

Quarterly Report
September 30, 2016
(Unaudited)



Funds Under Management
of
MCB-Arif Habib Savings and Investments Limited

Rated: **AM2++** by PACRA

PAKISTAN PENSION FUND

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FUND'S INFORMATION

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| Management Company | MCB-Arif Habib Savings and Investments Limited 24 th Floor, Centrepont, 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 Mahmood Ahmad | Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director |
| Audit Committee | Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib | Chairman Member Member |
| Human Resource & Remuneration Committee | Dr. Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir | Chairman Member Member Member |
| Chief Executive Officer | Mr. Muhammad Saqib Saleem | |
| Chief Financial Officer | Mr. Muhammad Asif Mehdi | |
| Company Secretary | Mr. Abdul Basit | |
| Trustee | Central Depository Company of Pakistan Limited CDC House, 99-B Block 'B', S.M.C.H.S, Main Shahrah-e-Faisal, Karachi-74400 | |
| Bankers | MCB Bank Limited Habib Metropolitan Bank Limited Askari Bank Limited | |
| Auditors | Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants Progressive Plaza, Beaumont Road, P.O. Box. 15541, Karachi, Sindh-75530, Pakistan | |
| Legal Advisor | Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area, Phase VI, DHA, Karachi. | |
| Transfer Agent | MCB-Arif Habib Savings and Investments Limited 24 th Floor, Centrepont, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi. | |
| Rating | AM2 ++ Asset Manager Rating assigned by PACRA | |

REPORT OF THE DIRECTORS OF MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2016

Dear Investor,

On behalf of the Board of Directors, I am pleased to present **Pakistan Pension Fund's** accounts review for the quarter ended September 30th, 2016.

ECONOMY AND MONEY MARKET OVERVIEW

The fiscal year kicked off on a positive note with most of major macroeconomic indicators showing signs of stabilization. Inflation as measured by CPI averaged at 3.9% for 1QFY17 compared to 3.5% witnessed during the preceding quarter. Government decision to maintain petroleum prices helped to contain the inflation in low single digits. Alongside, government's renewed focus towards agricultural sector also assisted in controlling food inflation.

Monetary Policy Committee ("MPC") in its first meeting of the current fiscal year maintained a status quo stance, keeping the discount rate at 5.75%. The MPC highlighted encouraging macroeconomic environment supported by record high foreign exchange reserves behind its decision. However, it raised certain red flags on widening of current account deficit owing to declining exports and rising imports.

Current account ("CA") balance witnessed a deficit of USD 1,316 million in the 2MFY17 compared to USD 686 million witnessed during the same period of last year, on the back of rising imports and falling exports. Alongside, remittances came under pressure as they fell by 5.4% YoY to USD 4.7 billion during the 1QFY17. The slowdown in remittances was inevitable owing to a weak global GDP growth along with poor economic dynamics of gulf economies where most of the Pakistani expatriates are employed. Nevertheless, the hit on current account did not affect foreign exchange reserves as strong financial inflows especially CPEC led inflows, managed to offset the impact of weakening current account. Foreign Exchange Reserves increased by USD 500 million during the quarter, to USD 23.6 billion.

PIB yields during the quarter inched up by ~30 bps for 3 year, 5 year and 10 year bonds. Inflation beat the market expectations during most of the months causing the yield curve to shift upwards. Furthermore, the bearish sentiment was also backed by SBP in its MPS, which highlighted its concerns on external account as exports dwindled, while remittances witnessed a slowdown.

EQUITIES MARKET OVERVIEW

The start of the new fiscal year was promising, as the local bourse continued to cherish the inclusion of Pakistan in the MSCI Emerging Market Index. The benchmark as measured by KSE-100 Index gained 7.3% during 1QFY17. While, the Indo-Pak border tension triggered some volatility in the market; overall, the Pakistan Stock Exchange continued its positive momentum, ending at all time high of 40,541 points at the end of September 2016.

Mutual funds and NBFC's were the major buyers during the quarter, buying USD 76 million and 36 million worth of equities respectively. While, foreigners remained net sellers of USD 38 million during the quarter, the selling was specifically limited to certain scrips. Liquidity in the market improved, with average trading volumes going up by 37%, increasing to 310 million shares compared to 226 million shares witnessed during the preceding quarter. A broad based rally in third tier stocks contributed significantly towards this strong volume increase during the end of quarter.

Auto Sector lead the charts during the quarter, gaining a massive 45% as strong demand outlook emanating from renewed interest in auto financing created exuberance. The launch of a new model by Honda also continued to capture investor attention as expectations of robust demand materialized. Alongside, some of the auto manufacturers raised their prices to pass on the earlier impact of yen's appreciation. Oil & Gas Marketing Companies also rallied by 22% during the period, as petroleum sales continued to beat market expectations. The sale of petroleum products broke all the records during the quarter, after they witnessed an increase of 20.6% YoY.

The index heavy weight Commercial Banks also managed to outperform the benchmark by posting a gain of 10%. Foreigners' interest was tilted towards Commercial Banks, after their inclusion in the Emerging Market Index. The performance of cement sector matched the benchmark as local dispatches kept posting growth in double digits. However, the price performance of the sector during the later part of the quarter was partly subdued, owing to skepticism on a wave of expansion announced by a large number of cement companies. Furthermore, potential acquisition of a local cement manufacturer by a Chinese player was viewed negatively by the investors.

On the flip side, Oil & Gas exploration sector underperformed the benchmark, posting a nominal gain of 3%. Underperformance came in after average international crude oil prices retreated by 2% during the quarter to USD 47/BBL. Fertilizer sector also underperformed due to rising urea inventories. ECC's approval for reduction in NFML's imported fertilizer prices also kept the investors interest at bay in the fertilizer sector. Alongside, lower than expected dividend by Engro Corp turned to be a major mood dampener for the sector.

FUND PERFORMANCE

Debt Fund

The debt sub-fund generated an annualized return of 3.78% during the period under review. The fund's exposure towards T-Bills decreased from 18.1% to 16.2% whereas exposure towards PIBs increased from 75.5% to 78.9%.

The Net Assets of the Fund as at September 30, 2016 stood at Rs. 445.91 million as compared to Rs.421.01 million as at June 30, 2016 registering an increase of 5.91%.

REPORT OF THE DIRECTORS OF MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2016

The Net Asset Value (NAV) per unit as at September 30, 2016 was Rs. 222.37 as compared to opening NAV of Rs. 220.270 per unit as at June 30, 2016 registering an increase of Rs. 2.1 per unit.

Money Market Fund

The money market sub-fund generated a return of 3.80% during the period. The fund's exposure in T-bills increased to 96.2% from 11.19% while exposure in cash slightly increased to 3.7% from 3.2% during the period.

The Net Assets of the Fund as at September 30, 2016 stood at Rs. 164.71 million as compared to Rs. 157.13 million as at June 30, 2016 registering an increase of 4.82%.

The Net Asset Value (NAV) per unit as at September 30, 2016 was Rs. 203.47 as compared to opening NAV of Rs. 201.54 per unit as at June 30, 2016 registering an increase of Rs. 1.93 per unit.

Equity Fund

The Equity sub-fund generated a return of 11.61% while the KSE-100 posted a return of 7.3% during the period under review. The sub-fund increased its overall equity exposure from 92.9% to 94.7%.

The Net Assets of the Fund as at September 30, 2016 stood at Rs. 599.35 million as compared to Rs. 528.87 million as at June 30, 2016 registering an increase of 13.32%.

The Net Asset Value (NAV) per unit as at September 30, 2016 was Rs. 464.76 as compared to opening NAV of Rs. 416.4 per unit as at June 30, 2016 registering an increase of Rs. 48.36 per unit.

FUTURE OUTLOOK

With a more stabilized economy now on board, the government has unveiled an ambitious plan to revive the growth of the country. For the current fiscal year, the government is envisaging an ambitious growth target of 5.7% compared to 4.7% witnessed during the preceding year. The prospects of improvement in Pakistan's economy look increasingly promising on the back of improved power situation, rising business confidence, and initiation of projects under the USD 46 billion CPEC program.

The average Consumer Price Index is expected to remain below 5% for the year. Stability in oil prices & exchange rate would allow inflation over the next few quarters to remain well anchored in the range of 4.0%-5.0% thus a stable monetary policy environment looks likely.

As of recent, current account has remained vulnerable owing to weak exports and a slowdown in remittances. While this has been offset by strong financial inflows recently, further deterioration in external account can pose threat to the currency and could result in more than expected PKR depreciation, which we consider the only major risk to economy at this juncture of time.

The macro stability along with China Pakistan Economic Corridor is expected to provide impetus to the construction and power space. Furthermore, expansionary cycle along with stable interest rate environment is expected to provide better global positioning compared with other emerging market economies. Construction sector is expected to remain the proxy for infrastructure led economic growth. Long term stability in oil prices is expected to provide impetus to exploration & production sector driven by exploration growth. Banks are expected to gain limelight once life after PIB maturity becomes clear and focus is on the attractive Price to Book ratios. The up gradation into the emerging markets index would remain a major impetus for KSE-100 index and could lead to re-rating of market towards higher multiples.

On the fixed income front, market is expected to remain cautious on back of uptick in inflation trajectory and cross border tensions. Visibility on economic front, in particular to balance of payments, would guide further participation towards fixed income markets.

