | |

Contingencies and commitments

12

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

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



Chief Executive Officer



Director

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2018

| | | June 30, 2018 | | | June 30, 2017 |
|---|------|------------------------|----------------------|---------------------------------|--------------------|
| | | PPF Equity Sub-Fund | PPF Debt Sub-Fund | PPF Money Market Sub-Fund | Total |
| | | (Rupees) | | | Total |
| Note | | | | | |
| Income | | | | | |
| Capital gain / (loss) on sale of investments classified as: | | | | | |
| - available-for-sale | | 23,060,042 | 255,198 | - | 23,315,240 |
| - at fair value through profit or loss - held-for-trading | | (37,596,143) | (314,088) | 85,436 | (37,824,795) |
| Dividend income on shares classified as: | | | | | |
| - available-for-sale | | 7,864,082 | - | - | 7,864,082 |
| - at fair value through profit or loss - held-for-trading | | 24,075,100 | - | - | 24,075,100 |
| Income from Government Securities classified as: | | | | | |
| - available-for-sale | | - | 1,264,694 | - | 1,264,694 |
| - at fair value through profit or loss - held-for-trading | | - | 8,528,498 | 4,413,714 | 12,942,212 |
| Income from Term Finance Certificates | | | | | |
| - at fair value through profit or loss - held-for-trading | | - | 7,958,505 | - | 7,958,505 |
| Profit on bank deposits | | 2,106,451 | 8,258,667 | 4,141,737 | 14,506,855 |
| Income from term deposits | | - | 8,926,114 | 2,865,194 | 11,791,308 |
| Amortisation on Commercial papers | | - | 358,648 | - | 358,648 |
| Unrealised (dimunation) / appreciation on revaluation of investments | | | | | |
| - at fair value through profit or loss - held-for-trading - net | | (24,557,381) | (1,131,116) | 9,780 | (25,678,717) |
| Other income | | - | 4,606 | - | 4,606 |
| Total income | | (5,047,849) | 34,109,726 | 11,515,861 | 40,577,738 |
| Impairment against available-for-sale investment | | (9,471,693) | - | - | (9,471,693) |
| Expenses | | | | | |
| Remuneration of Pension Fund Manager | | 11,073,848 | 8,027,701 | 2,710,502 | 21,812,051 |
| Sales tax and Federal Excise Duty on remuneration of Pension Fund Manager | | 1,439,600 | 1,043,601 | 352,365 | 2,835,566 |
| Remuneration of the Trustee | | 991,908 | 719,586 | 242,908 | 1,954,402 |
| Sales tax on trustee fee | | 128,943 | 93,544 | 31,568 | 254,055 |
| Annual fee to Securities and Exchange Commission of Pakistan | | 244,780 | 177,436 | 59,915 | 482,131 |
| Auditors' remuneration | 13 | 213,495 | 152,952 | 49,416 | 415,863 |
| Custody and settlement charges | | 479,872 | 353,585 | - | 833,457 |
| Securities transaction cost | | 2,288,679 | 38,538 | 8,355 | 2,335,572 |
| Legal and professional charges | | - | - | - | - |
| Bank charges | | 31,577 | 86,191 | 55,305 | 173,073 |
| Provision for Sindh workers' welfare fund | 11.1 | - | 508,119 | 207,545 | 715,664 |
| Others | | - | - | - | - |
| Total expenses | | 16,892,702 | 11,201,253 | 3,717,879 | 31,811,834 |
| Net income from operating activities | | (31,412,244) | 22,908,473 | 7,797,982 | (705,789) |
| Element of income and capital gains included in the prices of units sold less those in units redeemed - net | | | | | |
| - from realised / unrealised capital gain | | (299,266) | 1,989,365 | 2,371,731 | 4,061,830 |
| - from income other than realised / unrealised capital gain | | 39,084,699 | 29,834,673 | 31,145,038 | 100,064,410 |
| | | 38,785,433 | 31,824,038 | 33,516,769 | 104,126,240 |
| Net income for the year before taxation | | 7,373,189 | 54,732,511 | 41,314,751 | 103,420,451 |
| Taxation | 4.8 | - | - | - | - |
| Net income for the year after taxation | | 7,373,189 | 54,732,511 | 41,314,751 | 103,420,451 |
| Earnings per unit | 4.7 | - | - | - | - |

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

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



Chief Executive Officer



Director

STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2018

| | June 30, 2018 | | | June 30, 2017 | |
|--|------------------------|----------------------|---------------------------------|-------------------|--------------------|
| | PPF Equity Sub-Fund | PPF Debt Sub-Fund | PPF Money Market Sub-Fund | Total | Total |
| | (Rupees) | | | | |
| Net income for the year after taxation | 7,373,189 | 54,732,511 | 41,314,751 | 103,420,451 | 164,221,658 |
| Other comprehensive income for the year | | | | | |
| <i>Items that may be reclassified to profit and loss account</i> | | | | | |
| Unrealised (diminution) / appreciation in value of investments classified as available for sale - net | (42,826,491) | (312,109) | - | (43,138,600) | 62,706,014 |
| Total comprehensive income for the year | (35,453,302) | 54,420,402 | 41,314,751 | 60,281,851 | 226,927,672 |

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

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



Chief Executive Officer



Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2018

| | Note | June 30, 2018 | | | June 30, 2017 |
|---|------|------------------------|----------------------|---|---------------|
| | | PPF Equity Sub-Fund | PPF Debt Sub-Fund | PPF Money Market Sub-Fund (Rupees) | Total |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | |
| Net income before taxation | | 7,373,189 | 54,732,511 | 41,314,751 | 103,420,451 |
| Adjustments for: | | | | | |
| Capital (gain) / loss on sale of investments classified as: | | | | | |
| - available-for-sale | | (23,060,042) | (255,198) | - | (23,315,240) |
| - at fair value through profit or loss - held-for-trading | | 37,596,143 | 314,088 | (85,436) | 37,824,795 |
| Unrealised diminution / (appreciation) on revaluation of investments classified at fair value through profit or loss - held-for-trading - net | | 24,557,381 | 1,131,116 | (9,780) | 25,678,717 |
| Impairment loss on available-for-sale investment | | - | - | - | - |
| Element of income and capital gains included in prices of units sold less those redeemed - net | | 299,266 | (1,989,365) | (2,371,731) | (4,061,830) |
| - from realised / unrealised capital (gain) / loss | | (39,084,699) | (29,834,673) | (31,145,038) | (100,064,410) |
| - from income other than realised / unrealised capital gain / (loss) | | 308,049 | (30,634,032) | (33,611,985) | (63,937,968) |
| (Increase) / decrease in assets | | | | | |
| Investments | | (69,898,385) | 92,405,332 | 13,842,122 | 36,349,069 |
| Dividend receivable | | 2,402,285 | - | - | 2,402,285 |
| Interest receivable | | (37,134) | (30,335) | (148,857) | (216,326) |
| Receivable against sale of investments | | - | - | (94,964,090) | (94,964,090) |
| Deposits and other receivables | | (43,134) | (51,318) | (33,198) | (127,650) |
| | | (67,576,368) | 92,323,679 | (81,304,023) | (56,556,712) |
| Increase / (decrease) in liabilities | | | | | |
| Payable to Pension Fund Manager | | 16,785 | 79,648 | 52,324 | 148,757 |
| Payable to Trustee | | (117) | 6,034 | 4,274 | 10,191 |
| Annual fee payable to Securities and Exchange Commission of Pakistan | | 10,347 | 26,152 | 5,705 | 42,204 |
| Payable against purchase of equity securities | | - | 148,409,850 | 98,939,900 | 247,349,750 |
| Accrued and other liabilities | | (73,091) | 554,906 | 220,595 | 702,410 |
| | | (46,076) | 149,076,590 | 99,222,798 | 248,253,312 |
| Net cash generated / (used in) from operating activities | | (59,941,206) | 265,498,748 | 25,621,541 | 381,179,083 |
| CASH FLOW FROM FINANCING ACTIVITIES | | | | | |
| Receipt of contribution | | 139,724,414 | 131,016,353 | 79,574,417 | 350,315,184 |
| Payment against redemption of units | | (91,876,770) | (76,036,370) | (17,714,500) | (185,627,640) |
| Net cash generated from financing activities | | 47,847,644 | 54,979,983 | 61,859,917 | 164,687,544 |
| Net increase / (decrease) in cash and cash equivalent during the year | | (12,093,562) | 320,478,731 | 87,481,458 | 395,866,627 |
| Cash and cash equivalents at the beginning of the year | | 23,089,045 | 126,025,593 | 58,627,167 | 207,741,805 |
| Cash and cash equivalents at end of the year | 14 | 10,995,483 | 446,504,324 | 146,108,625 | 603,608,432 |

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

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



Chief Executive Officer



Director

STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB FUNDS FOR THE YEAR ENDED JUNE 30, 2018

| | June 30, 2018 | | | June 30, 2017 | |
|--|------------------------|----------------------|---|----------------------|----------------------|
| | PPF Equity Sub-Fund | PPF Debt Sub-Fund | PPF Money Market Sub-Fund (Rupees) | Total | Total |
| Net assets at beginning of the year | 768,481,490 | 512,780,783 | 170,045,031 | 1,451,307,304 | 1,107,014,913 |
| Amount received on issue of units | 139,724,414 | 131,016,353 | 79,574,417 | 350,315,184 | 531,275,449 |
| Amount paid on redemption of units | (91,876,770) | (76,036,370) | (17,714,500) | (185,627,640) | (405,779,334) |
| | 47,847,644 | 54,979,983 | 61,859,917 | 164,687,544 | 125,496,115 |
| Element of income and capital gains included in prices of units sold less those in units redeemed | | | | | |
| Amount representing income / (loss) and realised capital gains / losses | 299,266 | (1,989,365) | (2,371,731) | (4,061,830) | (8,131,396) |
| - Amount representing unrealised appreciation / (diminution) in fair value of investments | (39,084,699) | (29,834,673) | (31,145,038) | (100,064,410) | (75,097,690) |
| | (38,785,433) | (31,824,038) | (33,516,769) | (104,126,240) | (83,229,086) |
| Net unrealised (diminution) / appreciation during the year in the market value of investments classified as 'available-for-sale' | (42,826,491) | (312,109) | - | (43,138,600) | 62,706,014 |
| Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed - amount representing unrealised appreciation | - | - | - | - | 75,097,690 |
| Net income for the year after taxation | 7,373,189 | 54,732,511 | 41,314,751 | 103,420,451 | 164,221,658 |
| Net assets at end of the year | 742,090,399 | 590,357,130 | 239,702,930 | 1,572,150,459 | 1,451,307,304 |

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

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



Chief Executive Officer



Director

CONTRIBUTION TABLE FOR THE YEAR ENDED JUNE 30, 2018

| Contributions net of front end fee | June 30, 2018 | | | | | | Total | Total June 30, 2017 |
|------------------------------------|---------------------|--------------|-------------------|--------------|---------------------------|--------------|---------------|------------------------|
| | PPF Equity Sub-Fund | | PPF Debt Sub-Fund | | PPF Money Market Sub-Fund | | | |
| | Units | Rupees | Units | Rupees | Units | Rupees | | |
| ----- (Rupees) ----- | | | | | | | | |
| Opening balance | 1,359,847 | 315,412,608 | 2,231,698 | 369,525,179 | 808,983 | 109,093,954 | 794,031,741 | 668,535,626 |
| Issue of units | 265,836 | 139,724,414 | 552,620 | 131,016,353 | 365,661 | 79,574,417 | 350,315,184 | 531,275,449 |
| Redemption of units | (175,861) | (91,876,770) | (321,059) | (76,036,370) | (82,229) | (17,714,500) | (185,627,640) | (405,779,334) |
| | 89,975 | 47,847,644 | 231,562 | 54,979,983 | 283,431 | 61,859,917 | 164,687,544 | 125,496,115 |
| Closing balance | 1,449,822 | 363,260,252 | 2,463,260 | 424,505,162 | 1,092,414 | 170,953,871 | 958,719,285 | 794,031,741 |