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
October 21, 2016

عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی جانب سے 30 ستمبر 2016ء کو اختتام پذیر ہونے والی مدت کے لئے پاکستان پینشن فنڈ کے اکاؤنٹس کا جائزہ پیش خدمت ہے۔

معیشت اور بازار زر کا جائزہ

مالی سال کا آغاز خوش آئند تھا اور کلاں معیشت کی نشاندہی کرنے والے اہم عوامل استحکام کی علامات ظاہر کر رہے تھے۔ CPI کی پیمائش کردہ افراط زر کا اوسط مالی سال 2017ء کی پہلی سہ ماہی میں 3.9% تھا، جبکہ گزشتہ سہ ماہی میں 3.5% تھا۔ پٹرولیم کی قیمتوں کو مستحکم رکھنے کے حکومتی فیصلے سے بھی افراط زر کے اعداد و شمار پست رکھنے میں معاونت حاصل ہوئی۔ مزید برآں، زراعت کے شعبے کی طرف حکومت کی تازہ توجہ کی بدولت اشیائے خورد و نوش کے افراط زر کو قابو میں رکھنے میں مدد ملی۔

مانیٹری پالیسی کمیٹی (MPC) نے رواں مالی سال کے پہلے اجلاس میں ڈسکاؤنٹ کی شرح کو 5.75% کی سطح پر قائم رکھ کر اپنا سابقہ موقف برقرار رکھا۔ MPC نے کلاں معاشیات کے حوصلہ افزا ماحول اور غیر ملکی زرمبادلہ کے ذخائر کی اب تک کی بلند ترین سطح کو اپنے فیصلے کے خصوصی اسباب قرار دیا، تاہم برآمدات میں کمی اور درآمدات میں اضافے کو خطرے کی گھنٹی قرار دیا۔

کرنٹ اکاؤنٹ (CA) میں مالی سال 2017ء کے (2M) میں 1,316 ملین ڈالر خسارہ ہوا، جبکہ گزشتہ سال اسی مدت کے دوران 686 ملین ڈالر خسارہ ہوا تھا، اور اس کی وجہ درآمدات میں اضافہ اور برآمدات میں کمی ہے۔ مزید برآں، ترسیلات زر پر دباؤ پڑا؛ مالی سال 2017ء کی پہلی سہ ماہی کے دوران ترسیلات زر میں 5.4% YoY کمی ہوئی اور یہ 4.7 بلین ڈالر کی سطح پر آگئیں۔ عالمی سطح پر مجموعی ملکی پیداوار (GDP) کی تحیف ترقی اور خلیجی معاشیات، جہاں بیرون ملک مقیم پاکستانیوں کی اکثریت برسرِ روزگار ہے، کے ناتواں محرکات کی وجہ سے ترسیلات زر میں یہ سست روی ناگزیر تھی۔ لیکن کرنٹ اکاؤنٹ پر اس ضرب سے غیر ملکی زرمبادلہ کے ذخائر متاثر نہیں ہوئے کیونکہ مضبوط مالیاتی آمدیات، بالخصوص CPEC پر مبنی مالیات، کی بدولت کمزور ہوتے ہوئے کرنٹ اکاؤنٹ کے اثر کو زائل کر دیا۔ غیر ملکی زرمبادلہ کے ذخائر دوران سہ ماہی 500 ملین ڈالر اضافے کے ساتھ 23.6 بلین ڈالر کی سطح تک پہنچ گئے۔

پاکستان انویسٹمنٹ بانڈز (PIB) کے 3 سالہ، 5 سالہ اور 10 سالہ بانڈز کی آمدنی میں دوران سہ ماہی 30 bps اضافہ ہوا۔ افراط زر کے سبب اکثر مہینوں کے دوران مارکیٹ کی توقعات پوری نہیں ہو سکیں، چنانچہ ختم پیداوار اور پرکری طرف حرکت کر گیا۔ مزید برآں، اسٹیٹ بینک آف پاکستان نے بھی اس غیر ہموار صورتحال کی توثیق کی اور اپنے MPS میں برآمدات میں کمی اور ترسیلات زر میں سستی کے باعث خارجی اکاؤنٹ پر خدشات کا اظہار کیا۔

ایکویٹی مارکیٹ کا جائزہ

سال کا آغاز اُمید افزا تھا کیونکہ MSCI امریکن مارکیٹ انڈیکس میں پاکستان کی شمولیت کی بدولت مقامی اسٹاک مارکیٹ کو ہونے والے فوائد کا سلسلہ جاری رہا۔ KSE-100 کا پیمائش کردہ معیار میں مالی سال 2017ء کی پہلی سہ ماہی کے دوران 7.3% اضافہ ہوا۔ اگرچہ پاکستان بھارت سرحد پر کشیدگی کے باعث مارکیٹ میں تھوڑا بہت عدم استحکام پیدا ہوا لیکن مجموعی طور پر پاکستان اسٹاک ایکسچینج کی مثبت رفتار جاری رہی جو ستمبر 2016ء کے اختتام پر اب تک کے بلند ترین 40,541 پوائنٹس پر ختم ہوئی۔

ڈائریکٹر رپورٹ

دورانِ سہ ماہی Mutual فنڈز اور NBFCs اہم ترین خریدار تھے جنہوں نے بالترتیب 76 ملین ڈالر اور 36 ملین ڈالر مالیت کی ایکویٹیز خریدیں۔ اگرچہ دورانِ سہ ماہی 38 ملین ڈالر کی فروخت کے ساتھ بدستور غیر ملکیوں کے ہاتھوں ہونے والی فروخت کا پلڑا بھاری رہا، لیکن یہ فروخت کچھ خاص scrips تک محدود تھی۔ اوسط تجارتی حجم میں 37% اضافے کی بدولت مارکیٹ میں قابلیت نقد میں بہتری ہوئی، چنانچہ 310 ملین حصص کی خرید و فروخت ہوئی جبکہ گزشتہ سہ ماہی کے دوران 226 ملین حصص کی خرید و فروخت ہوئی تھی۔ دورانِ اختتام سہ ماہی حجم میں اس بھر پور اضافے میں تیسرے درجے کے اسٹاکس میں وسیع پیمانے پر اضافے کا اہم کردار ہے۔

دورانِ سہ ماہی آٹو سیکٹر 45% ترقی کر کے سب سے آگے رہا کیونکہ آٹو فنانسنگ میں انٹریسٹ کی تازہ شرحوں نے ایک نئی روح پھونک دی۔ ہنڈا نے ایک نیا ماڈل متعارف کرایا جس کی بدولت پختہ مانگ کی توقعات پوری ہوئیں اور سرمایہ کاروں کی توجہ بدستور قائم رہی۔ ساتھ ہی ساتھ کچھ آٹو مینوفیکچررز نے yen کی قدر میں اضافے کے سابقہ اثر کو زائل کرنے کے لئے اپنی قیمتوں میں اضافہ کر دیا۔ آئل اینڈ گیس مارکیٹنگ کمپنیز نے بھی دورانِ مدت 22% ترقی کی کیونکہ پٹرولیم کی فروخت مارکیٹ کی توقعات سے کہیں زیادہ ہوئیں۔ پٹرولیم مصنوعات کی فروخت میں دورانِ سہ ماہی 20.6% YoY اضافہ ہوا جس نے تمام ریکارڈ توڑ دیئے۔

بھاری انڈیکس والے کمرشل بینکوں نے 10% ترقی کی، چنانچہ وہ بھی مقررہ معیار سے بہتر کارکردگی کا مظاہرہ کرنے میں کامیاب ہوئے۔ امرجنگ مارکیٹ انڈیکس میں کمرشل بینکوں کی شمولیت کے بعد غیر ملکیوں کی دلچسپی کمرشل بینکوں کی طرف مائل رہی۔ سیمنٹ کے شعبے کی کارکردگی مقررہ معیار کے مطابق تھی کیونکہ مقامی ترسیلات کی ترقی کے اعداد و شمار مسلسل بلند رہے۔ تاہم سیمنٹ کمپنیز کی بڑی تعداد کی اعلان کردہ توسیع کی لہر پر شکوک و شبہات کے باعث سہ ماہی کے اواخر کے دوران اس شعبے کی کارکردگی باعتبار قیمت پست رہی۔ مزید براں، ایک چینی ادارے کے ایک مقامی سیمنٹ مینوفیکچرر کے متوقع حصول کو سرمایہ کاروں نے منفی نظر سے دیکھا۔

دوسری جانب آئل اینڈ گیس ایکسپلوریشن کے شعبے نے صرف 3% ترقی کر کے مقررہ معیار سے کم کارکردگی کا مظاہرہ کیا۔ اس ناقص کارکردگی کا آغاز اُس وقت ہوا جب خام تیل کی اوسط قیمتیں 2% کم ہو کر 47/BBL ڈالر ہو گئیں۔ کھاد کے شعبے نے بھی مقررہ معیار سے کم کارکردگی کا مظاہرہ کیا جس کی وجہ یورپ کے تجارتی ذخائر میں اضافہ ہے۔ ECC کی طرف سے NFML کی درآمد شدہ کھاد کی قیمتوں میں کمی کی منظوری کے باعث بھی کھاد کے شعبے میں سرمایہ کاروں کی دلچسپی کم رہی۔ مزید براں، اینگرو کارپوریشن کا متوقع سے کم ڈیویڈنڈ بھی کھاد کے شعبے کی حوصلہ شکنی کا بڑا سبب بنا۔

فنڈ کی کارکردگی

Debt فنڈ

زیر جائزہ مدت کے دوران Debt سب-فنڈ نے 3.78% سالانہ منافع حاصل کیا۔ ٹی-بلز میں سب-فنڈ کی شمولیت 18.1% سے کم ہو کر 16.2% ہو گئی، جبکہ پاکستان انویسٹمنٹ بانڈز (PIBs) میں شمولیت 75.5% سے بڑھ کر 78.9% ہو گئی۔

30 ستمبر 2016ء کو فنڈ کے net اثاثے 445.91 ملین روپے تھے، جبکہ 30 جون 2016ء کو 421.01 ملین روپے تھے، یعنی 5.91% اضافہ ہوا۔

ڈائریکٹرز رپورٹ

30 ستمبر 2016ء کو Net Asset Value (NAV) فی یونٹ 222.37 روپے تھی، جبکہ 30 جون 2016ء کو 220.27 روپے تھی، یعنی 2.1 روپے فی یونٹ اضافہ ہوا۔

Money مارکیٹ فنڈ

زیرِ جائزہ مدت کے دوران Money مارکیٹ سب-فنڈ نے 3.80% سالانہ منافع حاصل کیا۔ ٹی-بلز میں فنڈ کی شمولیت دورانِ مدت 11.19% سے بڑھ کر 96.2% ہو گئی، جبکہ نقد میں شمولیت میں معمولی اضافہ ہوا اور 3.2% سے 3.7% ہو گئی۔

30 ستمبر 2016ء کو فنڈ کے net اثاثے 164.71 ملین روپے تھے، جبکہ 30 جون 2016ء کو 157.13 ملین روپے تھے، یعنی 4.82% اضافہ ہوا۔

30 ستمبر 2016ء کو Net Asset Value (NAV) فی یونٹ 203.47 روپے تھی، جبکہ 30 جون 2016ء کو 201.54 روپے تھی، یعنی 1.93 روپے فی یونٹ اضافہ ہوا۔

ایکویٹی فنڈ

زیرِ جائزہ مدت کے دوران ایکویٹی سب-فنڈ نے 11.61% منافع حاصل کیا جبکہ KSE-100 نے 7.3% منافع حاصل کیا۔ سب-فنڈ نے ایکویٹیز میں اپنی مجموعی شمولیت کو 92.9% سے بڑھا کر 94.7% کر دیا۔

30 ستمبر 2016ء کو فنڈ کے net اثاثے 599.35 ملین روپے تھے، جبکہ 30 جون 2016ء کو 528.87 ملین روپے تھے، یعنی 13.32% اضافہ ہوا۔

30 ستمبر 2016ء کو Net Asset Value (NAV) فی یونٹ 464.76 روپے تھی، جبکہ 30 جون 2016ء کو 416.4 روپے تھی، یعنی 48.36 روپے فی یونٹ اضافہ ہوا۔

مستقبل کی صورتحال

معیشت کی صورتحال پہلے کے مقابلے میں مستحکم ہونے پر حکومت نے ملکی ترقی کے احیاء کا پُر جوش منصوبہ پیش کیا ہے۔ رواں مالی سال کے لئے حکومت نے 5.7% ترقی کا ہدف مقرر کیا ہے جبکہ گزشتہ برس یہ ہدف 4.7% تھا۔ پاکستانی معیشت میں بہتری کے امکانات بہت اُمید افزا نظر آتے ہیں جس کی بناءً بجلی کی بہتر صورتحال، کاروباری اعتماد میں اضافہ اور 46 بلین ڈالر کے CPEC پروگرام کے تحت پراجیکٹس کا آغاز ہے۔

کنزرویٹو پرائس انڈیکس کے اوسط کے اس سال 5% سے کم رہنے کا امکان ہے۔ تیل کی قیمتوں اور زرِ مبادلہ کی شرح میں استحکام کی بدولت افراطِ زر کو اگلی چند سہ ماہیوں میں 4.0% سے 5.0% کے درمیان قابو میں رکھنے میں مدد ملے گی۔ چنانچہ مانیٹری پالیسی کے لئے ایک مستحکم ماحول کی اُمید کی جاسکتی ہے۔ فی الوقت کرنٹ اکاؤنٹ کو نجیف برآمدات اور سست ترسیلاتِ زر کے باعث خطرہ لاحق ہے، جو اگر چہ حالی ہی میں مضبوط مالی آمدات سے زائل ہو گیا ہے،

ڈائریکٹرز رپورٹ

لیکن اگر خارجی اکاؤنٹ میں مزید کمزوری ہوئی تو کرنسی کو خطرہ لاحق ہو سکتا ہے اور اس کے نتیجے میں پاکستانی روپے کی قدر میں متوقع سے زیادہ کمی آئے گی، اور اسے ہم وقت کے اس موڑ پر معیشت کو لاحق واحد بڑا خطرہ سمجھتے ہیں۔

مجموعی استحکام اور اس کے ساتھ ساتھ چین پاکستان معاشی راہداری متوقع طور پر تعمیر اور بجلی کے شعبے میں تیزی لائیں گے۔ علاوہ ازیں، توسیعی چکر اور اس کے ساتھ ساتھ انٹریسٹ کی شرح کے مستحکم ماحول سے دیگر ابھرتی ہوئی مارکیٹ کی معیشتوں کے مقابلے میں عالمی سطح پر بہتر درجہ بندی متوقع ہے۔ تعمیر کا شعبہ متوقع طور پر انفراسٹرکچر پر مبنی معاشی ترقی کے متبادل بنا رہے گا۔

تیل کی قیمتوں میں طویل المیعاد استحکام متوقع طور پر ایکسپلوریشن اور پیداوار کے شعبے کو ایکسپلوریشن میں ترقی کے ذریعے تحریک فراہم کرے گا۔ بینک متوقع طور پر پاکستان انویسٹمنٹ بانڈز (PIBs) کی maturity واضح ہونے کے بعد منظر عام پر آئیں گے، اور پُرکشش Price to Book ratios پر سب کی توجہ مرکوز ہے۔ ابھرتی ہوئی مارکیٹس میں پاکستان کی دوبارہ درجہ بندی سے غیر ملکی آمدات کے لئے KSE-100 انڈیکس میں تیزی آ سکتی ہے اور مارکیٹ کی شرح کے دوبارہ تعین اور اس میں اضافے کی راہ ہموار ہوگی۔

مقررہ آمدنی کے میدان میں مارکیٹ متوقع طور پر افراط زر میں اضافے اور سرحدوں پر کشیدگی کے باعث محتاط رہے گی۔ معاشی میدان میں، خاص طور پر ادائیگیوں کے توازن کے حوالے سے، واضح صورتحال سے مقررہ آمدنی کی مارکیٹوں میں مزید شرکت کی طرف راہنمائی حاصل ہوگی۔

اظہار تشکر

بورڈ فنڈ کے گراں قدر سرمایہ کاروں، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور فنڈ کے Trustees 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

محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

21 اکتوبر 2016ء

CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2016


| Note | (Un-Audited) | | | | (Audited) | |
|--|---------------------------|-------------------------|----------------------------------|-------------|---------------|---------------|
| | September 30, 2016 | | | | June 30, 2016 | |
| | PPF Equity Sub-Fund | PPF Debt Sub-Fund | PPF Money Market Sub- Fund | Total | | |
| ----- Rupees ----- | | | | | | |
| ASSETS | | | | | | |
| Balances with banks | 6 | 4,300,388 | 12,788,702 | 6,125,535 | 23,214,625 | 41,952,664 |
| Investments (as per condensed interim statement of investments by category) | | 584,716,065 | 430,938,238 | 160,394,407 | 1,176,048,710 | 1,047,587,531 |
| Receivable against sale of Investments | | 20,047,262 | - | - | 20,047,262 | 7,743,776 |
| Dividend receivable | | 5,214,560 | - | - | 5,214,560 | 1,420,781 |
| Bank Profit / Interest receivable | | 76,476 | 6,760,135 | 14,568 | 6,851,179 | 19,948,434 |
| Deposits and other receivables | 7 | 2,966,953 | 220,278 | 118,541 | 3,305,772 | 3,289,376 |
| TOTAL ASSETS | | 617,321,704 | 450,707,353 | 166,653,054 | 1,234,682,108 | 1,121,942,562 |
| LIABILITIES | | | | | | |
| Payable to Pension Fund Manager | | 825,985 | 610,984 | 223,816 | 1,660,785 | 1,513,527 |
| Payable to the Trustee | | 78,166 | 57,828 | 21,180 | 157,174 | 147,638 |
| Payable to Auditors | | 190,535 | 161,566 | 61,780 | 413,881 | 300,749 |
| Annual fee payable to the Securities and Exchange Commission of Pakistan | | 47,432 | 35,923 | 13,262 | 96,616 | 322,958 |
| Accrued and other liabilities | 8 | 16,827,965 | 3,933,827 | 1,623,641 | 22,385,432 | 12,642,777 |
| TOTAL LIABILITIES | | 17,970,083 | 4,800,128 | 1,943,678 | 24,713,888 | 14,927,649 |
| NET ASSETS | | 599,351,621 | 445,907,225 | 164,709,375 | 1,209,968,221 | 1,107,014,913 |
| Participants Sub-Funds (as per condensed interim statement of movement in participants' sub-funds) | | 599,351,621 | 445,907,225 | 164,709,375 | | |
| ----- Number of units ----- | | | | | | |
| Number of units in issue | | 1,289,593 | 2,005,229 | 809,487 | | |
| ----- Rupees ----- | | | | | | |
| Net assets value per unit | | 464.76 | 222.37 | 203.47 | | |

The annexed notes from 1 to 13 form an integral part of these condensed interim financial information.



Chief Executive Officer

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



Director

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2016

| Note | Quarter ended September 30, 2016 | | | | Quarter ended September 30, 2016 | |
|--|----------------------------------|-------------------|---------------------------|-------------------|----------------------------------|--------------------|
| | PPF Equity Sub-Fund | PPF Debt Sub-Fund | PPF Money Market Sub-Fund | Total | | |
| ----- Rupees ----- | | | | | | |
| INCOME | | | | | | |
| Capital Gain / (loss) on sale of investments - net | 31,208,985 | (541,461) | (1,444,309) | 29,223,216 | 3,528,016 | |
| Dividend income | 6,022,375 | - | - | 6,022,375 | 3,905,036 | |
| Income from investment in government securities | - | 9,435,439 | 2,498,082 | 11,933,521 | 10,304,164 | |
| Income from Term Finance Certificates - Sukuk | - | 54,154 | - | 54,154 | 98,572 | |
| Profit on bank deposits | 299,005 | 120,074 | 88,609 | 507,687 | 400,759 | |
| Reversal of Provision Debt Security | - | - | - | - | 267,857 | |
| Unrealised appreciation / (diminution) in fair value of investments classified as 'at fair value through profit or loss' | 216,122 | (72,765) | (34,294) | 109,063 | 4,407,460 | |
| Element of income and capital gains included in prices of units issued less those in units redeemed | | | | | | |
| - from realised / unrealised capital gain | (137,510) | (220,049) | 1,541 | (356,018) | 1,265,128 | |
| - from other income | (74,478) | 583,324 | 40,253 | 549,098 | 776,173 | |
| Total Income | 37,534,499 | 9,358,717 | 1,149,884 | 48,043,096 | 24,953,167 | |
| EXPENSES | | | | | | |
| Remuneration to Pension Fund Manager | 2,158,229 | 1,635,512 | 603,777 | 4,397,518 | 4,554,403 | |
| Sales tax to Pension Fund Manager | 280,570 | 212,616 | 78,491 | 571,678 | - | |
| Remuneration to the Trustee | 205,718 | 155,917 | 57,561 | 419,197 | 392,627 | |
| Sales tax on trustee fee | 26,743 | 20,270 | 7,483 | 54,496 | - | |
| Annual fee - Securities and Exchange Commission of Pakistan | 47,457 | 35,948 | 13,287 | 96,692 | 76,604 | |
| Auditors' Remuneration | 55,511 | 42,084 | 15,534 | 113,129 | 130,715 | |
| Custody and settlement charges | 396,668 | 75,620 | 1,641 | 473,929 | 323,639 | |
| Legal and professional charges | - | - | - | - | - | |
| Provision against debt securities | - | - | - | - | - | |
| Bank charges | 1,346 | 21,688 | 13,236 | 36,270 | 18,713 | |
| Provision WWF | 164,516 | 42,588 | 8,043 | 215,148 | - | |
| Total Expenses | 3,336,759 | 2,242,244 | 799,053 | 6,378,056 | 5,496,700 | |
| Net (loss) /income before taxation | 34,197,740 | 7,116,473 | 350,829 | 41,665,041 | 19,456,467 | |
| Provision for taxation - current | 10 | - | - | - | - | |
| Net (loss) / income after taxation | 34,197,740 | 7,116,473 | 350,829 | 41,665,041 | 19,456,467 | |
| Other comprehensive income / (loss) for the period | | | | | | |
| Unrealised gain/(loss) on re-valuation of investments classified as 'available for sale' - net | 9 | 27,924,342 | (2,655,142) | 1,213,688 | 26,482,888 | (26,629,553) |
| Total comprehensive (loss) / income for the period | | 62,122,082 | 4,461,331 | 1,564,517 | 68,147,929 | (7,173,086) |
| Earnings per unit | 11 | 26.47 | 3.64 | 0.44 | | |

The annexed notes from 1 to 13 form an integral part of these condensed interim financial information.