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

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



Chief Executive Officer



Director

STATEMENT OF NUMBER OF UNITS IN ISSUE FOR THE YEAR ENDED JUNE 30, 2018

| | PPF Equity Sub-Fund | PPF Debt Sub-Fund | PPF Money Market Sub-Fund |
|--|-------------------------------|----------------------|------------------------------|
| | ----- (Number of units) ----- | | |
| Total units outstanding at beginning of the year | 1,359,847 | 2,231,698 | 808,983 |
| Add: Units issued during the year | 265,836 | 552,620 | 365,661 |
| Less: Units redeemed during the year | (175,861) | (321,059) | (82,229) |
| Total units in issue at the end of the year | 1,449,822 | 2,463,260 | 1,092,414 |

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

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



Chief Executive Officer



Director

PERFORMANCE TABLE FOR THE YEAR ENDED JUNE 30, 2018

| | PPF Equity Sub-Fund | | | PPF Debt Sub-Fund | | | PPF Money Market Sub-Fund | | |
|--|----------------------|---------------|----------|----------------------|---------------|----------|---------------------------|---------------|----------|
| | June 30, 2018 | June 30, 2017 | % Change | June 30, 2018 | June 30, 2017 | % Change | June 30, 2018 | June 30, 2017 | % Change |
| | ----- (Rupees) ----- | | | ----- (Rupees) ----- | | | ----- (Rupees) ----- | | |
| Net income after taxation | 7,373,189 | 137,971,628 | (94.66) | 54,732,511 | 20,469,265 | 167.39 | 41,314,751 | 5,780,765 | 614.69 |
| Realised capital gains / (losses) | (14,536,101) | 127,798,273 | (111.37) | (58,890) | 215,169 | (127.37) | 85,436 | (1,399,105) | (106.11) |
| Unrealised gains / (losses) | (67,383,872) | 49,290,309 | (236.71) | (1,443,225) | 1,093,702 | (231.96) | 9,780 | 1,209,638 | (99.19) |
| Impairment loss on available-for-sale investment | (9,471,693) | - | 100.00 | - | - | - | - | - | - |
| Dividend income and profit income | 34,045,633 | 32,149,698 | 5.90 | 35,295,126 | 27,261,564 | 29.47 | 11,420,645 | 10,098,661 | 13.09 |
| Net assets value per unit | 511.85 | 565.12 | (9.43) | 239.67 | 229.77 | 4.31 | 219.42 | 210.20 | 4.39 |
| Transactions in securities | | | | | | | | | |
| - Purchases | 831,573,513 | 1,230,526,140 | (32.42) | 2,524,753,080 | 2,974,096,430 | (15.11) | 1,156,163,188 | 1,158,342,959 | (0.19) |
| - Sales | 682,198,438 | 1,161,749,948 | (41.28) | 2,383,424,697 | 4,102,297,392 | (41.90) | 978,698,986 | 1,360,071,247 | (28.04) |
| Total contribution received | 139,724,414 | 261,066,450 | (46.48) | 131,016,353 | 214,693,795 | (38.98) | 79,574,417 | 55,515,204 | 43.34 |

Lowest and highest issue price of units during the year

| PPF Equity Sub-Fund | | PPF Debt Sub-Fund | | PPF Money Market Sub-Fund | |
|----------------------|---------------------|--------------------|---------------------|---------------------------|---------------------|
| Lowest Issue price | Highest Issue price | Lowest Issue price | Highest Issue price | Lowest Issue price | Highest Issue price |
| ----- (Rupees) ----- | | | | | |
| 456.55 | 568.56 | 229.87 | 239.67 | 210.28 | 219.42 |

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



Chief Executive Officer



Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 The Pakistan Pension Fund (the Fund) was established under a Trust Deed executed between MCB-Arif Habib Savings and Investments Limited as Pension Fund Manager and Muslim Commercial Financial Services (Private) Limited (MCFSL) as Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on May 24, 2007 and was executed on June 04, 2007 under the Voluntary Pension System Rules, 2005 (the VPS Rules). Habib Metropolitan Bank Limited (HMBL) was appointed as the new Trustee in place of MCFSL through a revised Trust Deed dated June 16, 2011 which was approved by SECP on July 07, 2011. Central Depository Company of Pakistan Limited was appointed as the new Trustee in place of HMBL through a revised Trust Deed dated July 21, 2014 which was approved by SECP on July 23, 2014.
- 1.2 PPF is an open-ended pension fund consisting of three sub-funds namely PPF Equity Sub-Fund, PPF Debt Sub-Fund and PPF Money Market Sub-Fund. Units are offered for public subscription on a continuous basis. The number of units of any sub-fund purchased out of contributions depends on the Allocation Scheme selected by the respective Participant out of the allocation schemes offered by the Pension Fund Manager.
- 1.3 MCB-Arif Habib Savings and Investments Limited has been licensed to act as a Pension Fund Manager under the VPS Rules through a certificate of registration issued by the Securities and Exchange Commission of Pakistan. The registered office of the Pension Fund Manager is situated at 24th Floor, Centre Point, Off. Shaheed-e-Millat Expressway, Near KPT Interchange, Karachi, Pakistan.
- 1.4 The Pakistan Credit Rating Agency (PACRA) Limited has assigned Management quality rating of AM2++ dated December 28, 2017 to the Management Company and "AA(f)" as stability rating dated July 10, 2018 to the Fund.
- 1.5 Title to the assets of the fund is held in the name of Central Depository Company Limited as trustee of the fund.

2. STATEMENT OF COMPLIANCE

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

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

2.2 IFRS 9 Financial Instruments

In July 2014 IASB issued a revised version of IFRS 9 'Financial Instruments' which supersedes all its previous versions and is mandatorily effective for periods beginning on or after January 1, 2018. The SECP has adopted the IFRS 9 effectively from July 1, 2018 and will be applicable for the Fund as well.

Key requirements of IFRS 9:

- debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading nor contingent consideration recognised by an acquirer in a business combination) in other comprehensive income, with only dividend income generally recognised in profit or loss.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model 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 recognised.
- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Based on an analysis of the Fund's financial assets and financial liabilities as at June 30, 2018 on the basis of the facts and circumstances that exist at that date, the Management of the Asset Management Company has assessed the impact of IFRS 9 to the Fund's financial statements as follows:

Classification and measurement

- Listed equity securities classified as 'at Fair value through Profit or Loss' investments carried at fair value as disclosed in note 6.1 : these shares will continue to be subsequently measured at FVTPL upon the application of IFRS 9, and the fair value gains or losses and gains or losses on derecognition of such investments will be recognised in profit or loss;
- Unlisted debt securities classified as 'at Fair value through Profit or Loss' investments carried at fair value as disclosed in note 6.4: these are held within a business model whose objective is achieved both by collecting contractual cash flows and selling the notes in the open market, and the notes' contractual terms give rise to cash flows on specified dates that are solely payments of principal and interest on the principal outstanding. Accordingly, the unlisted debt securities will continue to be subsequently measured at FVTPL upon the application of IFRS 9, and the fair value gains or losses and gains or losses on derecognition of such investments will be recognised in profit or loss;
- Listed shares classified as available-for-sale investments carried at fair value as disclosed in note 6.4: these shares qualify for designation as measured at FVTOCI under IFRS 9; however, the fair value gains or losses accumulated in the investment revaluation reserve will no longer be subsequently reclassified to profit or loss under IFRS 9, which is different from the current treatment. This will affect the amounts recognised in the Fund's profit or loss and other comprehensive income but will not affect total comprehensive income;
- All other financial assets and financial liabilities will continue to be measured on the same bases as is currently adopted under IAS 39.

Impairment

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

Apart from the above, the Management does not anticipate that the application of the IFRS 9 accounting requirements will have a material impact on the Fund's financial statements.

2.3 Amendments to IFRS that are effective for the year ended June 30, 2018

The following amendments are effective for the year ended June 30, 2018. These amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

| Amendments | Effective date (accounting period beginning on or after) |
|---|--|
| Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative | January 01, 2017 |
| Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses | January 01, 2017 |
| Certain annual improvements have also been made to a number of IFRSs. | |
| Amendments to IFRS that are not yet effective | |
| The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures. | |
| Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions | January 01, 2018 |
| IFRS 9 'Financial Instruments' - This standard will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date. | January 01, 2018 |
| Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities | January 01, 2019 |
| IFRS 15 'Revenue' - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date. | July 01, 2018 |
| Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture | Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted. |
| Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding long-term interests in associates and joint ventures | January 01, 2019 |
| Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property | January 01, 2018. Earlier application is permitted. |
| IFRS 4 'Insurance Contracts': Amendments regarding the interaction of IFRS 4 and IFRS 9. | An entity choosing to apply the overlay approach retrospectively to qualifying financial assets does so when it first applies IFRS 9. An entity choosing to apply the deferral approach does so for annual periods beginning on or after 1 |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements.

January 01, 2019

IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.

January 01, 2018. Earlier application is permitted.

IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.

January 01, 2019

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

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

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 17 – Insurance Contracts

3. BASIS OF PREPARATION

3.1 Accounting convention

These financial statements have been prepared under the historical cost convention except for certain investments which have been marked to market and carried at fair value in accordance with the requirements of the VPS Rules and International Accounting Standards (IAS) 39: 'Financial Instruments: Recognition and Measurement'.

3.2 Critical accounting estimates and judgments

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.

3.3 Functional and presentation currency

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial years except as described in note 2.2.

4.1 Financial assets

4.1.1 Classification

The Fund classifies its financial assets in the following categories: 'investment at fair value through profit or loss' - held-for-trading, 'loans and receivables' and 'available-for-sale investment' in accordance with the requirements of International Accounting Standard (IAS) 39: 'Financial Instruments: Recognition and Measurement'. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this classification on a regular basis.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

a) Financial assets at fair value through profit or loss

These include held-for-trading investments and such other investments that, upon initial recognition, are designated under this category. Investments are classified as held-for-trading if they are acquired for the purpose of selling in the near term. After initial measurement, such investments are carried at fair value and gains or losses on revaluation are recognised in the income statement.

b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Fund's loans and receivables comprise of balances with banks, deposits and other receivables and dividend and profit receivable.

c) Available-for-sale

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

4.1.2 Regular way contracts

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

4.1.3 Initial recognition and measurement

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

4.1.4 Subsequent measurement

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

a) Government Ijarah Sukuks

The investment of the Debt Sub-Fund and Money Market Sub-Fund in Government Ijarah Sukuks are categorized as 'at fair value through profit or loss' - held-for-trading and 'available-for-sale' and are valued on the basis of broker average rates obtained from Mutual Funds Association of Pakistan (MUFAP).

b) Equity Securities

The investment of the Equity Sub-Fund in equity securities is categorised as 'at fair value through profit or loss' - held-for-trading and 'available-for-sale' and is valued on the basis of quoted market prices available at the stock exchange.

c) Debt Securities

The investment of the Fund in debt securities is valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities vide its Circular No. 1 dated January 6, 2009 as amended by Circular No. 33 dated October 24, 2012. In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorizes them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

d) Loans and receivables

Subsequent to initial recognition financial assets classified as loans and receivables are carried at amortized cost.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Net gains and losses arising from the difference between the carrying amount and the value determined in accordance with the criteria mentioned above in respect of financial assets at fair value through profit or loss are recognised as unrealised gain or loss in the income statement.

Net gains and losses arising from the difference in value determined in accordance with the above mentioned criteria compared to the carrying amount in respect of available-for-sale financial assets are recognised in other comprehensive income until the available-for-sale financial assets are derecognised. At this time, the cumulative gain or loss previously recognised directly in other comprehensive income is reclassified from other comprehensive income to income statement as a reclassification adjustment.

4.1.5 Impairment

The carrying amounts of the Fund's assets are assessed at each balance sheet date to determine whether there is any indication of impairment in any asset or group of assets. If such indication exists, the recoverable amount of the assets is estimated and impairment losses are recognised immediately as an expense in the income statement. In case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in other comprehensive income is reclassified from other comprehensive income and recognised in the income statement. Impairment losses recognised on equity financial assets recognised in the income statement are not reversed through the income statement.