Chief Executive Officer

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



Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2016

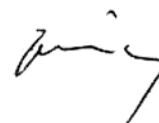
| | Quarter ended September 30, 2016 | | | | Quarter ended September 30, 2016 |
|--|----------------------------------|-----------------------|---------------------------------|---------------------|--|
| | PPF Equity Sub-Fund | PPF Debt Sub- Fund | PPF Money Market sub Fund | Total | |
| | Rupees | | | | |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | |
| Net income before taxation | 34,197,740 | 7,116,473 | 350,829 | 41,665,043 | 19,456,467 |
| Adjustments for non cash items: | | | | | |
| Capital (Gain) / loss on sale of investments - net | (31,208,985) | 541,461 | 1,444,308 | (29,223,217) | (3,528,016) |
| Impairment loss on investments classified as 'available-for-sale' | - | - | - | - | - |
| Unrealised diminution / (appreciation) in fair value of investments classified as 'at fair value through profit or loss' | (216,122) | 72,765 | 34,294 | (109,063) | (4,407,460) |
| Elements of loss / (income) and capital losses/ (gains) in prices of units issued less those in units redeemed - net | 137,510 | 220,049 | (1,541) | 356,018 | (1,265,128) |
| - from realised / unrealised capital gain | 74,478 | (583,324) | (40,253) | (549,098) | (776,173) |
| - from other income | (31,213,119) | 250,950 | 1,436,807 | (29,525,361) | (9,976,778) |
| (Increase) / decrease in assets | | | | | |
| Investments - net | (26,041,050) | (33,233,385) | (13,371,588) | (72,646,022) | (66,307,934) |
| Receivable against sale of Investments | (12,303,486) | - | - | (12,303,486) | - |
| Dividend receivable | (3,793,779) | - | - | (3,793,779) | (3,034,238) |
| Interest receivable | (1,423) | 6,579,041 | 6,519,636 | 13,097,254 | 5,639,937 |
| Deposits and other receivables | (14,156) | (1,354) | (886) | (16,396) | (3,670) |
| | (42,153,894) | (26,655,698) | (6,852,837) | (75,662,429) | (63,705,904) |
| (Decrease) / increase in liabilities | | | | | |
| Payable against redemption of units | - | - | - | - | - |
| Remuneration payable to Pension Fund Manager | 111,494 | 30,502 | 5,261 | 147,257 | (28,998) |
| Payable to Trustee | 8,481 | 1,195 | (140) | 9,536 | 22,966 |
| Payable to Auditors | 190,535 | 161,566 | 61,780 | 413,880 | (163,431) |
| Annual fee payable to the Securities and Exchange Commission of Pakistan | (97,736) | (92,063) | (36,543) | (226,343) | (158,635) |
| Other liabilities | 9,571,749 | (85,372) | (44,470) | 9,441,907 | (17,544,156) |
| | 9,784,523 | 15,828 | (14,113) | 9,786,238 | (17,872,255) |
| Taxation paid | - | - | - | - | - |
| Cash (used in)/generated from operating activities | (29,384,749) | (19,272,447) | (5,079,314) | (53,736,510) | (72,098,470) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | | | |
| Receipt of contribution | 36,343,372 | 38,719,104 | 9,781,718 | 84,844,196 | 103,487,431 |
| Payment against withdrawal | (28,200,046) | (17,918,104) | (3,727,573) | (49,845,723) | (55,374,009) |
| Cash generated / (used in) from financing activities | 8,143,326 | 20,800,999 | 6,054,145 | 34,998,473 | 48,113,423 |
| Net (decrease)/ increase in cash and cash equivalents | (21,241,423) | 1,528,552 | 974,832 | (18,738,037) | (23,985,047) |
| Cash and cash equivalents at beginning of the period | 25,541,811 | 11,260,150 | 5,150,703 | 41,952,664 | 44,824,742 |
| Cash and cash equivalents at end of the period | 4,300,388 | 12,788,702 | 6,125,535 | 23,214,625 | 20,839,694 |

The annexed notes from 1 to 13 form an integral part of these condensed interim financial information.



Chief Executive Officer

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



Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB-FUNDS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

| | Quarter ended September 30, 2016 | | | | Quarter ended September 30, 2016 |
|--|----------------------------------|-------------------|---------------------------|---------------|----------------------------------|
| | PPF Equity Sub-Fund | PPF Debt Sub-Fund | PPF Money Market Sub-Fund | Total | |
| | ----- Rupees ----- | | | | |
| Net assets at the beginning of the period | 528,874,233 | 421,008,172 | 157,132,508 | 1,107,014,913 | 872,902,262 |
| Amount received on issue of units | 36,343,373 | 38,719,103 | 9,781,717 | 84,844,193 | 103,487,430 |
| Amount paid on redemption of units | (28,200,046) | (17,918,104) | (3,727,573) | (49,845,723) | (55,374,009) |
| | 8,143,327 | 20,800,999 | 6,054,144 | 34,998,470 | 48,113,421 |
| Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed - net | | | | | |
| - from realised / unrealised capital gain | 137,510 | 220,049 | (1,541) | 356,018 | (1,265,128) |
| - from other income | 74,478 | (583,324) | (40,253) | (549,098) | (776,173) |
| - amount representing unrealised diminution / (appreciation) in fair value of investments | 6,406,727 | 11,044,347 | 3,024,750 | 20,475,823 | (26,771,807) |
| | 6,618,716 | 10,681,073 | 2,982,956 | 20,282,743 | (28,813,108) |
| Net unrealized (loss)/gain during the period in the market value of investments classified as available-for-sale | 27,924,342 | (2,655,142) | 1,213,688 | 26,482,888 | (26,629,725) |
| Element of (loss) / income and capital (losses)/gains included in prices of units issued less those in units redeemed - amount representing unrealised (diminution) / appreciation - net | (6,406,728) | (11,044,349) | (3,024,750) | (20,475,827) | 26,771,807 |
| Net income after taxation for the period | 34,197,731 | 7,116,473 | 350,829 | 41,665,034 | 19,456,467 |
| Net assets at the end of the period | 599,351,621 | 445,907,225 | 164,709,375 | 1,209,968,221 | 911,801,124 |

The annexed notes from 1 to 13 form an integral part of these condensed interim financial information.



Chief Executive Officer

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



Director

CONDENSED INTERIM STATEMENT OF INVESTMENTS BY CATEGORY AS AT SEPTEMBER 30, 2016

Investments classified as 'at fair value through profit or loss'

| | <div>------(Un-Audited)-----</div> | | | | <div>(Audited)</div> |
|---------------------------|--|--------------------------------------|--|------------------|--------------------------|
| | September 30, 2016 | | | | |
| | <div>PPF Equity Sub-Fund</div> | <div>PPF Debt Sub-Fund</div> | <div>PPF Money Market Sub-Fund</div> | <div>Total</div> | <div>June 30, 2016</div> |
| | <div>----- Rupees -----</div> | | | | |
| Listed equity securities | 19,682,884 | - | - | 19,682,884 | 30,200,326 |
| Pakistan Investment Bonds | - | - | - | - | 99,854,353 |
| Treasury Bills | - | 72,933,694 | 160,394,407 | 233,328,101 | 96,160,680 |
| | 19,682,884 | 72,933,694 | 160,394,407 | 253,010,985 | 226,215,359 |

Rupees

Investments classified as 'Available-for-sale'

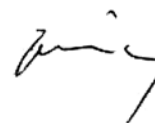
| | | | | | |
|---|--------------------|--------------------|--------------------|----------------------|----------------------|
| Listed equity securities | 565,033,181 | - | - | 565,033,181 | 469,125,249 |
| Pakistan Investment Bonds | - | 355,464,164 | - | 355,464,164 | 349,710,932 |
| Treasury Bills | - | - | - | - | - |
| Ijara Sukuk | - | - | - | - | - |
| Term Finance Certificates and Sukuk bonds | - | 2,540,380 | - | 2,540,380 | 2,535,991 |
| | <u>565,033,181</u> | <u>358,004,544</u> | <u>-</u> | <u>923,037,725</u> | <u>821,372,172</u> |
| Investments at market value | <u>584,716,065</u> | <u>430,938,238</u> | <u>160,394,407</u> | <u>1,176,048,710</u> | <u>1,047,587,531</u> |

The annexed notes from 1 to 13 form an integral part of these condensed interim financial information.