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

4.1.6 Derecognition

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

4.1.7 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 recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

4.1.8 Reclassification

The Fund may choose to reclassify a non-derivative trading financial asset in equity securities out of the 'held-for-trading' category to the 'available-for-sale' category if the financial asset is no longer held for the purpose of selling it in the near term. Such reclassifications are made only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. Reclassifications are made at fair value as of the reclassification date which then becomes the new cost and no reversals of fair value gains or losses recorded before the reclassification date are subsequently made.

4.2 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to contractual provisions of the instrument. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Financial liabilities include payable to the Pension Fund Manager, payable to the Trustee and other liabilities.

4.3 Issue, allocation, reallocation and redemption of units

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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

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

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

4.5 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.

4.6 Net asset value per unit

The net asset value (NAV) per unit, as disclosed on the balance sheet, is calculated by dividing the net assets of the Fund by the number of units of the sub-fund in circulation at the year end.

4.7 Earnings per unit

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

4.8 Taxation

The income of Pakistan Islamic Pension Fund is exempt from tax under clause 57(3)(viii) of Part I of the Second Schedule to the Income Tax Ordinance, 2001. Despite the exemption available under the said clause, minimum tax at the rate of 1% of turnover was chargeable under section 113 of the Income Tax Ordinance, 2001. Through Finance Act, 2011, effective from July 01, 2011, pension funds are included in the list of entities on which the provisions of section 113 regarding minimum tax shall not apply.

4.9 Revenue recognition

- Realised capital gains / losses arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Unrealised capital gains / losses arising on marking to market of investments classified as 'Financial assets at fair value through profit or loss' - held-for-trading are included in the Income Statement in the period in which they arise.
- Dividend income is recognised when the right to receive dividend is established.
- Profit on investment is recognised on an accrual basis.
- Profit on bank deposits is recognised on an accrual basis.

4.10 Cash and cash equivalents

Cash and cash equivalents comprise of balances with banks.

4.11 Foreign currency translation

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

4.12 Basis of allocation of expenses to each sub-fund

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

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

5. BALANCES WITH BANKS

| | | June 30, 2018 | | | June 30, 2017 |
|------------------|-----|---------------------------|-------------------------|---------------------------------|---------------|
| | | PPF Equity Sub-Fund | PPF Debt Sub-Fund | PPF Money Market Sub-Fund | Total |
| Note | | (Rupees) | | | |
| Savings accounts | 5.1 | 10,995,483 | 446,504,324 | 146,108,625 | 603,608,432 |
| | | | | | 57,741,805 |

5.1 Savings accounts carry a rate of return ranging from 3.75% to 7.5% (2017: 3.75% to 6.35%) per annum.

6. INVESTMENTS

| | | June 30, 2018 | | | June 30, 2017 |
|------|--|---------------------------|-------------------------|---------------------------------|---------------|
| | | PPF Equity Sub-Fund | PPF Debt Sub-Fund | PPF Money Market Sub-Fund | Total |
| Note | | (Rupees) | | | |

At fair value through profit or loss - held for trading

| | | | | | | |
|---------------------------|-----|-------------|-------------|------------|-------------|-------------|
| Listed equity securities | 6.1 | 603,070,463 | - | - | 603,070,463 | 475,435,380 |
| Government Securities | 6.2 | - | 148,864,897 | 98,947,135 | 247,812,032 | 260,123,307 |
| Term Finance Certificates | 6.3 | - | 132,802,858 | - | 132,802,858 | 73,728,669 |
| | | 603,070,463 | 281,667,755 | 98,947,135 | 983,685,353 | 809,287,356 |

Available for sale

| | | | | | | |
|---------------------------|-----|-------------|------------|---|-------------|-------------|
| Listed equity securities | 6.4 | 132,736,336 | - | - | 132,736,336 | 272,393,007 |
| Government Securities | 6.5 | - | 10,388,363 | - | 10,388,363 | 53,970,527 |
| Term Finance Certificates | 6.6 | - | - | - | - | 835,065 |
| | | 132,736,336 | 10,388,363 | - | 143,124,699 | 327,198,599 |

Loans and receivables

| | | | | | | |
|-----------------------|--|-------------|-------------|------------|---------------|---------------|
| Term Deposit Receipts | | - | - | - | - | 260,000,000 |
| | | 735,806,799 | 292,056,118 | 98,947,135 | 1,126,810,052 | 1,396,485,955 |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

6.1 Listed Equity Securities - at fair value through profit or loss - Equity Sub Fund

| Name of the Investee Company | ----- Number of shares ----- | | | | | Balance as at June 30, 2018 | | | Market value as a % of net assets of the sub-fund | Market value as a % of the paid up capital of the investee company |
|---|------------------------------|---------------------------|-------------------------------------|-----------------------|---------------------|-----------------------------|--------------|-----------------------------|---|--|
| | As at July 01, 2017 | Purchases during the year | Bonus / Right issue during the year | Sales during the year | As at June 30, 2018 | Carrying Value | Market value | Appreciation / (Diminution) | | |
| | | | | | | ----- (Rupees) ----- | | | % | % |
| Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise | | | | | | | | | | |
| Automobile Assembler | | | | | | | | | | |
| Atlas Honda Limited | 11,500 | - | - | - | 11,500 | 6,946,345 | 5,865,000 | (1,081,345) | 0.01 | 0.01 |
| Ghandhara Industries Limited | 13,000 | 900 | - | 13,900 | - | - | - | - | - | - |
| Honda Atlas Cars(Pakistan) Limited | 15,000 | 8,000 | - | 23,000 | - | - | - | - | - | - |
| Indus Motors Company Limited | 9,080 | - | - | 9,080 | - | - | - | - | - | - |
| Millat Tractors Limited | - | 12,000 | - | - | 12,000 | 16,200,000 | 14,256,720 | (1,943,280) | 0.02 | 0.03 |
| Pak Suzuki Motor Company Limited | 21,000 | - | - | 21,000 | - | - | - | - | - | - |
| | | | | | | 23,146,345 | 20,121,720 | (3,024,625) | | |
| Automobile Parts & Accessories | | | | | | | | | | |
| Agriauto Industries Limited | - | 12,000 | - | - | 12,000 | 3,754,600 | 3,540,000 | (214,600) | - | 0.02 |
| General Tyre & Rubber Company Limited | 22,400 | - | - | - | 22,400 | 6,798,400 | 3,722,880 | (3,075,520) | 0.01 | 0.01 |
| | | | | | | 10,553,000 | 7,262,880 | (3,290,120) | | |
| Cable & Electrical Goods | | | | | | | | | | |
| Pak Elektron Limited | 139,000 | 70,000 | - | 209,000 | - | - | - | - | | |
| Cement | | | | | | | | | | |
| Cherat Cement Limited | 113,500 | 32,500 | - | 113,500 | 32,500 | 4,257,500 | 3,159,975 | (1,097,525) | - | - |
| Fauji Cement Company Limited | 289,000 | 575,000 | - | 862,500 | 1,500 | 38,935 | 34,275 | (4,660) | - | - |
| Kohat Cement Limited | 61,500 | 50,000 | - | 14,800 | 96,700 | 18,276,985 | 11,900,869 | (6,376,116) | 0.02 | 0.01 |
| Lucky Cement Limited | 54,500 | 97,000 | - | 120,000 | 31,500 | 20,919,137 | 15,999,795 | (4,919,342) | 0.02 | - |
| Maple Leaf Cement Factory Limited | 142,000 | 515,000 | - | 347,000 | 310,000 | 22,391,550 | 15,729,400 | (6,662,150) | 0.02 | - |
| Pioneer Cement Limited | 117,000 | 11,000 | - | 117,000 | 11,000 | 739,500 | 515,460 | (224,040) | - | - |
| | | | | | | 66,623,607 | 47,339,774 | (19,283,833) | | |
| Chemicals | | | | | | | | | | |
| Dynea Pakistan Limited | 7,000 | - | - | - | 7,000 | 703,921 | 889,700 | 185,779 | - | - |
| Engro Polymer & Chemicals Limited | - | 242,500 | 89,725 | 11 | 332,214 | 6,844,950 | 8,396,077 | 1,551,127 | 0.01 | - |
| | | | | | | 7,548,871 | 9,285,777 | 1,736,906 | | |
| Commercial Banks | | | | | | | | | | |
| Allied Bank Limited | 4,400 | 150,000 | - | 154,299 | 101 | 8,578 | 10,418 | 1,840 | - | - |
| Askari Bank Limited | - | 671,500 | - | - | 671,500 | 14,910,252 | 14,685,705 | (224,547) | 0.02 | - |
| Bank Al Falah Limited | 380,000 | 717,500 | - | - | 1,097,500 | 49,339,483 | 57,388,275 | 8,048,792 | 0.08 | - |
| Bank Al Habib Limited | 150,000 | 330,000 | - | 200,000 | 280,000 | 16,220,615 | 22,072,400 | 5,851,785 | 0.03 | - |
| Bank of Punjab | - | 1,300,000 | - | - | 1,300,000 | 15,961,848 | 15,691,000 | (270,848) | 0.02 | - |
| Faysal Bank Limited | - | 1,256,000 | 188,400 | 1,434,500 | 9,900 | 89,607 | 257,400 | 167,793 | - | - |
| Habib Bank Limited | 35,800 | 511,200 | - | 193,800 | 353,200 | 67,963,689 | 58,786,608 | (9,177,081) | 0.08 | - |
| United Bank Limited | 88,000 | 292,100 | - | 295,100 | 85,000 | 15,684,037 | 14,363,300 | (1,320,737) | 0.02 | - |
| | | | | | | 180,178,109 | 183,255,106 | 3,076,997 | | |
| Engineering | | | | | | | | | | |
| International Industries Limited | 30,000 | 13,200 | - | 10,000 | 33,200 | 11,721,648 | 7,712,028 | (4,009,620) | 0.01 | 0.01 |
| International Steels Limited | 52,500 | 135,000 | - | 187,500 | - | - | - | - | - | - |
| | | | | | | 11,721,648 | 7,712,028 | (4,009,620) | | |
| Fertilizer | | | | | | | | | | |
| Engro Corporation Limited | 120,600 | 142,000 | - | 147,900 | 114,700 | 31,606,838 | 35,999,742 | 4,392,904 | 0.05 | 0.01 |
| Engro Fertilizer Limited | - | 565,000 | - | 211,000 | 354,000 | 23,663,586 | 26,518,140 | 2,854,554 | 0.04 | - |
| Fauji Fertilizer Limited | - | 231,000 | - | - | 231,000 | 22,794,296 | 22,843,590 | 49,294 | 0.03 | - |
| | | | | | | 78,064,720 | 85,361,472 | 7,296,752 | | |
| Food & Personal Care Products | | | | | | | | | | |
| Al Shaheer Corporation | - | 300,000 | - | - | 300,000 | 7,425,000 | 8,175,000 | 750,000 | 0.01 | 0.01 |
| Fauji Foods Limited | 21,500 | - | 64,500 | 86,000 | - | - | - | - | - | - |
| Shezan International Limited | 16,800 | - | - | 500 | 16,300 | 7,742,500 | 9,291,000 | 1,548,500 | 0.01 | 0.12 |
| | | | | | | 15,167,500 | 17,466,000 | 2,298,500 | | |
| Glass & Ceramics | | | | | | | | | | |
| Shabbir Tiles & Ceramics Limited | 592,000 | - | - | 592,000 | - | - | - | - | | |
| Insurance | | | | | | | | | | |
| Pakistan Reinsurance Co. Limited | 150,000 | - | - | 150,000 | - | - | - | - | | |
| Leasing Companies | | | | | | | | | | |
| Orix Leasing Pakistan Limited | 238,908 | - | - | - | 238,908 | 9,435,313 | 10,385,331 | 950,018 | 0.01 | 0.01 |
| Leather & Tanneries | | | | | | | | | | |
| Bata Pakistan Limited | 1,340 | - | - | - | 1,340 | 4,422,000 | 2,546,000 | (1,876,000) | - | 0.03 |
| Service Industries Limited | 2,300 | 4,800 | - | 400 | 6,700 | 6,654,015 | 5,259,366 | (1,394,649) | 0.01 | 0.04 |
| | | | | | | 11,076,015 | 7,805,366 | (3,270,649) | | |
| Miscellaneous | | | | | | | | | | |
| Tri-Pak Films Limited | 25,400 | - | - | 25,400 | - | - | - | - | | |
| Oil & Gas Expoloration Companies | | | | | | | | | | |
| Oil & Gas Development Company Limited | 47,500 | 298,500 | - | 50,000 | 296,000 | 45,243,217 | 46,063,519 | 820,302 | 0.06 | - |
| Pakistan Oilfields Limited | 15,694 | 51,050 | - | 36,200 | 30,544 | 17,516,368 | 20,519,154 | 3,002,786 | 0.03 | 0.01 |
| Pakistan Petroleum Ltd | 125,823 | 129,000 | - | 100,000 | 154,823 | 25,892,072 | 33,271,463 | 7,379,391 | 0.04 | - |