Chief Executive Officer

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



Director

CONDENSED INTERIM STATEMENT OF INVESTMENT PORTFOLIO (UN-AUDITED)
AS AT SEPTEMBER 30, 2016

PAKISTAN PENSION FUND
CONDENSED INTERIM STATEMENT OF INVESTMENT PORTFOLIO (UN-AUDITED)
AS AT SEPTEMBER 30, 2016

PPF EQUITY SUB-FUND
LISTED SHARES - AVAILABLE-FOR-SALE

Page 1 of 3

| Name of the Investee Company | Number of shares | | | | | As at September 30, 2016 | | | Market value as a % of net assets of the sub-fund | % of paid up capital of the investee company |
|---|---------------------|-----------------------------|--------------------------------------|-------------------------|--------------------------|--------------------------|-------------------|----------------------------|---|--|
| | As at July 01, 2016 | Purchases during the period | Bonus/ Right Issue during the period | Sales during the period | As at September 30, 2016 | Cost | Market value | Appreciation/ (Diminution) | | |
| | | | | | | Rupees | | | % | % |
| | | | | | | | | | | |
| AUTOMOBILE PARTS & ACCESSORIES | | | | | | | | | | |
| AGRIAUTO INDUSTRIES LIMITED | 51,000 | - | - | 51,000 | - | - | - | - | 0.00 | 0.00 |
| ATLAS BATTERY LIMITED | - | 12,700 | - | - | 12,700 | 7,827,570 | 10,274,300 | 2,446,730 | 1.71 | 0.07 |
| | | | | | | 7,827,570 | 10,274,300 | 2,446,730 | 1.71 | |
| | | | | | | | | | | |
| CABLE & ELECTRICAL GOODS | | | | | | | | | | |
| Pak Elektron | 162,250 | 130,000 | - | 124,000 | 168,250 | 11,711,327 | 11,907,053 | 195,726 | 1.99 | 0.02 |
| | | | | | | 11,711,327 | 11,907,053 | 195,726 | 1.99 | |
| | | | | | | | | | | |
| Construction and Material | | | | | | | | | | |
| CHERAT CEMENT | 135,000 | 50,000 | - | 135,000 | 50,000 | 6,332,320 | 6,433,000 | 100,680 | 1.07 | 0.03 |
| KOHAT CEMENT LTD | 20,000 | - | - | 20,000 | - | - | - | - | 0.00 | 0.00 |
| LUCKY CEMENT | 48,800 | - | - | 25,500 | 23,300 | 13,877,685 | 15,780,158 | 1,902,473 | 2.63 | 0.01 |
| MAPLE LEAF CEMENT FACTORY LTD | 100,000 | 195,000 | - | 295,000 | - | - | - | - | 0.00 | 0.00 |
| PIONEER CEMENT LTD | 99,000 | 59,800 | - | 99,000 | 59,800 | 6,823,928 | 6,320,262 | (503,666) | 1.05 | 0.03 |
| | | | | | | 27,033,933 | 28,533,420 | 1,499,487 | 4.76 | |
| | | | | | | | | | | |
| Automobile and Assembler | | | | | | | | | | |
| HINOPAK MOTORS | - | 7,060 | - | - | 7,060 | 6,978,338 | 10,151,080 | 3,172,742 | 1.69 | 0.06 |
| INDUS MOTORS COMPANY LIMITED | - | 9,000 | - | - | 9,000 | 11,571,271 | 13,503,420 | 1,932,149 | 2.25 | 0.01 |
| SAZGAR ENGINEERING WORKS | - | 130,000 | - | - | 130,000 | 5,856,682 | 7,542,600 | 1,685,918 | 1.26 | |
| | | | | | | 24,406,291 | 31,197,100 | 6,790,809 | 5.21 | |
| | | | | | | | | | | |
| ENGINEERING | | | | | | | | | | |
| AMRELI STEELS LIMITED | - | 150,000 | - | - | 150,000 | 8,420,820 | 10,693,500 | 2,272,680 | 1.78 | 0.05 |
| CRESCENT STEEL & ALLIED PROD | 8,700 | 91,000 | - | 99,700 | - | - | - | - | 0.00 | 0.08 |
| INTERNATIONAL INDUSTRIES | - | 55,000 | - | - | 55,000 | 5,657,410 | 7,412,900 | 1,755,490 | 1.24 | 0.05 |
| K.S.B.PUMPS COMPANY LTD | - | 3,800 | - | - | 3,800 | 1,000,570 | 1,021,896 | 21,326 | 0.17 | |
| | | | | | | 15,078,800 | 19,128,296 | 4,049,496 | 1.78 | |
| | | | | | | | | | | |
| FERTILIZER | | | | | | | | | | |
| DAWOOD HERCULES CORPORATION | 75,000 | - | - | 28,800 | 46,200 | 5,554,035 | 6,142,752 | 588,717 | 1.02 | 0.02 |
| ENGRO FERTILIZER LIMITED | - | 479,000 | - | - | 479,000 | 32,975,222 | 29,535,140 | (3,440,082) | 4.93 | 0.04 |
| ENGRO CORPORATION LIMITED | 138,900 | 7,000 | - | 97,000 | 48,900 | 15,402,615 | 14,242,125 | (1,160,490) | 2.38 | 0.01 |
| | | | | | | 53,931,872 | 49,920,017 | (4,011,855) | 8.33 | |
| | | | | | | | | | | |
| CHEMICALS | | | | | | | | | | |
| ARCHROMA PAKISTAN LIMITED | 27,700 | - | - | - | 27,700 | 12,609,253 | 16,369,869 | 3,760,616 | 2.73 | 0.08 |
| BIAFO INDUSTRIES | 16,100 | - | - | - | 16,100 | 3,224,410 | 4,620,700 | 1,396,290 | 0.77 | 0.08 |
| ICI PAKISTAN | 45,100 | - | - | 32,100 | 13,000 | 5,602,126 | 8,478,470 | 2,876,344 | 1.41 | 0.01 |
| LINDE PAKISTAN | 38,000 | - | - | - | 38,000 | 7,745,700 | 5,633,500 | (2,112,200) | 0.94 | 0.15 |
| SITARA CHEMICAL INDUSTRIES | - | 12,700 | - | - | 12,700 | 6,047,204 | 6,102,985 | 55,781 | 1.02 | 0.06 |
| | | | | | | 35,228,693 | 41,205,524 | 5,976,831 | 6.88 | |
| | | | | | | | | | | |
| FOOD & PERSONAL CARE PRODUCTS | | | | | | | | | | |
| MURREE BREWERY COMPANY | 13,000 | - | - | 13,000 | - | - | - | - | 0.00 | 0.00 |
| SHEZAN INTERNATIONAL | 2,500 | - | - | - | 2,500 | 3,163,085 | 1,257,050 | (1,906,035) | 0.21 | 0.03 |
| | | | | | | 3,163,085 | 1,257,050 | (1,906,035) | 0.21 | |
| | | | | | | | | | | |
| GLASS & CERAMICS | | | | | | | | | | |
| Tariq Glass Industries | 167,500 | - | - | - | 167,500 | 9,554,100 | 16,041,475 | 6,487,375 | 2.68 | 0.23 |
| | | | | | | 9,554,100 | 16,041,475 | 6,487,375 | 2.68 | |
| | | | | | | | | | | |
| LEATHER & TANNERIES | | | | | | | | | | |
| SERVICE INDUSTRIES | - | 7,000 | - | - | 7,000 | 8,483,383 | 8,948,310 | 464,927 | 1.49 | 0.00 |
| | | | | | | 8,483,383 | 8,948,310 | 464,927 | 1.49 | |
| | | | | | | | | | | |
| TEXTILE COMPOSITE | | | | | | | | | | |
| KOHINOOR TEXTILE MILLS LTD | - | 140,000 | - | - | 140,000 | 11,588,948 | 11,900,000 | 311,052 | 1.99 | 0.05 |
| | | | | | | 11,588,948 | 11,900,000 | 311,052 | 1.99 | |
| | | | | | | | | | | |
| TEXTILE SPINNING | | | | | | | | | | |
| GADOON TEXTILE | - | 102,200 | - | - | 102,200 | 14,778,151 | 17,647,896 | 2,869,745 | 2.94 | 0.36 |
| | | | | | | 14,778,151 | 17,647,896 | 2,869,745 | 2.94 | |
| | | | | | | | | | | |
| MISCELLANEOUS | | | | | | | | | | |

CONDENSED INTERIM STATEMENT OF INVESTMENT PORTFOLIO (UN-AUDITED) AS AT SEPTEMBER 30, 2016

| | | | | | | | | | | |
|--|------------------|------------------|----------|------------------|------------------|--------------------|--------------------|--------------------|--------------|------|
| Shifa International Hospitals | 52,903 | - | - | 26,800 | 26,103 | 6,585,403 | 8,613,990 | 2,028,587 | 1.44 | 0.05 |
| | | | | | | 6,585,403 | 8,613,990 | 2,028,587 | 1.44 | |
| Oil and Gas Producers | | | | | | | | | | |
| MARI PETROLEUM COMPANY | - | 22,000 | - | - | 22,000 | 21,826,235 | 20,999,660 | (826,575) | 3.50 | 0.02 |
| OIL & GAS DEVELOPMENT CO LTD | 220,000 | 39,000 | - | 40,000 | 219,000 | 34,582,378 | 30,929,370 | (3,653,008) | 5.16 | 0.01 |
| PAKISTAN OILFIELDS LIMITED | 69,006 | 15,000 | - | 11,000 | 73,006 | 25,576,199 | 29,298,038 | 3,721,839 | 4.89 | 0.03 |
| | | | | | | 81,984,812 | 81,227,068 | (757,744) | 13.55 | |
| Oil and Gas Marketing Companies | | | | | | | | | | |
| PAKISTAN STATE OIL CO LTD. | 59,000 | - | - | 4,000 | 55,000 | 21,688,986 | 22,777,700 | 1,088,714 | 3.80 | 0.02 |
| SHELL PAKISTAN | 11,000 | - | - | 11,000 | - | - | - | - | 0.00 | 0.00 |
| | | | | | | 21,688,986 | 22,777,700 | 1,088,714 | 3.80 | |
| PAPER AND BOARD | | | | | | | | | | |
| Packages Limited | 20,500 | 500 | - | 21,000 | - | 0 | 0 | - | 0.00 | 0.00 |
| Security Papers Limited | 33 | - | - | - | 33 | 872 | 3,016 | 2,144 | 0.00 | 0.00 |
| | | | | | | 872 | 3,016 | 2,144 | 0.00 | |
| POWER GENERATION & DISTRIBUTION | | | | | | | | | | |
| HUB POWER COMPANY LTD | 35,000 | 104,400 | - | - | 139,400 | 16,750,485 | 16,612,298 | (138,187) | 2.77 | 0.01 |
| ALTERN ENERGY LIMITED | 10,500 | - | - | - | 10,500 | 404,977 | 390,810 | (14,167) | 0.07 | 0.00 |
| KOT ADDU POWER CO. LTD | 199,000 | - | - | - | 199,000 | 18,105,199 | 16,654,310 | (1,450,889) | 2.78 | 0.02 |
| | | | | | | 35,260,661 | 33,657,418 | (1,603,243) | 5.62 | |
| PHARMACEUTICALS | | | | | | | | | | |
| ** ABBOTT LABORATORIES PAKISTAN) | 27,700 | - | - | - | 27,700 | 18,299,722 | 23,503,450 | 5,203,728 | 3.92 | 0.03 |
| IBL HEALTHCARE LIMITED | 5,060 | - | - | 4,340 | 720 | 83,606 | 118,721 | 35,115 | 0.02 | 0.00 |
| SEARLE COMPANY | 1,450 | - | - | - | 1,450 | 576,450 | 831,575 | 255,125 | 0.14 | 0.00 |
| | | | | | | 18,959,778 | 24,453,746 | 5,493,968 | 4.08 | |
| TECHNOLOGY & COMMUNICATIONS | | | | | | | | | | |
| AVANCEON LIMITED | - | 350,000 | - | - | 350,000 | 11,373,320 | 11,378,500 | 5,180 | 1.90 | 0.33 |
| NETSOL TECHNOLOGIES | 125,000 | 100,000 | - | - | 225,000 | 14,176,103 | 13,626,000 | (550,103) | 2.27 | 0.25 |
| P.T.C.L "A" | - | 100,000 | - | - | 100,000 | 1,805,830 | 1,828,000 | 22,170 | 0.30 | 0.00 |
| SYSTEMS LIMITED | 261,955 | - | - | - | 261,955 | 10,076,780 | 18,368,285 | 8,291,505 | 3.06 | 0.24 |
| | | | | | | 37,432,033 | 45,200,785 | 7,768,752 | 7.54 | |
| COMMERCIAL BANKS | | | | | | | | | | |
| ASKARI BANK LIMITED | - | 200,000 | - | - | 200,000 | 3,887,460 | 3,982,000 | 94,540 | 0.66 | 0.02 |
| BANK AL HABIB LIMITED | 151,000 | 385,000 | - | - | 536,000 | 23,434,349 | 24,109,280 | 674,931 | 4.02 | 0.05 |
| HABIB BANK LIMITED | 145,000 | - | - | 15,000 | 130,000 | 23,647,858 | 28,705,300 | 5,057,442 | 4.79 | 0.01 |
| HABIB METROPOLITAN BANK | 250,000 | 190,000 | - | 250,000 | 190,000 | 5,613,778 | 5,747,500 | 133,722 | 0.96 | 0.02 |
| MEEZAN BANK LIMITED | - | 92,000 | - | - | 92,000 | 4,750,475 | 5,060,920 | 310,445 | 0.84 | 0.01 |
| UNITED BANK LIMITED | 202,000 | 70,000 | - | 103,300 | 168,700 | 28,947,233 | 33,534,186 | 4,586,953 | 5.60 | 0.01 |
| | | | | | | 90,281,153 | 101,139,186 | 10,858,033 | 16.87 | |
| Total | 3,022,757 | 3,309,160 | - | 1,534,640 | 4,797,277 | 514,979,851 | 565,033,172 | 50,053,321 | 82.64 | |