| Name of the Investee Company | ----- Number of shares ----- | | | | | Balance as at June 30, 2018 | | | Market value as a % of net assets of the sub-fund | Market value as a % of the paid up capital of the investee company |
|--|------------------------------|---------------------------|-------------------------------------|-----------------------|---------------------|-----------------------------|--------------|-----------------------------|---|--|
| | As at July 01, 2017 | Purchases during the year | Bonus / Right issue during the year | Sales during the year | As at June 30, 2018 | Carrying Value | Market value | Appreciation / (Diminution) | | |
| | | | | | | | (Rupees) | | % | % |
| Oil And Gas Marketing Companies | | | | | | 88,651,657 | 99,854,136 | 11,202,479 | | |
| Shell Pakistan Limited | 13,000 | - | - | - | 13,000 | 7,479,817 | 4,109,170 | (3,370,647) | 0.01 | - |
| Sui Northern Gas Pipelines Limited | - | 465,700 | - | 173,000 | 292,700 | 34,269,455 | 29,334,394 | (4,935,061) | 0.04 | - |
| | | | | | | 41,749,272 | 33,443,564 | (8,305,708) | | |
| Paper And Board | | | | | | | | | | |
| Century Paper & Board Mills Limited | 113,500 | - | - | - | 113,500 | 11,128,675 | 7,207,250 | (3,921,425) | 0.01 | - |
| Cherat Packaging Limited | 25,000 | - | 3,375 | 28,300 | 75 | 16,827 | 10,777 | (6,050) | - | - |
| | | | | | | 11,145,502 | 7,218,027 | (3,927,475) | | |
| Pharmaceuticals | | | | | | | | | | |
| AGP Limited | - | 225,545 | - | 139,500 | 86,045 | 6,883,600 | 7,639,936 | 756,336 | 0.01 | - |
| Ibl Healthcare Limited | 6,578 | - | 657 | - | 7,235 | 802,516 | 580,464 | (222,052) | - | - |
| The Searle Company Limited | - | 20,000 | - | - | 20,000 | 6,640,000 | 6,790,000 | 150,000 | 0.01 | - |
| | | | | | | 14,326,116 | 15,010,400 | 684,284 | | |
| Power Generation & Distribution | | | | | | | | | | |
| Hub Power Company Limited | 387,995 | 275,000 | - | 310,000 | 352,995 | 37,665,943 | 32,532,019 | (5,133,924) | 0.04 | - |
| Kot Addu Power Company Limited | 31,500 | - | - | 31,500 | - | - | - | - | | |
| | | | | | | 37,665,943 | 32,532,019 | (5,133,924) | | |
| Refinery | | | | | | | | | | |
| Attock Refinery Limited | - | 58,100 | - | 58,000 | 100 | 27,119 | 21,531 | (5,588) | - | - |
| Sugar & Allied Industries | | | | | | | | | | |
| Faran Sugar Mills Limited | 38,000 | - | - | - | 38,000 | 3,049,882 | 3,157,800 | 107,918 | - | 0.01 |
| Technology & Communication | | | | | | | | | | |
| Hum Network Limited | - | 925,000 | - | - | 925,000 | 7,795,000 | 7,483,366 | (311,634) | 0.01 | 0.01 |
| Systems Limited XD | - | 59,500 | - | - | 59,500 | 5,558,227 | 6,022,590 | 464,363 | 0.01 | 0.01 |
| | | | | | | 13,353,227 | 13,505,956 | 152,729 | | |
| Textile Composite | | | | | | | | | | |
| Kohinoor Textile Mills Limited | - | 40,000 | 2,400 | - | 42,400 | 4,143,998 | 2,331,576 | (1,812,422) | - | - |
| As at June 30, 2018 | | | | | | 627,627,844 | 603,070,463 | (24,557,381) | | |
| As at June 30, 2017 | | | | | | 486,913,140 | 475,435,380 | (11,477,760) | | |

34
Pakistan Pension Fund

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

6.2 Government Securities - at fair value through profit or loss

| Name of investment | Issue Date | Face value | | | | Balance as at June 30, 2018 | | | Market value as % of net assets of sub-funds |
|---|-------------|---------------------|---------------------------|---------------------------------|---------------------|-----------------------------|--------------|-----------------------------|--|
| | | As at July 01, 2017 | Purchases during the year | Sales / matured during the year | As at June 30, 2018 | Carrying Value | Market value | Appreciation / (Diminution) | |
| | | | | | | | | | % |
| Pakistan Investment Bonds | | | | | | | | | |
| PPF Debt Sub-Fund | | | | | | | | | |
| Pakistan investment bonds - 3 Years | | | | | | | | | |
| Pakistan investment bonds | 17-Jul-2014 | 4,000,000 | - | 4,000,000 | - | - | - | - | - |
| Pakistan investment bonds | 29-Dec-2016 | - | 500,000,000 | 500,000,000 | - | - | - | - | - |
| | | 4,000,000 | 500,000,000 | 504,000,000 | - | - | - | - | - |
| Pakistan investment bonds - 5 Years | | | | | | | | | |
| Pakistan investment bonds | 29-Dec-2016 | - | 200,000,000 | 200,000,000 | - | - | - | - | - |
| | | - | 200,000,000 | 200,000,000 | - | - | - | - | - |
| Pakistan investment bonds - 10 Years | | | | | | | | | |
| Pakistan investment bonds | 19-Jul-2012 | - | 400,000 | - | 400,000 | 456,266 | 443,770 | (12,496) | - |
| Pakistan investment bonds | 31-May-2018 | - | 200,000,000 | 200,000,000 | - | - | - | - | - |
| | | - | 200,400,000 | 200,000,000 | 400,000 | 456,266 | 443,770 | -12,496 | - |
| Treasury Bills | | | | | | | | | |
| 3 Months | | | | | | | | | |
| Treasury Bills | 11-May-2017 | 55,000,000 | - | 55,000,000 | - | - | - | - | - |
| Treasury Bills | 13-Apr-2017 | 80,000,000 | - | 80,000,000 | - | - | - | - | - |
| Treasury Bills | 3-Aug-2017 | - | 330,000,000 | 330,000,000 | - | - | - | - | - |
| Treasury Bills | 17-Aug-2017 | - | 45,000,000 | 45,000,000 | - | - | - | - | - |
| Treasury Bills | 14-Sep-2017 | - | 15,000,000 | 15,000,000 | - | - | - | - | - |
| Treasury Bills | 28-Sep-2017 | - | 25,000,000 | 25,000,000 | - | - | - | - | - |
| Treasury Bills | 12-Oct-2017 | - | 7,000,000 | 7,000,000 | - | - | - | - | - |
| Treasury Bills | 26-Oct-2017 | - | 40,000,000 | 40,000,000 | - | - | - | - | - |
| Treasury Bills | 9-Nov-2017 | - | 50,000,000 | 50,000,000 | - | - | - | - | - |
| Treasury Bills | 23-Nov-2017 | - | 40,000,000 | 40,000,000 | - | - | - | - | - |
| Treasury Bills | 4-Jan-2018 | - | 10,000,000 | 10,000,000 | - | - | - | - | - |
| Treasury Bills | 18-Jan-2018 | - | 60,000,000 | 60,000,000 | - | - | - | - | - |
| Treasury Bills | 1-Feb-2018 | - | 50,000,000 | 50,000,000 | - | - | - | - | - |
| Treasury Bills | 15-Feb-2018 | - | 40,000,000 | 40,000,000 | - | - | - | - | - |
| Treasury Bills | 12-Apr-2018 | - | 170,000,000 | 170,000,000 | - | - | - | - | - |
| Treasury Bills | 7-Jun-2018 | - | 150,000,000 | - | 150,000,000 | 148,409,850 | 148,421,127 | 11,277 | 0.25 |
| | | 135,000,000 | 1,032,000,000 | 1,017,000,000 | 150,000,000 | 148,409,850 | 148,421,127 | 11,277 | |
| 6 Months | | | | | | | | | |
| Treasury Bills | 30-Mar-2017 | 25,000,000 | - | 25,000,000 | - | - | - | - | - |
| Treasury Bills | 7-Dec-2017 | - | 52,000,000 | 52,000,000 | - | - | - | - | - |
| | | 25,000,000 | 52,000,000 | 77,000,000 | - | - | - | - | - |
| 12 Months | | | | | | | | | |
| Treasury Bills | 1-Sep-2016 | 2,900,000 | - | 2,900,000 | - | - | - | - | - |
| Treasury Bills | 15-Sep-2016 | 10,000,000 | - | 10,000,000 | - | - | - | - | - |
| Treasury Bills | 13-Oct-2016 | 6,500,000 | - | 6,500,000 | - | - | - | - | - |
| Treasury Bills | 3-Aug-2017 | - | 50,000,000 | 50,000,000 | - | - | - | - | - |
| | | 19,400,000 | 50,000,000 | 69,400,000 | - | - | - | - | - |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

| Name of investment | Issue Date | Face value | | | | Balance as at June 30, 2018 | | | Market value as % of net assets of sub-funds |
|---------------------------|-------------|---------------------|---------------------------|---------------------------------|---------------------|-----------------------------|--------------|-----------------------------|--|
| | | As at July 01, 2017 | Purchases during the year | Sales / matured during the year | As at June 30, 2018 | Carrying Value | Market value | Appreciation / (Diminution) | |
| (Rupees) | | | | | | | | | |
| PPF Money Market Sub-Fund | | | | | | | | | |
| Treasury Bills | | | | | | | | | |
| 3 Months | | | | | | | | | |
| Treasury Bills | 27-Apr-2017 | 50,000,000 | - | 50,000,000 | - | - | - | - | - |
| Treasury Bills | 11-May-2017 | 28,000,000 | - | 28,000,000 | - | - | - | - | - |
| Treasury Bills | 20-Jul-2017 | - | 130,000,000 | 130,000,000 | - | - | - | - | - |
| Treasury Bills | 3-Aug-2017 | - | 170,000,000 | 170,000,000 | - | - | - | - | - |
| Treasury Bills | 14-Sep-2017 | - | 35,000,000 | 35,000,000 | - | - | - | - | - |
| Treasury Bills | 12-Oct-2017 | - | 20,000,000 | 20,000,000 | - | - | - | - | - |
| Treasury Bills | 26-Oct-2017 | - | 55,000,000 | 55,000,000 | - | - | - | - | - |
| Treasury Bills | 9-Nov-2017 | - | 35,000,000 | 35,000,000 | - | - | - | - | - |
| Treasury Bills | 23-Nov-2017 | - | 10,000,000 | 10,000,000 | - | - | - | - | - |
| Treasury Bills | 4-Jan-2018 | - | 35,000,000 | 35,000,000 | - | - | - | - | - |
| Treasury Bills | 18-Jan-2018 | - | 35,000,000 | 35,000,000 | - | - | - | - | - |
| Treasury Bills | 1-Feb-2018 | - | 35,000,000 | 35,000,000 | - | - | - | - | - |
| Treasury Bills | 15-Feb-2018 | - | 10,000,000 | 10,000,000 | - | - | - | - | - |
| Treasury Bills | 12-Apr-2018 | - | 115,000,000 | 115,000,000 | - | - | - | - | - |
| Treasury Bills | 7-Jun-2018 | - | 100,000,000 | - | 100,000,000 | 98,939,900 | 98,947,135 | 7,235 | 0.41 |
| | | 78,000,000 | 785,000,000 | 763,000,000 | 100,000,000 | 98,939,900 | 98,947,135 | 7,235 | |
| 6 Months | | | | | | | | | |
| Treasury Bills | 11-May-2017 | - | 172,000,000 | 172,000,000 | - | - | - | - | - |
| Treasury Bills | 8-Jun-2017 | - | 48,000,000 | 48,000,000 | - | - | - | - | - |
| Treasury Bills | 20-Jul-2017 | - | 50,000,000 | 50,000,000 | - | - | - | - | - |
| Treasury Bills | 7-Dec-2017 | - | 10,000,000 | 10,000,000 | - | - | - | - | - |
| | | - | 280,000,000 | 280,000,000 | - | - | - | - | - |
| 12 Months | | | | | | | | | |
| Treasury Bills | 15-Sep-2016 | - | 2,000,000 | 2,000,000 | - | - | - | - | - |
| | | - | 2,000,000 | 2,000,000 | - | - | - | - | - |
| As at June 30, 2018 | | 261,400,000 | 3,101,400,000 | 3,112,400,000 | 250,400,000 | 247,806,016 | 247,812,032 | 6,016 | |
| As at June 30, 2017 | | 192,020,000 | 2,327,210,000 | 2,257,830,000 | 261,400,000 | 260,135,718 | 260,123,307 | (12,411) | |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

6.3 Term Finance Certificate - at fair value through profit or loss PPF Debt Sub-Fund

| Name of investment | Issue Date | Number of Certificates | | | | At June 30, 2018 | | | Market value as % of net assets of sub-funds |
|-------------------------------------|------------|------------------------|------------------------------|------------------------------------|------------------------|------------------|--------------|--------------------------------|--|
| | | As at July 01, 2017 | Purchases during the year | Sales / matured during the year | As at June 30, 2018 | Carrying Value | Market value | Appreciation / (Diminution) | |
| Sukuk bonds | | | | | | | | | |
| Dawood Hercules Corporation Limited | 16-Nov-17 | - | 130 | 58 | 72 | 7,200,000 | 7,214,400 | 14,400 | 0.01 |
| Aspin Pharma (Pvt) Limited | 30-Nov-17 | - | 130 | - | 130 | 13,000,000 | 12,911,756 | (88,244) | 0.02 |
| | | - | 260 | 58 | 202 | 20,200,000 | 20,126,156 | (73,844) | |
| Term finance certificates | | | | | | | | | |
| Askari Bank Limited | 30-Sep-14 | 3,003 | 2,000 | - | 5,003 | 25,293,902 | 24,989,753 | (304,149) | 0.04 |
| Bank Al-Habib Limited | 17-Mar-16 | 5,580 | - | - | 5,580 | 28,309,310 | 27,836,867 | (472,443) | 0.05 |
| Bank Al Falah Limited | 20-Feb-13 | - | 3,000 | - | 3,000 | 15,059,820 | 15,054,221 | (5,599) | 0.03 |
| Habib Bank Limited | 19-Feb-16 | 250 | - | 100 | 150 | 15,025,470 | 14,800,650 | (224,820) | 0.03 |
| Jahangir Siddiqui & Company Limited | 18-Jul-17 | - | 5,000 | - | 5,000 | 25,000,000 | 25,091,900 | 91,900 | 0.04 |
| The Bank Of Punjab | 23-Dec-16 | 50 | - | - | 50 | 5,054,466 | 4,903,311 | (151,155) | 0.01 |
| | | | | | | 113,742,968 | 112,676,702 | (1,066,266) | |
| As at June 30, 2018 | | | | | | | | | |
| | | | | | | 133,942,968 | 132,802,858 | (1,140,110) | |
| As at June 30, 2017 | | | | | | | | | |
| | | | | | | 73,518,530 | 73,728,669 | 210,139 | |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

6.4 Listed Equity Securities - available for sale - Equity sub Fund

| Name of the Investee Company | (Number of shares) | | | | Balance as at June 30, 2018 | | | | Market value as a % of net assets of the sub-fund | Market value as a % of the paid-up capital of the investee company |
|---|---------------------|---------------------------|-------------------------------------|-----------------------|-----------------------------|------------|--------------|----------------------------|---|--|
| | As at July 01, 2017 | Purchases during the year | Bonus / Right issue during the year | Sales during the year | As at June 30, 2018 | Cost | Market value | Appreciation/ (Diminution) | | |
| Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise | | | | | | | | | | |
| Automobile Assembler | | | | | | | | | | |
| Hinopak Motors Limited | 7,060 | - | - | 5,980 | 1,080 | 1,067,508 | 872,327 | (195,181) | - | 0.01 |
| Automobile Parts & Accessories | | | | | | | | | | |
| Atlas Battery Limited | 12,700 | - | - | - | 12,700 | 7,827,570 | 5,207,000 | (2,620,570) | 0.01 | 0.03 |
| Cable & Electrical Goods | | | | | | | | | | |
| Pak Elektron Limited | 88,250 | - | - | 88,250 | - | - | - | - | | |
| Cement | | | | | | | | | | |
| Cherat Cement Limited | 50,000 | - | - | 50,000 | - | - | - | - | | |
| Lucky Cement Limited | 13,800 | - | - | - | 13,800 | 8,219,401 | 7,009,434 | (1,209,967) | 0.01 | 0.00 |
| Chemicals | | | | | | | | | | |
| Archroma Pakistan Limited | 10,500 | - | - | - | 10,500 | 4,779,681 | 5,302,500 | 522,819 | 0.01 | 0.02 |
| Biafo Industries Limited | 81 | - | - | - | 81 | 14,747 | 25,918 | 11,171 | - | - |
| ICI Pakistan Limited | 7,000 | - | - | - | 7,000 | 3,016,530 | 5,610,500 | 2,593,970 | 0.01 | 0.01 |
| | | | | | | 7,810,958 | 10,938,918 | 3,127,960 | | |
| Commercial Banks | | | | | | | | | | |
| Habib Bank Limited | 28,000 | - | - | 28,000 | - | - | - | - | | |
| Habib Metropolitan Bank Limited | 190,000 | - | - | 190,000 | - | - | - | - | | |
| Meezan Bank Limited | 92,000 | - | 5,520 | 97,500 | 20 | 1,031 | 1,634 | 603 | - | - |
| United Bank Limited | 80,700 | - | - | 80,700 | - | - | - | - | | |
| | | | | | | 1,031 | 1,634 | 603 | | |
| Engineering | | | | | | | | | | |
| International Industries Limited | 55,000 | - | - | 25,000 | 30,000 | 3,085,860 | 6,968,700 | 3,882,840 | 0.01 | 0.01 |
| K.S.B.Pumps Company Limited | 3,100 | - | - | 3,100 | - | - | - | - | | |
| | | | | | | 3,085,860 | 6,968,700 | 3,882,840 | | |
| Fertilizer | | | | | | | | | | |
| Dawood Hercules Corporation Limited | 1,200 | - | - | - | 1,200 | 144,261 | 132,936 | (11,325) | - | - |
| Leather & Tanneries | | | | | | | | | | |
| Service Industries Limited | 5,700 | - | - | 2,500 | 3,200 | 3,878,118 | 2,511,836 | (1,366,282) | - | 0.02 |
| Miscellaneous | | | | | | | | | | |
| Shifa International Hospitals | 21,603 | - | - | - | 21,603 | 5,450,119 | 5,832,810 | 382,691 | 0.01 | 0.01 |
| Oil & Gas Exploration Companies | | | | | | | | | | |
| Mari Petroleum Company Limited | 22,000 | - | - | 20,380 | 1,620 | 1,607,205 | 2,440,012 | 832,807 | - | - |
| Oil & Gas Development Company Limited | 111,000 | - | - | - | 111,000 | 17,528,054 | 17,273,714 | (254,340) | 0.02 | - |
| Pakistan Oilfields Limited | 39,906 | - | - | - | 39,906 | 13,980,273 | 26,808,452 | 12,828,179 | 0.04 | 0.01 |
| | | | | | | 33,115,532 | 46,522,178 | 13,406,646 | | |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

| Name of the Investee Company | (Number of shares) | | | | | Balance as at June 30, 2018 | | | Market value as a % of the paid-up capital of the investee company |
|--|---------------------|---------------------------|-------------------------------------|-----------------------|---------------------|-----------------------------|--------------------|----------------------------|--|
| | As at July 01, 2017 | Purchases during the year | Bonus / Right issue during the year | Sales during the year | As at June 30, 2018 | Cost | Market value | Appreciation/ (Diminution) | |
| | | | | | | | | | % |
| Paper And Board | | | | | | | | | |
| Security Papers Limited | 33 | - | - | - | 33 | 872 | 3,994 | 3,122 | - |
| Pharmaceuticals | | | | | | | | | |
| Abbott Laboratories Pakistan Limited | 8,900 | - | - | 8,900 | - | - | - | - | - |
| Ibi Healthcare Limited | 828 | - | 82 | - | 910 | 83,605 | 73,009 | (10,596) | - |
| The Searle Company Limited | 168 | - | 33 | - | 201 | 53,356 | 68,240 | 14,884 | - |
| | | | | | | 136,961 | 141,249 | 4,288 | - |
| Power Generation & Distribution | | | | | | | | | |
| Alterm Energy Limited | 10,500 | - | - | - | 10,500 | 404,977 | 398,475 | (6,502) | - |
| Hub Power Company Limited | 49,400 | - | - | - | 49,400 | 5,935,968 | 4,552,704 | (1,383,264) | - |
| Kot Addu Power Company Limited | 59,000 | - | - | 59,000 | - | - | - | - | 0.01 |
| | | | | | | 6,340,945 | 4,951,179 | (1,389,766) | - |
| Technology & Communications | | | | | | | | | |
| Avanceon Limited | 368,125 | - | - | 75,000 | 293,125 | 7,620,136 | 19,416,600 | 11,796,464 | 0.03 |
| Netsol Technologies Limited | 4,500 | - | - | 4,500 | - | - | - | - | - |
| Systems Limited | 138,955 | - | - | - | 138,955 | 5,345,265 | 14,065,025 | 8,719,760 | 0.02 |
| | | | | | | 12,965,401 | 33,481,625 | 20,516,224 | - |
| Textile Composite | | | | | | | | | |
| Kohinoor Textile Mills Limited | 140,000 | - | 8,400 | - | 148,400 | 12,092,953 | 8,160,516 | (3,932,437) | 0.01 |
| As at June 30, 2018 | | | | | | 102,137,489 | 132,736,336 | 30,598,847 | |
| As at June 30, 2017 | | | | | | 189,495,884 | 272,393,007 | 82,897,123 | |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