----- Total -----
Un audited Audited
September 30, June 30, 2016
2016
----- Rupees -----
565,033,172 469,125,560

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

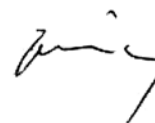
*** These have a face value of Rs.1 per share

The annexed notes from 1 to 13 form an integral part of these condensed interim financial information.



Chief Executive Officer

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



Director

CONDENSED INTERIM STATEMENT OF OTHER INVESTMENTS (UN-AUDITED) AS AT SEPTEMBER 30, 2016

PPF EQUITY SUB-FUND
LISTED SHARES - 'AT FAIR VALUE THROUGH PROFIT OR LOSS'

| Name of the Investee Company | Number of shares | | | | | As at September 30, 2016 | | | Market value as a % of net assets of the sub-fund | % of paid up capital of the investee company |
|---|---------------------|-----------------------------|--------------------------------------|-------------------------|--------------------------|--------------------------|--------------------------|----------------------------|---|--|
| | As at July 01, 2016 | Purchases during the period | Bonus/ Right Issue during the period | Sales during the period | As at September 30, 2016 | Carrying Value | Market value | Appreciation/ (Diminution) | | |
| | | | | | | Rupees | | | % | % |
| CEMENT | | | | | | | | | | |
| PIONEER CEMENT LTD | 3,000 | - | - | 1,000 | 2,000 | 214,800 | 211,380 | (3,420) | 0.04 | 0.00 |
| | | | | | | <u>214,800</u> | <u>211,380</u> | <u>(3,420)</u> | <u>0.04</u> | |
| ENGINEERING | | | | | | | | | | |
| CRESCENT STEEL & ALLIED PROD | 16,500 | - | - | 16,500 | - | - | - | - | - | 0.02 |
| | | | | | | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | |
| FERTILIZER | | | | | | | | | | |
| Engro Corporation Limited | 5,000 | - | - | - | 5,000 | 1,664,850 | 1,456,250 | (208,600) | 0.24 | 0.00 |
| | | | | | | <u>1,664,850</u> | <u>1,456,250</u> | <u>(208,600)</u> | <u>0.24</u> | |
| POWER GENERATION & DISTRIBUTION | | | | | | | | | | |
| * Hub Power Company Limited | 75,995 | - | - | - | 75,995 | 9,123,960 | 9,056,324 | (67,636) | 1.51 | 0.01 |
| | | | | | | <u>9,123,960</u> | <u>9,056,324</u> | <u>(67,636)</u> | <u>1.51</u> | |
| OIL & GAS EXPOLORATION COMPANIES | | | | | | | | | | |
| Pakistan Oil Fields Limited | 194 | - | - | - | 194 | 67,411 | 77,854 | 10,443 | 0.01 | 0.00 |
| Pakistan Petroleum Limited | 223 | - | - | - | 223 | 34,576 | 36,498 | 1,922 | 0.01 | 0.00 |
| | | | | | | <u>101,987</u> | <u>114,352</u> | <u>12,365</u> | <u>0.02</u> | |
| CHEMICALS | | | | | | | | | | |
| Dynea Pakistan | 7,000 | - | - | - | 7,000 | 318,500 | 412,930 | 94,430 | 0.07 | 0.04 |
| | | | | | | <u>318,500</u> | <u>412,930</u> | <u>94,430</u> | <u>0.07</u> | |
| LEATHER & TANNERIES | | | | | | | | | | |
| Bata Pakistan | 1,340 | - | - | - | 1,340 | 5,463,622 | 5,628,000 | 164,378 | 0.94 | 0.02 |
| | | | | | | <u>5,463,622</u> | <u>5,628,000</u> | <u>164,378</u> | <u>0.94</u> | |
| FOOD & PERSONAL CARE PRODUCTS | | | | | | | | | | |
| Shezan International | 3,700 | - | - | - | 3,700 | 1,670,550 | 1,860,434 | 189,884 | 0.31 | 0.05 |
| | | | | | | <u>1,670,550</u> | <u>1,860,434</u> | <u>189,884</u> | <u>0.31</u> | |
| PHARMACEUTICALS | | | | | | | | | | |
| IBL HealthCare Limited | 60,720 | - | - | 55,000 | 5,720 | 908,450 | 943,214 | 34,764 | 0.16 | 0.01 |
| | | | | | | <u>908,450</u> | <u>943,214</u> | <u>34,764</u> | <u>0.16</u> | |
| Total | 173,672 | - | - | 72,500 | 101,172 | <u>19,466,719</u> | <u>19,682,884</u> | <u>216,165</u> | <u>3.28</u> | |
| | | | | | | | | | | |
| | | | | | | | | | Total | |
| | | | | | | | | | Un audited | Audited |
| | | | | | | | | | September 30, 2016 | June 30, 2016 |
| | | | | | | | | | Rupees | |
| | | | | | | | | | <u>19,682,884</u> | <u>30,200,284</u> |
| | | | | | | | | | | |
| Total Market Value | | | | | | | | | | |

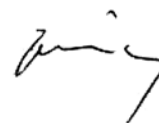
* The above portfolio includes shares with an aggregating market value of Rs.9.82 million (2015: Rs.9.36 million) which have been pledged with the National Clearing Company of Pakistan Limited as security against settlement of the Fund's trading in accordance with the terms of Circular no. 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan.

The annexed notes from 1 to 13 form an integral part of these condensed interim financial information.



Chief Executive Officer

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



Director

CONDENSED INTERIM STATEMENT OF OTHER INVESTMENTS (UN-AUDITED) AS AT SEPTEMBER 30, 2016

PPF DEBT SUB-FUND
AVAILABLE-FOR-SALE INVESTMENTS

| Name of Investment | Face value | | | | As at September 30, 2016 | | | Market value as a % of net asset of the sub-fund |
|-----------------------------------|--------------------|-----------------------------|-------------------------------------|--------------------------|--------------------------|--------------|----------------------------|--|
| | As at July 1, 2016 | Purchases during the period | Sales/ maturities during the period | As at September 30, 2015 | Cost | Market value | Appreciation/ (Diminution) | |
| -----Rupees----- | | | | | | | | |
| Pakistan investment bonds | 204,150,000 | 356,040,000 | 226,150,000 | 334,040,000 | 357,993,742 | 355,464,164 | (2,529,578) | 79.72 |
| Treasury bills | - | - | - | - | - | - | - | 0.00 |
| Government Ijarah Sukuk (3 years) | - | - | - | - | - | - | - | 0.00 |
| | 204,150,000 | 356,040,000 | 226,150,000 | 334,040,000 | 357,993,742 | 355,464,164 | (2,529,578) | 79.72 |

| Name of Investment | Issue Date | Number of Certificates | | | | As at September 30, 2016 | | | Market value as a percentage of net asset of the sub - fund | Market value as a percentage of total investments | Percentage in relation to the total size of the issue |
|----------------------------------|------------|------------------------------------|-----------------------------|----------------------------------|--------------------------|--------------------------|--------------|-----------------------------|---|---|---|
| | | As at July 1, 2015 | Purchases during the period | Sales/ matured during the period | As at September 30, 2015 | Cost | Market value | Appreciation / (Diminution) | | | |
| | | (-----Number of Certificates-----) | | | | (-----Rupees-----) | | | (-----%-----) | | |
| Term Finance Certificates (TFCs) | | | | | | | | | | | |
| Bank Alfalah TFC-IV (Floating) | 2-Dec-09 | 500 | - | - | 500 | 2,494,747 | 2,540,380 | 45,633 | 0.57 | 0.59 | 0.05 |
| | | 500 | - | - | 500 | 2,494,747 | 2,540,380 | 45,633 | 0.57 | 0.59 | 0.05 |
| Total | | 500 | - | - | 500 | 2,494,747 | 2,540,380 | 45,633 | 0.57 | 0.59 | |

INVESTMENTS AT 'FAIR VALUE THROUGH PROFIT OR LOSS'

| Name of Investment | Face value | | | | As at September 30, 2016 | | | Market value as a % of net asset of the sub - fund |
|--------------------|--------------------|-----------------------------|-------------------------------------|--------------------------|--------------------------|--------------|----------------------------|--|
| | As at July 1, 2016 | Purchases during the period | Sales/ maturities during the period | As at September 30, 2015 | Carrying Value | Market value | Appreciation/ (Diminution) | |
| -----Rupees----- | | | | | | | | |
| Treasury bills | 78,165,000 | 312,900,000 | 314,770,000 | 76,295,000 | 72,966,836 | 72,933,694 | (33,142) | 16.36 |
| | 78,165,000 | 312,900,000 | 314,770,000 | 76,295,000 | 72,966,836 | 72,933,694 | (33,142) | 16.36 |

| | | |
|---------------------------------------|---------------|-------------|
| ----- Total ----- | | |
| Un audited | Audited | |
| September 30, | June 30, 2016 | |
| 2016 | | |
| ----- Rupees ----- | | |
| Market Value of government securities | 428,397,858 | 398,438,335 |
| Market Value of TFCs and Sukuk bonds | 2,540,380 | 2,535,989 |
| | 430,938,238 | 400,974,324 |

The annexed notes from 1 to 13 form an integral part of these condensed interim financial information.



Chief Executive Officer

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



Director

CONDENSED INTERIM STATEMENT OF OTHER INVESTMENTS (UN-AUDITED) AS AT SEPTEMBER 30, 2016

AVAILABLE FOR SALE INVESTMENTS

| Name of Investment | Face value | | | | As at September 30, 2016 | | | Market value as a % of net asset of the sub-fund |
|--------------------|--------------------|-----------------------------|-------------------------------------|--------------------------|--------------------------|--------------|----------------------------|--|
| | As at July 1, 2016 | Purchases during the period | Sales/ maturities during the period | As at September 30, 2016 | Book value | Market value | Appreciation/ (Diminution) | |

Rupees

PPF MONEY MARKET SUB-FUND

| | | | | | | | | |
|---------------------------|-------------|---|-------------|---|---|---|---|-------|
| Pakistan investment bonds | 128,000,000 | - | 128,000,000 | - | - | - | - | 0.00% |
| | 128,000,000 | - | 128,000,000 | - | - | - | - | 0.00% |

-----Total-----

September 30, 2016 June 30, 2016

----- Rupees-----

Market value

- 128,324,096

PPF MONEY MARKET SUB-FUND

INVESTMENTS CLASSIFIED AS 'AT FAIR VALUE THROUGH PROFIT OR LOSS'

| Name of Investment | Face value | | | | As at September 30, 2016 | | | Market value as a % of net asset of the sub-fund |
|--------------------|--------------------|-----------------------------|-------------------------------------|--------------------------|--------------------------|--------------|----------------------------|--|
| | As at July 1, 2016 | Purchases during the period | Sales/ maturities during the period | As at September 30, 2016 | Book value | Market value | Appreciation/ (Diminution) | |

Rupees

%

| | | | | | | | | |
|----------------|------------|-------------|-------------|-------------|-------------|-------------|----------|-------|
| Treasury bills | 19,000,000 | 443,215,000 | 300,000,000 | 162,215,000 | 160,427,174 | 160,394,407 | (32,777) | 97.38 |
| | 19,000,000 | 443,215,000 | 300,000,000 | 162,215,000 | 160,427,174 | 160,394,407 | (32,777) | 97.38 |

-----Total-----

Un audited September 30, 2016 Audited June 30, 2016

----- Rupees-----

Market value

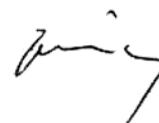
160,394,407 147,287,698

The annexed notes from 1 to 13 form an integral part of these condensed interim financial information.



Chief Executive Officer

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



Director

**CONDENSED INTERIM CONTRIBUTION TABLE (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

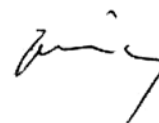
| Contributions net of front end fee | Quarter ended September 30, 2016 | | | | | | | Quarter ended September 30, 2015 |
|------------------------------------|----------------------------------|--------------|-------------------|--------------|---------------------------|-------------|--------------|----------------------------------|
| | PPF Equity Sub-fund | | PPF Debt Sub-fund | | PPF Money Market Sub-Fund | | Total | |
| | Units | Rupees | Units | Rupees | Units | Rupees | | |
| | ----- Rupees ----- | | | | | | | |
| Opening balance | 1,270,108 | 268,464,568 | 1,911,296 | 297,023,452 | 779,640 | 103,047,606 | 668,535,626 | 516,000,241 |
| Individuals - issue of units | 84,001 | 36,343,373 | 184,267 | 38,719,103 | 48,982 | 9,781,717 | 84,844,193 | 103,487,430 |
| - redemption of units | (64,515) | (28,200,046) | (90,334) | (17,918,104) | (19,136) | (3,727,573) | (49,845,723) | (55,374,009) |
| | 19,486 | 8,143,327 | 93,933 | 20,800,999 | 29,847 | 6,054,144 | 34,998,470 | 48,113,421 |
| Closing balance | 1,289,593 | 276,607,895 | 2,005,229 | 317,824,451 | 809,487 | 109,101,750 | 703,534,096 | 564,113,662 |

The annexed notes from 1 to 13 form an integral part of these condensed interim financial information.



Chief Executive Officer

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



Director

**CONDENSED INTERIM STATEMENT OF NUMBER OF UNITS IN ISSUE (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

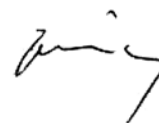
| | Quarter ended September 30, 2016 | | |
|--|----------------------------------|-------------------------|----------------------------------|
| | PPF Equity Sub-Fund | PPF Debt Sub-Fund | PPF Money Market Sub- Fund |
| | ----- No of units ----- | | |
| Total units outstanding at the beginning of the period | 1,270,108 | 1,911,296 | 779,640 |
| Add: Units issued during the period | 84,001 | 184,267 | 48,982 |
| Less: Units redeemed during the period | (64,515) | (90,334) | (19,136) |
| Total units in issue at the end of the period | 1,289,593 | 2,005,229 | 809,487 |

The annexed notes from 1 to 13 form an integral part of these condensed interim financial information.



Chief Executive Officer

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



Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2016

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 (VPS Rules). Habib Metropolitan Bank Limited 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. 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.

1.2 MCB-Arif Habib Saving and Investments Limited has been licensed to act as a Pension Fund Manager under VPS Rules through a certificate of registration issued by the SECP. 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.

1.3 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 This condensed interim financial information have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the Trust Deed, the VPS Rules and the directives issued by SECP.

Wherever, the requirements of the Trust Deed, the VPS Rules or the said directives differ with the requirements of IFRS, the requirements of the Trust Deed, the VPS Rules or the said directives take precedence. The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the IAS 34: 'Interim Financial Reporting' and guidelines issued by the SECP for the preparation of the quarterly reports of a pension fund.

2.2 This condensed interim financial information comprise of the condensed interim balance sheet as at September 30, 2016 and the condensed interim income statement, condensed interim cash flow statement, condensed interim statement of movement in participants' sub funds, condensed interim statement of investment by category, condensed interim statement of investment portfolio, condensed interim statement of other investments, condensed interim contribution table, condensed interim number of units in issue and notes thereto for the quarter ended September 30, 2016.

2.3 The comparative in the statement of assets and liabilities presented in the condensed interim financial information as at 30 September 2016 have been extracted from the audited financial statements of the Fund for the year ended 30 June 2016, where as the comparatives in the condensed interim income statement, condensed interim cash flow statement, condensed interim distribution statement and condensed interim statement of movement in unit holders' funds are stated from unaudited condensed interim financial information for the quarter ended 30 September 2015.

2.4 This condensed interim financial information are unaudited and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2016.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2016

3 SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies and methods of computation adopted for the preparation of this condensed interim financial information are the same as those applied in preparing the financial statements of the Fund for the year ended June 30, 2016.
- 3.2 Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Fund's operations and did not result in change to the Fund's operation or a change in accounting policies of the Fund.

4 ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgments made by management in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2016.

5 FINANCIAL RISK MANAGEMENT

"The Fund's financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended 30 June 2016.

| ----- (Un-audited) ----- | | | | (Audited) |
|--------------------------|-------------------|---------------------------|-------|---------------------|
| As at September 30, 2016 | | | | As at June 30, 2016 |
| PPF Equity Sub-Fund | PPF Debt Sub-Fund | PPF Money Market Sub-Fund | Total | |
| ----- Rupees ----- | | | | |

6 BALANCES WITH BANKS

| | | | | | |
|------------------|-----------|------------|-----------|------------|------------|
| Current accounts | - | - | - | - | - |
| Savings accounts | 4,300,388 | 12,788,702 | 6,125,535 | 23,214,626 | 41,952,664 |
| | 4,300,388 | 12,788,702 | 6,125,535 | 23,214,626 | 41,952,664 |

7 DEPOSITS AND OTHER RECEIVABLES

| | | | | | |
|---------------------------------------|-----------|---------|---------|-----------|-----------|
| Security deposit - Central Depository | 200,000 | 200,000 | 100,000 | 500,000 | 500,000 |
| Security deposit - National Clearing | 2,500,000 | - | - | 2,500,000 | 2,500,000 |
| Receivable against issuance of units | - | - | - | - | - |
| Advance Tax | 250,453 | 3,778 | 2,041 | 256,272 | 113,964 |
| Others | 16,500 | 16,500 | 16,500 | 49,500 | 175,412 |
| | 2,966,953 | 220,278 | 118,541 | 3,305,772 | 3,289,376 |

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

| ----- (Un-audited) ----- | | | | (Audited) |
|--------------------------|-------------------|---------------------------|-------|---------------------|
| As at September 30, 2016 | | | | As at June 30, 2016 |
| PPF Equity Sub-Fund | PPF Debt Sub-Fund | PPF Money Market Sub-Fund | Total | |
| ----- Rupees ----- | | | | |

8 ACCRUED AND OTHER LIABILITIES

| | | | | | |
|--|------------|-----------|-----------|------------|------------|
| Provision for federal excise duty on remuneration of Pension Fund Manager (note 8.1) | 2,420,238 | 2,404,933 | 1,151,294 | 5,976,465 | 5,976,465 |
| Workers Welfare Fund (note 8.2) | 4,006,596 | 1,344,645 | 423,131 | 5,774,371 | 5,559,013 |
| Professional charges | - | - | - | - | - |
| Payable against redemption of units | - | - | 22,098 | 22,098 | 19,912 |
| Others | 10,401,132 | 184,249 | 27,118 | 10,612,499 | 1,087,387 |
| | 16,827,965 | 3,933,827 | 1,623,641 | 22,385,433 | 12,642,777 |

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

On September 04, 2013, a constitutional petition was filed in Honorable Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustee, challenging the levy of FED.

The Sindh High Court in its decision dated July 16, 2016 maintained the previous order passed against other constitutional petition whereby levy of FED is declared to be 'Ultra Vires' the Constitution. The management is however of the view that since the Federal government still has the right to appeal against the order, the previous balance of FED can not be reversed.

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 abundant caution, the Pension Fund Manager 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, 2016 aggregating to Rs.5.976 million as at June 30, 2016 (2015: Rs.3.326 million).

8.2 Provision For Workers Welfare Fund

The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs.0.5 million in a tax year have been brought within the scope of the WWF Ordinance thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by the CIS through their trustees in the Honourable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending for adjudication.

Subsequent to the year ended June 30, 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) on July 08, 2010 which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However on December 14, 2010 the Ministry filed its response against the Constitutional petition requesting the Court to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in the Court.

However, in 2013, a Larger Bench of the SHC issued a judgment in response to a petition in another similar case in which it was held that the amendments introduced in the WWF Ordinance through Finance Acts, 2006 and 2008 do not suffer from any constitutional or legal infirmity.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2016

Subsequent to the year ended June 30, 2011, the Honourable Lahore High Court (LHC) in a constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. In March 2013 a larger bench of the Sindh High Court (SHC) in various constitutional petitions declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, do not suffer from any constitutional or legal infirmity.