6.5 Government Securities - available for sale - Debt sub Fund

| Name of investment | Issue Date | Face value | | | | As at June 30, 2018 | | Market value as a % of net assets of the sub-fund |
|--------------------------------------|-------------|---------------------|---------------------------|------------------------------------|---------------------|---------------------|--------------|---|
| | | As at July 01, 2017 | Purchases during the year | Sales / maturities during the year | As at June 30, 2018 | Cost | Market value | |
| (Rupees) | | | | | | | | |
| Pakistan investment bonds | | | | | | | | |
| PPF Debt Sub-Fund | | | | | | | | |
| Pakistan investment bonds - 3 Years | | | | | | | | |
| Pakistan investment bonds | 17-Jul-2014 | 350,000 | - | 350,000 | - | - | - | - |
| Pakistan investment bonds | 26-Mar-2015 | 600,000 | - | 600,000 | - | - | - | - |
| Pakistan investment bonds | 29-Dec-2016 | - | 50,000,000 | 50,000,000 | - | - | - | - |
| | | 950,000 | 50,000,000 | 50,950,000 | - | - | - | - |
| Pakistan investment bonds - 5 Years | | | | | | | | |
| Pakistan investment bonds | 19-Jul-2012 | 100,000 | - | 100,000 | - | - | - | - |
| Pakistan investment bonds | 18-Jul-2013 | 960,000 | 900,000 | 900,000 | 960,000 | 964,525 | 961,596 | (2,929) |
| Pakistan investment bonds | 26-Mar-2015 | 200,000 | 50,000,000 | 50,000,000 | 200,000 | 211,812 | 204,718 | (7,094) |
| | | 1,260,000 | 50,900,000 | 51,000,000 | 1,160,000 | 1,176,337 | 1,166,314 | (10,023) |
| Pakistan investment bonds - 10 Years | | | | | | | | |
| Pakistan investment bonds | 22-Aug-2007 | 41,200,000 | - | 41,200,000 | - | - | - | - |
| Pakistan investment bonds | 30-Aug-2008 | 3,500,000 | - | - | 3,500,000 | 3,740,496.00 | 3,529,845 | (210,651) |
| Pakistan investment bonds | 19-Jul-2012 | 430,000 | 100,000,000 | 100,400,000 | 30,000 | 36,197.00 | 33,334 | (2,863) |
| | | 45,130,000 | 100,000,000 | 141,600,000 | 3,530,000 | 3,776,693.00 | 3,563,179 | (213,514) |
| Pakistan investment bonds - 15 Years | | | | | | | | |
| Pakistan investment bonds | 31-Oct-2006 | 3,500,000 | - | - | 3,500,000 | 3,753,836 | 3,656,768 | (97,068) |
| | | 3,500,000 | - | - | 3,500,000 | 3,753,836 | 3,656,768 | (97,068) |
| Pakistan investment bonds - 20 Years | | | | | | | | |
| Pakistan investment bonds | 10-Jun-2004 | 1,900,000 | - | - | 1,900,000 | 1,992,290 | 2,002,102 | 9,812 |
| | | 1,900,000 | - | - | 1,900,000 | 1,992,290 | 2,002,102 | 9,812 |
| As at June 30, 2018 | | 52,740,000 | 200,900,000 | 243,550,000 | 10,090,000 | 10,699,156 | 10,388,363 | -310,793 |
| As at June 30, 2017 | | 204,150,000 | 1,565,340,000 | 1,716,750,000 | 52,740,000 | 53,792,012 | 53,970,527 | 178,515 |

6.6 Term Finance Certificates - available for sale PPF Debt Sub-Fund

| Name of the investee company | Issue Date | Number of certificates | | | Balance as at June 30, 2018 | | | Market value as a % of net assets of the sub-fund | Market value as a % of total investments | Percentage in relation to the total size of the issue |
|------------------------------|------------|------------------------|---------------------------|---------------------------------|-----------------------------|---------|--------------|---|--|---|
| | | As at July 01, 2017 | Purchases during the year | Sales / matured during the year | As at June 30, 2018 | Cost | Market value | | | |
| ----- (Rupees) ----- | | | | | | | | | | |
| Term finance certificates | | | | | | | | | | |
| Bank Alfalah Limited | 9-Dec-09 | 500 | - | 500 | - | - | - | - | - | - |
| TFC - IV (Floating) | | | | | | | | | | |
| As at June 30, 2018 | | 500 | - | 500 | - | - | - | - | - | - |
| As at June 30, 2017 | | 500 | - | - | 500 | 831,586 | 835,065 | - | - | - |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

7. ADVANCES, DEPOSITS AND OTHER RECEIVABLES

| | June 30, 2018 | | | June 30, 2017 |
|--------------------------------------|---------------------------|-------------------------|---------------------------------|------------------|
| | PPF Equity Sub-Fund | PPF Debt Sub-Fund | PPF Money Market Sub-Fund | Total |
| | (Rupees) | | | |
| Receivable against National Clearing | | | | |
| Company of Pakistan Limited | 2,500,000 | - | - | 2,500,000 |
| Central Depository Company of | | | | |
| Pakistan | 200,000 | 200,000 | 100,000 | 500,000 |
| Advance tax | 282,533 | 131,946 | 35,276 | 449,755 |
| Others | 28,356 | 567,319 | 16,465 | 612,140 |
| | <u>3,010,889</u> | <u>899,265</u> | <u>151,741</u> | <u>3,934,245</u> |

8. PAYABLE TO THE PENSION FUND MANAGER

| | Note | June 30, 2018 | | | June 30, 2017 |
|----------------------|------|---------------------------|-------------------------|---------------------------------|------------------|
| | | PPF Equity Sub-Fund | PPF Debt Sub-Fund | PPF Money Market Sub-Fund | Total |
| | | (Rupees) | | | |
| Remuneration payable | 8.1 | 972,939 | 690,535 | 251,605 | 1,915,079 |
| Sales tax on Pension | | | | | |
| Fund Manager Fee | | 126,481 | 89,769 | 32,709 | 248,959 |
| | | <u>1,099,420</u> | <u>780,304</u> | <u>284,314</u> | <u>2,015,281</u> |

8.1 This represents remuneration of the Pension Fund Manager at the rate of 1.5% (2017: 1.5%) of the average amount of net assets of each sub-fund calculated during the year for determining the prices of units of the sub-funds.

9. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

| | June 30, 2018 | | | June 30, 2017 |
|-------------|---------------------------|-------------------------|---------------------------------|----------------|
| | PPF Equity Sub-Fund | PPF Debt Sub-Fund | PPF Money Market Sub-Fund | Total |
| | (Rupees) | | | |
| Trustee fee | 97,073 | 68,944 | 25,087 | 191,104 |
| | <u>97,073</u> | <u>68,944</u> | <u>25,087</u> | <u>191,104</u> |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

- 9.1** This represents remuneration of the Trustee based on the tariff as specified in the Trust Deed, calculated on the basis of the net asset value of each sub-fund computed each day for determining the prices of units of the sub-funds.

Amount of funds under management (Average NAV)

Tariff per annum

Up to Rs. 1 billion

0.17% p.a. of Net Assets

Rs. 1 billion to Rs. 5 billion

Rs. 1.7 million plus 0.085% p.a. of Net Assets exceeding Rs. 1 billion

Over Rs. 5 billion

Rs. 5.1 million plus 0.07% p.a. of Net Assets exceeding Rs. 5 billion

10. ANNUAL FEE PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

| | June 30, 2018 | | | | June 30, 2017 |
|-----------------|---------------------------|-------------------------|---------------------------------|---------|---------------|
| | PPF Equity Sub-Fund | PPF Debt Sub-Fund | PPF Money Market Sub-Fund | Total | Total |
| | (Rupees) | | | | |
| Annual SECP fee | 244,780 | 177,437 | 59,915 | 482,132 | 439,928 |

This represents annual fee to the Securities and Exchange Commission of Pakistan at the rate of one thirtieth of one percent of average annual net assets of each sub-fund.

11. ACCRUED AND OTHER LIABILITIES

| | | June 30, 2018 | | | | June 30, 2017 |
|---|------|---------------------------|-------------------------|---------------------------------|------------|---------------|
| | | PPF Equity Sub-Fund | PPF Debt Sub-Fund | PPF Money Market Sub-Fund | Total | Total |
| | | (Rupees) | | | | |
| Provision for Sindh Workers' Welfare Fund | 11.1 | 3,766,624 | 1,679,053 | 480,397 | 5,926,074 | 5,210,409 |
| Federal Excise Duty payable on remuneration of Pension Fund Manager | 11.2 | 2,420,238 | 2,404,933 | 1,151,294 | 5,976,465 | 5,976,464 |
| Brokerage | | 260,437 | 6,032 | 685 | 267,154 | 529,339 |
| Withholding tax | | 322,398 | 119,979 | 26,024 | 468,401 | 340,297 |
| Auditor's remuneration | | 214,804 | 155,174 | 52,709 | 422,687 | 301,823 |
| Payable against redemption of units | | - | - | 22,097 | 22,097 | 22,098 |
| Others | | - | 650 | - | 650 | 650 |
| | | 6,984,501 | 4,365,821 | 1,733,206 | 13,083,528 | 12,381,080 |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

11.1 Provision for Sindh Workers' Welfare Fund

The Supreme Court passed a judgment on November 10, 2016, which upheld the view of Lahore High Court, declaring the insertion of amendments through Finance Acts 2006 and 2008 pertaining to Workers' Welfare Fund (WWF) as unlawful and there by striking down the amendments introduced through these Finance Acts. The Federal Board of Revenue has filed a petition in the Supreme Court against the said judgment, which is pending hearing.

Mutual Fund Association of Pakistan (MUFAP), on behalf of all Asset Management Companies (AMCs), obtained a legal opinion dated December 5, 2016 on the matter, according to which there is no longer any basis in law to claim WWF payments from the mutual funds under the WWF Ordinance. After deliberating the position, The Mutual Fund Association of Pakistan (MUFAP) decided that the provision for WWF held for the period from January 1, 2013 to June 30, 2015 be reversed effective January 12, 2017. The provision reversed on January 12, 2017, amounted to Rs.5.92 million, 1.41 million and 0.46 million respectively for Equity, Debt and Money Market sub funds. This has resulted in an increase in NAV per unit of Rs. 4.39 per unit, Rs.0.71 per unit and Rs. 0.58 per unit respectively for Equity, Debt and Money Market sub fund on January 12, 2017. Had this reversal been recognized on June 30, 2017, the NAV per unit of the Fund would have been higher by Rs.2.77 per unit, Rs.0.52 per unit and Rs. 0.34 per unit respectively for Equity, Debt and Money Market sub fund on that date.

Furthermore, the Sindh Revenue Board (SRB) had written to 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 dated 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 on November 11, 2016 responded back that as mutual funds are included in definition of financial institutions in The Financial Institutions (Recovery of Finance) Ordinance, 2001, SWWF is payable by them. MUFAP has taken up the matter with the Sindh Finance Ministry to have mutual funds excluded from SWWF.

MUFAP has also obtained 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, decided to provide for SWWF with effect from May 21, 2015, while the efforts to exclude mutual funds for SWWF continue. The provision made for SWWF on January 12, 2017, amounted to Rs. 2.95 million, Rs.0.93 million and Rs.0.19 million for Equity, Debt and Money Market sub fund. The aggregated provision as at June 30, 2018 is Rs.3.76 million for Equity sub fund, Rs. 1.68 million for Debt sub fund and Rs. 0.48 million for Money Market sub fund. The impact on decrease on NAV per unit as at June 30, 2018 is Rs. 2.6 per unit for Equity sub fund, Rs. 0.68 per unit for Debt sub fund and Rs. 0.44 per unit for Money Market sub fund.

The SECP has also concurred with the directions issued by MUFAP through its letter no. SCD/AMCW/MUFAP/2017 - 405 dated February 01, 2017.

11.2 Provision for Federal Excise Duty

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 are already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the Management Company is of the view that further levy of FED was not justified.

The SHC vide its Order dated June 30, 2016 has disposed of the petition by referring its judgment dated June 02, 2016 whereby it rendered the FED on certain services to be 'Ultra Vires' in the presence of Sindh Sales Tax Act 2011. However, the Federal Board of Revenue (FBR) has filed an appeal in the Supreme Court of Pakistan against this judgment by the SHC.

Further, the Federal Government vide Finance Act 2016 has excluded asset management companies and other non-banking finance companies from charge of FED on their services.

In view of the pending decision and as a matter of prudence, the Management Company of the Fund has made a provision for FED in the books of accounts of the Fund with effect from June 13, 2013 to June 30, 2015. However the Management Company of the Fund has not made any further provision for FED after the year ended June 30, 2015. The aggregate balance of FED provision in the books of accounts for the Fund as on June 30, 2018 was Rs.5.97 million. (June 30, 2017: Rs.5.97 million). The impact of decrease in NAV per unit of the Fund is Rs.1.67 per unit, Rs 0.97 per unit and Rs. 1.05 per unit respectively for Equity, Debt and Money Market sub fund on that date.

12. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2018 (June 30,2017 : NIL) except as disclosed in note 11.1 and 11.2

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

13. AUDITORS' REMUNERATION

| | June 30, 2018 | | | June 30, 2017 |
|------------------------|---------------------------|-------------------------|---------------------------------|---------------|
| | PPF Equity Sub-Fund | PPF Debt Sub-Fund | PPF Money Market Sub-Fund | Total |
| | (Rupees) | | | Total |
| Audit fee | 128,345 | 91,949 | 29,707 | 250,000 |
| Half yearly review fee | 64,172 | 45,974 | 14,853 | 125,000 |
| | 192,517 | 137,923 | 44,560 | 375,000 |
| Out of pocket expenses | 20,978 | 15,029 | 4,856 | 40,863 |
| | 213,495 | 152,952 | 49,416 | 415,863 |

14. CASH AND CASH EQUIVALENTS

| | June 30, 2018 | | | June 30, 2017 |
|----------------------------------|---------------------------|-------------------------|---------------------------------|---------------|
| | PPF Equity Sub-Fund | PPF Debt Sub-Fund | PPF Money Market Sub-Fund | Total |
| | (Rupees) | | | Total |
| Savings accounts | 10,995,483 | 446,504,324 | 146,108,625 | 603,608,432 |
| Term Deposit Receipts (3 months) | - | - | - | - |
| | 10,995,483 | 446,504,324 | 146,108,625 | 603,608,432 |

15. TRANSACTIONS WITH CONNECTED PERSONS

Connected persons include MCB-Arif Habib Savings and Investments Limited being the Pension Fund Manager and MCB Bank Limited being the Holding Company of MCB-Arif Habib Savings and Investments Limited, Central Depository Company Limited being the Trustee, other collective investment schemes managed by the Pension Fund Manager as Management Company and directors and executives of the Pension Fund Manager.

The transactions with connected persons are in the normal course of business and are carried out on agreed terms.

Remuneration payable to the Pension Fund Manager and the Trustee is determined in accordance with the provisions of the VPS Rules 2005 and the Trust Deed respectively.

15.1 Transactions during the year

| | June 30, 2018 | | | June 30, 2017 |
|--|---------------------|-------------------|---------------------------|---------------|
| | PPF Equity Sub-Fund | PPF Debt Sub-Fund | PPF Money Market Sub-Fund | Total |
| | (Rupees) | | | Total |
| MCB-Arif Habib Savings and Investments Limited - Pension Fund Manager | | | | |
| Remuneration including indirect taxes | 12,513,448 | 9,071,302 | 3,062,867 | 24,647,617 |
| | | | | 22,432,299 |
| MCB Bank Limited | | | | |
| Mark-up earned | 148,932 | 5,604 | 2,146 | 156,683 |
| Bank charges | 11,175 | 27 | 25 | 11,227 |
| | | | | 6,539 |
| Central Depository Company Limited - Trustee | | | | |
| Remuneration including sales taxes | 1,120,851 | 813,130 | 274,476 | 2,208,457 |
| | | | | 2,060,594 |
| Settlement charges | 77,600 | 8,627 | - | 86,227 |
| | | | | 126,876 |
| Brokerage | | | | |
| Arif Habib Limited | 145,721 | 707 | 650 | 147,078 |
| Next Capital Limited | 168,639 | - | 1,581 | 170,220 |
| | | | | 149,442 |
| | | | | 138,946 |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

15.2 Amounts outstanding as at year end

| | As at June 30, 2018 | | | | June 30, 2017 |
|--|-------------------------|-----------------------|----------------------------------|-----------|---------------|
| | PPF Equity Sub- Fund | PPF Debt Sub- Fund | PPF Money Market Sub- Fund | Total | Total |
| | (Rupees) | | | | |
| MCB-Arif Habib Savings and Investments Limited - Pension Fund Manager | | | | | |
| Remuneration payable | 972,939 | 690,535 | 251,605 | 1,915,079 | 1,783,435 |
| Sindh sales tax payable | 126,481 | 89,769 | 32,709 | 248,959 | 231,846 |
| MCB Bank Limited | | | | | |
| Bank balance | 230,963 | 14,914 | 12,633 | 258,509 | 833,009 |
| Profit Receivable | 9,937 | - | - | 9,937 | - |
| MCB Islamic Bank Limited | | | | | |
| Bank Balance | - | 10,042 | - | 10,042 | - |
| Central Depository Company Limited - Trustee | | | | | |
| Remuneration payable | 85,909 | 61,004 | 22,222 | 169,135 | 160,104 |
| Sindh sales tax payable | 11,164 | 7,940 | 2,865 | 21,969 | 20,809 |
| Security deposit | 200,000 | 200,000 | 100,000 | 500,000 | 500,000 |
| Brokerage | | | | | |
| Arif Habib Limited | 7,500 | 382 | 325 | 8,207 | 2,046 |
| Next Capital Limited | 13,140 | - | - | 13,140 | 65,952 |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

15.3 Unit Holders' Fund

| For the Year ended June 30, 2018 | | | | | | |
|----------------------------------|--------------------|----------|----------|------------------------|---------------------|--------------------|
| As at July 01, 2017 | Issued for cash | Bonus | Redeemed | As at June 30, 2018 | As at July 01, 2017 | Issued for cash |
| | | Units | | | | |
| | | (Rupees) | | | | |

Associated Companies

MCB Arif Habib Savings and Investment Limited

- Pakistan Pension Fund - Equity
- Pakistan Pension Fund - Debt
- Pakistan Pension Fund - Money Market

129,086,523
60,662,634
65,226,000

Key management personnel

- Pakistan Pension Fund - Equity
- Pakistan Pension Fund - Debt
- Pakistan Pension Fund - Money Market

7,183,815
772,456
4

| For the Year ended June 30, 2017 | | | | | | |
|----------------------------------|--------------------|----------|----------|------------------------|---------------------|--------------------|
| As at July 01, 2016 | Issued for cash | Bonus | Redeemed | As at June 30, 2017 | As at July 01, 2016 | Issued for cash |
| | | Units | | | | |
| | | (Rupees) | | | | |

Associated Companies

MCB Arif Habib Savings and Investment Limited

- Pakistan Pension Fund - Equity
- Pakistan Pension Fund - Debt
- Pakistan Pension Fund - Money Market

142,521,000
58,156,828
63,060,000

Key management personnel

- Pakistan Pension Fund - Equity
- Pakistan Pension Fund - Debt
- Pakistan Pension Fund - Money Market

6,994,490
3,149,587
697,612

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

16. FINANCIAL RISK MANAGEMENT

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

The Fund's activities expose it to a variety of financial risks: market risk (including currency risk, profit rate risk and other price risk), credit risk and liquidity risk. Risk of the Fund being managed by the Pension Fund Manager in accordance with the approved policies of the investment committee which provide broad guidelines for management of above mentioned risks.

The Fund's primary financial assets comprise of balances with banks, available-for-sale and designated at fair value through profit or loss investments, comprising of, equity securities of listed companies, Pakistan Investment Bonds, Treasury Bills, Term Finance Certificates and Sukuk bonds. The Fund also has dividend receivable, interest receivable, deposits and other receivables. The Fund's principal financial liabilities include remuneration payable to Pension Fund Manager, Trustee and accrued and other liabilities.

16.1 Market risk

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

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

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

16.1.1 Currency risk

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

16.1.2 Profit rate risk

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

Sensitivity analysis of variable rate instruments

- a) Debt Sub-Fund holds KIBOR based profit bearing TFCs and Sukuk bonds exposing the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR, with all other variables held constant, the net assets of the Fund as on June 30, 2018 and net income for the year then ended would have been higher / lower by Rs.0.5 million (2017: Rs.0.01 million).
- b) Money Market Sub-Fund and Debt Sub-Fund holds Pakistan Investment Bonds which are classified as 'available-for-sale' and 'at fair value through profit or loss', exposing the Sub-Funds to interest rate risk. In case of 100 basis points increase / decrease in rates announced by FMAP (Financial Markets Association of Pakistan) or Reuters on June 30, 2018, 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.0.01 million (2017: Rs. 0.41 million).
- c) Money Market Sub-Fund and Debt Sub-Fund hold Treasury Bills which are classified as fair value through profit or loss', 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, 2018, 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. 0.8 million (2017: Rs. 2.56 million).
- d) The Fund holds balances in deposit accounts with banks, exposing the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR, with all other variables held constant, the net assets of the Fund as on June 30, 2018 and net income for the year then ended would have been higher / lower by Rs. 6.04 million (2017: Rs. 0.577 million).

The composition of the Fund's investment portfolio, KIBOR rates, rates announced by State Bank of Pakistan are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2018 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

16.1.3 Other Price risk

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

In case of 5% increase / decrease in KSE 100 index on June 30, 2018, the net assets relating to the Equity Sub-Fund and total net assets of the Fund would increase / decrease by Rs. 36.79 million (2017: Rs.40.042 million) as a result of gains / losses on equity securities classified as available-for-sale and at fair value through profit or loss - held-for-trading.

The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Sub-Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 index, having regard to the historical volatility of the index. The composition of the Sub-Fund's investment portfolio and the correlation thereof to the KSE index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2018 is not necessarily indicative of the effect on the Sub-Fund's net assets of future movements in the level of KSE 100 index.

16.2 Credit risk

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

The Fund has adopted a policy of only dealing with creditworthy counterparties. This credit rating information is supplied by independent rating agencies, where available, and if not available, the Fund uses other publicly available financial information and its own trading records to rate its major investors. The Fund's exposure and the credit ratings of its counterparties are continuously monitored.

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

The Fund's maximum exposure to credit risk related to receivables at June 30, 2018 and June 30, 2017 is the carrying amounts of following financial assets.

| | As at June 30, 2018 | | | | June 30, 2017 |
|--|---------------------------|-------------------------|---------------------------------|----------------------|--------------------|
| | PPF Equity Sub-Fund | PPF Debt Sub-Fund | PPF Money Market Sub-Fund | Total | Total |
| | (Rupees) | | | | |
| Balances with banks | 10,995,483 | 446,504,324 | 146,108,625 | 603,608,432 | 57,741,805 |
| Investments | - | 292,056,118 | 98,947,135 | 391,003,253 | 334,563,734 |
| Dividend receivable | 526,244 | - | - | 526,244 | 2,928,529 |
| Interest receivable | 176,758 | 4,699,779 | 573,761 | 5,450,298 | 5,233,972 |
| Receivable against sale of investments | - | - | 94,964,090 | 94,964,090 | - |
| Deposits and other receivables | 2,728,356 | 767,319 | 116,465 | 3,612,140 | 3,934,245 |
| | 14,426,841 | 744,027,540 | 340,710,076 | 1,099,164,457 | 404,402,285 |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

The analysis below summarises the credit rating quality of the Fund's financial assets as at June 30, 2018 and June 30, 2017:

| Bank balances by rating category | Rating agency | Rating | 2018 | 2017 |
|----------------------------------|---------------|------------------------|----------------------|------------|
| | | long-term / short-term | ----- (Rupees) ----- | ----- |
| Allied Bank Limited | PACRA | AAA / A1+ | 160,938,154 | 15,444,189 |
| Bank Al Falah Limited | PACRA | AA / A1+ | 44,974 | 6,544,297 |
| JS Bank Limited | PACRA | AA- / A1+ | 46,230,646 | 5,784,939 |
| Habib Bank Limited | JCR-VIS | AAA / A-1+ | 161,073,864 | 75,000 |
| MCB Bank Limited | PACRA | AAA / A1+ | 258,510 | 833,009 |
| Habib Metropolitan Bank Limited | PACRA | AA / A1+ | 118,708,386 | 29,028,696 |
| Askari Bank Limited | PACRA | AA / A1+ | 20,761 | 20,117 |
| Zarai Taraqiyati Bank Limited | JCR-VIS | A-1+ / AAA | 13,473 | 11,558 |
| Naional Bank of Pakistan | PACRA | AA / A1+ | 1,340,230 | - |
| Silk Bank Limited | JCR-VIS | A-2 / A- | 114,969,391 | - |
| MCB Islamic Bank Limited | PACRA | A / A1 | 10,042 | - |

| | | 2018 | 2017 |
|--|--|---------------|-------|
| | | ----- % ----- | ----- |

Term Finance Certificates by rating category

| | | | |
|-----------|-------|--------|--------|
| AAA / AA+ | PACRA | - | 33.59% |
| AA+ / A1+ | PACRA | - | 37.98% |
| AA- | PACRA | 3.69% | 28.43% |
| AA | PACRA | 56.55% | - |
| AA+ | PACRA | 30.04% | - |
| A | PACRA | 9.72% | - |

The maximum exposure to credit risk before any credit enhancement as at June 30, 2018 is the carrying amount of the financial assets.