However, as per advice of legal counsel the stay granted to CIS remains intact and the constitution petitions filed by the CIS to challenge the WWF contribution have not been affected by the SHC judgment. In view of the afore mentioned developments and uncertainties created by the decision of SHC, the Pension Fund Manager, as a matter of abundant caution, has decided to retain the entire provision for WWF in these financial statements.

Furthermore, in the Finance Act, 2015, the mutual funds have been excluded from the levy of WWF. As this change has been made in the definition of the term 'Industrial Establishment' as defined in the Workers' Welfare Fund Ordinance, 1971, the change may appear to apply prospectively. Accordingly, the management is of the view that this change is applicable from July 01, 2015. Hence, the matter regarding previous years would either need to be clarified by FBR or would be resolved through courts. The Pension Fund Manager, as a matter of abundant caution, has decided to retain the provision for WWF amounting to Rs.5.559 million (2015: Rs.5.559 million) in these financial statements pertaining to period May 10, 2013 to June 30, 2015 and have not recognised any further provision there against. During the year ended June 30, 2016 the Fund charged Rs.Nil on account of WWF. Had the provision of WWF not been recorded in the books of account of the Fund, the net asset value per unit of the Fund would have been higher by Rs.3.03 per unit (0.73%) (2015: Rs.3.66 per unit (0.97%)), Rs.0.68 per unit (0.31%) (2015: Rs.0.79 per unit (0.38%)) and Rs.0.53 per unit (0.26%) (2015: Rs.0.58 per unit (0.30%)) for Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund respectively as at June 30, 2016.

9 NET UNREALISED (DIMINUTION) / APPRECIATION IN MARKET VALUE OF INVESTMENTS CLASSIFIED AS "AVAILABLE-FOR-SALE"

| | (Un-audited) | | | | Audited |
|---|--------------------------|-------------------|---------------------------|---------------|---------------------|
| | As at September 30, 2016 | | | | As at June 30, 2016 |
| | PPF Equity Sub-Fund | PPF Debt Sub-Fund | PPF Money Market Sub-Fund | Total | |
| ----- Rupees ----- | | | | | |
| Market value | 565,033,181 | 358,004,544 | - | 923,037,725 | 821,372,527 |
| Average cost | (514,979,851) | (360,488,489) | - | (875,468,340) | (795,744,821) |
| Net surplus/(deficit) | 50,053,330 | (2,483,945) | - | 47,569,385 | 25,627,706 |
| Impairment loss | | | | | |
| Opening | - | - | - | - | 2,429,500 |
| Charged during the period | - | - | - | - | 11,099,775 |
| Derecognized on sale of investment | - | - | - | - | - |
| | - | - | - | - | 13,529,275 |
| | 50,053,330 | (2,483,945) | - | 47,569,385 | 39,156,981 |
| ----- Rupees ----- | | | | | |
| Reclassification adjustment for gain included in the income statement | - | - | - | - | - |
| | - | - | 1,213,688 | 1,213,688 | 9,634,367 |
| | - | - | 1,213,688 | 1,213,688 | 9,634,367 |
| Net unrealised (appreciation) /diminution in fair value of investments at the beginning of the year | (22,128,988) | 171,197 | - | (21,957,791) | (16,952,145) |
| Current period diminution / (appreciation) | 27,924,342 | (2,655,142) | 1,213,688 | 26,825,282 | 31,839,203 |

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2016

10 TAXATION

The income of Pakistan 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.

11 EARNINGS PER UNIT

Earnings per unit (EPU) for the quarter ended September 30, 2016 in respect of each sub-fund has been calculated by dividing the net income after taxation of a sub-fund by the weighted average number of units of the sub-fund in circulation during the year, which are given below:

| | Quarter ended September 30, 2016 | | |
|------------------------------------|----------------------------------|-------------------------|---------------------------------|
| | PPF Equity Sub-Fund | PPF Debt Sub-Fund | PPF Money Market Sub-Fund |
| Weighted average number of units | 1,291,958 | 1,953,090 | 788,457 |
| Net income after taxation (Rupees) | 34,197,740 | 7,116,473 | 350,829 |
| Earnings per unit | 26.47 | 3.64 | 0.44 |

| | Quarter ended September 30, 2015 | | |
|------------------------------------|----------------------------------|-------------------------|---------------------------------|
| | PPF Equity Sub-Fund | PPF Debt Sub-Fund | PPF Money Market Sub-Fund |
| Weighted average number of units | 1,075,861 | 1,711,596 | 735,280 |
| Net income after taxation (Rupees) | 6,382,618 | 11,189,475 | 1,884,374 |
| Earnings per unit | 5.93 | 6.54 | 2.56 |

12 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 and the Trust Deed respectively.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

12.1 Transactions during the period

| -----Un Audited----- | | | | Quarter ended September 30, 2015 |
|----------------------------------|-------------------|---------------------------|-------|--|
| Quarter ended September 30, 2016 | | | | |
| PPF Equity Sub-Fund | PPF Debt Sub-Fund | PPF Money Market Sub-Fund | Total | |
| -----Rupees----- | | | | |

-----Rupees-----

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

| | | | | | |
|---------------------------------------|-----------|-----------|---------|-----------|-----------|
| Remuneration (include indirect taxes) | 2,438,799 | 1,848,128 | 682,268 | 4,969,196 | 4,554,403 |
|---------------------------------------|-----------|-----------|---------|-----------|-----------|

MCB Bank Limited

| | | | | | |
|-------------------------|-----|-------|-----|-------|--------|
| Profit on bank deposits | 116 | 8,481 | 20 | 8,617 | 17,501 |
| Bank Charges | - | 1,000 | 501 | 1,501 | 728 |

| -----Un Audited----- | | | | Quarter ended September 30, 2015 |
|----------------------------------|-------------------|---------------------------|-------|--|
| Quarter ended September 30, 2016 | | | | |
| PPF Equity Sub-Fund | PPF Debt Sub-Fund | PPF Money Market Sub-Fund | Total | |
| -----Rupees----- | | | | |

-----Rupees-----

**Central Depository Company
of Pakistan Limited - Trustee**

| | | | | | |
|---------------------------------------|---------|---------|--------|---------|---------|
| Remuneration (include indirect taxes) | 232,461 | 176,187 | 65,044 | 473,693 | 392,627 |
| Settlement charges | 12,224 | 1,135 | - | 13,359 | - |
| * Arif Habib Limited Brokerage | 84,200 | - | - | 84,200 | - |
| * Next Capital Brokerage | 20,183 | - | - | 20,183 | 17,850 |

Directors and officers

| | | | | | |
|---|--------|--------|-------|--------|-----------|
| Issue of 195 units of PPF Equity sub - fund (2015: 1,347 units) | 86,479 | - | - | 86,479 | 506,790 |
| Issue of 216 units of PPF Debt sub - fund (2015: 2,972 units) | - | 47,736 | - | 47,736 | 620,834 |
| Issue of 30 units of PPF Money Market sub - fund (2015: 107 units) | - | - | 6,131 | 6,131 | 20,907 |
| Redemption of NIL units of PPF Equity sub - fund (2015: 3,131 units) | - | - | - | - | 1,165,800 |
| Redemption of NIL units of PPF Debt sub - fund (2015: 7,933 units) | - | - | - | - | 1,658,703 |
| Redemption of NIL units of PPF Money Market sub - fund (2015: 2,127 units) | - | - | - | - | 414,409 |

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

12.2 Amounts outstanding as at period end

| | -----Un Audited----- | | | | (Audited) |
|--|--------------------------|-------------------|---------------------------|-------------|---------------|
| | As at September 30, 2016 | | | | June 30, 2016 |
| | PPF Equity Sub-Fund | PPF Debt Sub-Fund | PPF Money Market Sub-Fund | Total | |
| ----- Rupees ----- | | | | | |
| MCB - Arif Habib Savings and Investments Limited Pension Fund Manager | | | | | |
| Remuneration payable | 730,944 | 540,692 | 198,067 | 1,469,702 | 1,327,656 |
| Sindh sales tax payable | 95,041 | 70,293 | 25,749 | 191,082 | 185,871 |
| Investment of 252,196 units as seed capital in each sub-fund (June 2016: 252,196) | 117,210,610 | - | - | 117,210,610 | 105,014,412 |
| Investment of 253,109 units as seed capital in each sub-fund (June 2016: 253,109) | - | 56,283,822 | - | 56,283,822 | 55,752,293 |
| Investment of 300,000 units as seed capital in each sub-fund (June 2016: 300,000) | - | - | 61,041,000 | 61,041,000 | 60,462,000 |
| Legal and professional charges | - | - | - | - | - |
| MCB Bank Limited | | | | | |
| Bank balance | 60,297 | 96,074 | 6,139 | 162,510 | 76,815 |
| Central Depository Company of Pakistan Limited - Trustee | | | | | |
| Remuneration payable | 69,170 | 51,173 | 18,745 | 139,088 | 129,506 |
| Sindh sales tax payable | 8,996 | 6,655 | 2,435 | 18,086 | 18,132 |
| Security deposit | 200,000 | 200,000 | 100,000 | 500,000 | 500,000 |
| * Arif Habib Limited Brokerage - Payable | 98,825 | - | - | 98,825 | 16,000 |
| * Next Capital Brokerage - Payable | 64,012 | - | - | 64,012 | 55,854 |
| Directors and Officers | | | | | |
| Balance as at September 30, 2016 | | | | | |
| Investment In PPF Equity Sub - Fund 20,253 units (June 2016: 16,237 units) | 9,413,107 | - | - | 9,413,107 | 6,761,257 |
| Investment In PPF Debt Sub - Fund 15,519 units (June 2016: 8,188 units) | - | 3,450,867 | - | 3,450,867 | 1,803,630 |
| Investment In PPF Money Market Sub - Fund 2183 units (June, 2016: 230 units) | - | - | 444,233 | 444,233 | 46,273 |

13 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information were authorised for issue on October 21, 2016 by the Board of Directors of the Pension Fund Manager.



Chief Executive Officer

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



Director

Please find us on



by typing: **MCB Arif Habib Savings**

MCB-Arif Habib Savings and Investments Limited

24th Floor, Centrepont, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi-74900

UAN: (+92-21) 11-11-62224 (11-11-MCBAH), 111-468-378 (111-INVEST)

Bachat Center: 0800-62224 (0800-MCBAH), Fax: (+92-21) 35316080, 35316081

URL: www.mcbah.com, Email: info@mcbah.com