The maximum exposure to credit risk before any credit enhancement as at June 30, 2018 is the carrying amount of the financial assets.

Concentration of credit risk

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

16.3 Liquidity risk

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

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

| | | As at June 30, 2018 | | | | | | | | | | | |
|-------|-------------|---------------------|---------------------------------------|--|----------------|---------------------------------------|--|----------------|---------------------------------------|--|---|---|---|
| | | PPF Equity Sub-Fund | | | | PPF Debt Sub-Fund | | | | PPF Money Market Sub-Fund | | | |
| | | Upto one month | More than one month upto three months | More than three months and upto one year | Upto one month | More than one month upto three months | More than three months and upto one year | Upto one month | More than one month upto three months | More than three months and upto one year | | | |
| Total | | | | | | | | | | | | | |
| | 1,915,079 | 972,939 | - | - | 690,535 | - | - | - | 251,605 | - | - | - | - |
| | 169,134 | 85,909 | - | - | 61,003 | - | - | - | 22,222 | - | - | - | - |
| | 247,349,752 | 2 | - | - | 148,409,850 | - | - | - | 98,939,900 | - | - | - | - |
| | 12,615,127 | 6,662,103 | - | - | 4,245,842 | - | - | - | 1,707,182 | - | - | - | - |
| | 262,049,092 | 7,720,953 | - | - | 153,407,230 | - | - | - | 100,920,909 | - | - | - | - |
| | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| | | As at June 30, 2017 | | | | | | | | | | | |
| | | PPF Equity Sub-Fund | | | | PPF Debt Sub-Fund | | | | PPF Money Market Sub-Fund | | | |
| | | Upto one month | More than one month upto three months | More than three months and upto one year | Upto one month | More than one month upto three months | More than three months and upto one year | Upto one month | More than one month upto three months | More than three months and upto one year | | | |
| Total | | | | | | | | | | | | | |
| | 2,015,281 | 1,082,635 | - | - | 700,656 | - | - | - | 231,990 | - | - | - | - |
| | 180,913 | 97,190 | - | - | 62,910 | - | - | - | 20,813 | - | - | - | - |
| | 853,910 | 682,803 | - | - | 109,954 | - | - | - | 61,153 | - | - | - | - |
| | 3,050,104 | 1,862,628 | - | - | 873,520 | - | - | - | 313,956 | - | - | - | - |

16.4 Financial instruments by category

Liabilities

Payable to Pension Fund
Manager
Accrued and other
liabilities

Liabilities

Payable to Pension Fund
Manager
Accrued and other
liabilities

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

| As at June 30, 2017 | | | | | | | | | |
|---------------------|-----------------------|--|--------------------|-------------------|-----------------------|--|---------------------------|-------------|-------------|
| Total | PPF Equity Sub-Fund | | | PPF Debt Sub-Fund | | | PPF Money Market Sub-Fund | | |
| | Loans and receivables | At fair value through profit and loss - held-for-trading | Available-for-sale | Sub total | Loans and receivables | At fair value through profit and loss - held-for-trading | Available-for-sale | Sub total | Sub total |
| | | | | | | | | | |
| 57,741,805 | 23,089,045 | - | - | 23,089,045 | 26,025,593 | - | - | 26,025,593 | 8,627,167 |
| 1,396,465,955 | - | 475,435,380 | 272,393,007 | 747,828,387 | 175,000,000 | 256,157,973 | 54,805,592 | 485,963,565 | 85,000,000 |
| - | - | - | - | - | - | - | - | - | - |
| 2,928,529 | 2,928,529 | - | - | 2,928,529 | - | - | - | - | - |
| 5,233,972 | 139,624 | - | - | 139,624 | 4,669,444 | - | - | 4,669,444 | 424,904 |
| 3,934,245 | 2,967,755 | - | - | 2,967,755 | 847,947 | - | - | 847,947 | 118,543 |
| 1,466,324,506 | 29,124,953 | 475,435,380 | 272,393,007 | 776,953,340 | 206,542,984 | 256,157,973 | 54,805,592 | 517,506,549 | 94,170,614 |
| | | | | | | | | 77,694,003 | - |
| | | | | | | | | | 171,864,617 |

Financial assets

Balances with banks
Investments
Dividend receivable
Interest receivable
Receivable against sale of investments
Deposits and other receivables

| As at June 30, 2017 | | | | | | | | | |
|---------------------|--|-----------------------------|-----------|--|-----------------------------|-----------|--|-----------------------------|-----------|
| Total | PPF Equity Sub-Fund | | | PPF Debt Sub-Fund | | | PPF Money Market Sub-Fund | | |
| | At fair value through profit and loss - held-for-trading | Other financial liabilities | Sub total | At fair value through profit and loss - held-for-trading | Other financial liabilities | Sub total | At fair value through profit and loss - held-for-trading | Other financial liabilities | Sub total |
| | | | | | | | | | |
| 2,015,281 | - | 1,082,635 | 1,082,635 | - | - | - | - | 231,990 | 231,990 |
| 853,910 | - | 682,803 | 682,803 | - | - | - | 109,954 | 61,153 | 61,153 |
| 2,869,191 | - | 1,765,438 | 1,765,438 | - | - | - | 810,610 | 293,143 | 293,143 |

Liabilities

Payable to Pension Fund Manager
Accrued and other liabilities

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

16.5 Fair value of financial instruments

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.

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 liabilities is considered not significantly different from book value.

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

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

| | Total | June 30, 2018 | | | | | | | | |
|---|---------------|---------------------|---------|---------|-------------------|-------------|---------|---------------------------|------------|---------|
| | | PPF Equity Sub-Fund | | | PPF Debt Sub-Fund | | | PPF Money Market Sub-Fund | | |
| | | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| | | (Rupees) | | | | | | | | |
| Financial assets 'at fair value through profit or loss' - held-for-trading | | | | | | | | | | |
| Listed equity securities | 603,070,463 | 603,070,463 | - | - | - | - | - | - | - | - |
| Pakistan Investment Bonds | 443,770 | - | - | - | - | 443,770 | - | - | - | - |
| Market Treasury Bills | 247,368,427 | - | - | - | - | 148,421,127 | - | - | 98,947,300 | - |
| Term Finance Certificates | 132,802,858 | - | - | - | - | 132,802,858 | - | - | - | - |
| | 983,685,518 | 603,070,463 | - | - | - | 281,667,755 | - | - | 98,947,300 | - |
| Financial assets classified as 'available-for-sale' | | | | | | | | | | |
| Listed equity securities | 132,736,336 | 132,736,336 | - | - | - | - | - | - | - | - |
| Pakistan Investment Bonds | 10,388,363 | - | - | - | - | 10,388,363 | - | - | - | - |
| | 143,124,699 | 132,736,336 | - | - | - | 10,388,363 | - | - | - | - |
| | 1,126,810,217 | 735,806,799 | - | - | - | 292,056,118 | - | - | 98,947,300 | - |
| | | | | | | | | | | |
| | Total | June 30, 2017 | | | | | | | | |
| | | PPF Equity Sub-Fund | | | PPF Debt Sub-Fund | | | PPF Money Market Sub-Fund | | |
| | | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| | | (Rupees) | | | | | | | | |
| Financial assets 'at fair value through profit or loss' - held-for-trading | | | | | | | | | | |
| Listed equity securities | 475,435,380 | 475,435,380 | - | - | - | - | - | - | - | - |
| Pakistan Investment Bonds | 4,009,462 | - | - | - | - | 4,009,462 | - | - | - | - |
| Market Treasury Bills | 256,113,845 | - | - | - | - | 178,419,842 | - | - | 77,694,003 | - |
| Term Finance Certificates | 73,728,669 | - | - | - | - | 73,728,669 | - | - | - | - |
| | 809,287,356 | 475,435,380 | - | - | - | 256,157,973 | - | - | 77,694,003 | - |
| Financial assets classified as 'available-for-sale' | | | | | | | | | | |
| Listed equity securities | 272,393,007 | 272,393,007 | - | - | - | - | - | - | - | - |
| Pakistan Investment Bonds | 53,970,527 | - | - | - | - | 53,970,527 | - | - | - | - |
| Term Finance Certificates | 835,065 | - | - | - | - | 835,065 | - | - | - | - |
| | 327,198,599 | 272,393,007 | - | - | - | 54,805,592 | - | - | - | - |
| | 1,136,485,955 | 747,828,387 | - | - | - | 310,963,565 | - | - | 77,694,003 | - |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

17. UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

18. SEGMENT INFORMATION

As per IFRS 8, operating segments are reported in a manner consistent with the internal reporting used by the chief decision-maker. Investment Committee has been identified as the chief decision-maker, who is responsible for allocating resources, assessing performance of the operating segments and is responsible for the Fund's entire portfolio and considers the business to have three operating segments i.e. PPF Equity Sub-Fund, PPF Debt Sub-Fund and PPF Money Market Sub-Fund. The Fund's asset allocation decisions are based on the allocation scheme selected by the participant out of the allocation schemes offered by the Pension Fund Manager. The Fund's performance is also evaluated on the sub-funds basis.

The internal reporting provided to the Board of Directors of the Pension Fund Manager for the Fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan.

The Fund is domiciled in Pakistan. All of the Fund's income is from investments in entities incorporated in Pakistan.

19. GENERAL

Figures have been rounded off to the nearest Rupee.

20. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on September 14, 2018 by the Board of Directors of the Pension Fund Manager.

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



Chief Executive Officer



Director

**PATTERN OF UNITS HOLDING BY SIZE
FOR THE YEAR ENDED JUNE 30, 2018**

PPF- Equity Sub Fund

| No. of Unit Holders | Unit Holdings | Total Units Held |
|---------------------|------------------|------------------|
| 1092 | 0-10000 | 607,140 |
| 22 | 10001 - 100000 | 461,889 |
| 2 | 100001 - 1000000 | 380,792 |
| <u>1116</u> | | <u>1,449,822</u> |

PPF- Debt Sub Fund

| No. of Unit Holders | Unit Holdings | Total Units Held |
|---------------------|------------------|------------------|
| 1129 | 0-10000 | 681,555 |
| 47 | 10001 - 100000 | 1,304,458 |
| 3 | 100001 - 1000000 | 477,247 |
| <u>1179</u> | | <u>2,463,260</u> |

PPF- Money Market Sub Fund

| No. of Unit Holders | Unit Holdings | Total Units Held |
|---------------------|------------------|------------------|
| 599 | 0-10000 | 306,818 |
| 17 | 10001 - 100000 | 371,832 |
| 2 | 100001 - 1000000 | 413,765 |
| <u>618</u> | | <u>1,092,414</u> |

PROXY ISSUED BY FUND FOR THE YEAR ENDED JUNE 30, 2018

The Board of Directors of MCB - Arif Habib Savings and Investments Limited (the Management Company of the fund) have overall responsibility for the implementation of Proxy Voting Policy and Procedures which is available on Management Company's website (www.mcbah.com). During the financial year, the Management Company on behalf of the fund did not participate in 4 shareholders' meeting. Moreover, details of summarized proxies voted are as follows:

| | Resolutions | For | Against | Abstain | Abstain Reason for Abstaining |
|---------|-------------|-----|---------|---------|-------------------------------|
| Number | 45 | 45 | - | - | - |
| (%ages) | 100 | 100 | - | - | - |

Detailed information regarding actual proxies voted by the Management Company on behalf of the Fund will be provided without any charges on request of unit holders.