



MCB-ARIF HABIB
Savings and Investments Limited

AM2
BY PACRA

HALF YEAR REPORT

DECEMBER
2017
(UNAUDITED)

Half Year Report for Funds Under Management of
MCB-Arif Habib Savings and Investments Limited

PAKSITAN PENSION FUND

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FUND'S INFORMATION

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
Human Resource & Remuneration Committee	Dr. Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir 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	Habib Metropolitan Bank Limited Allied Bank Limited Habib Bank Limited National Bank of Pakistan Askari Bank Limited Bank Alfalah Limited MCB Bank Limited JS Bank Limited Zarai Taraqati Bank Limited	
Auditors	Deloitte Yousuf Adil Chartered Accountant Cavish Court, A-35, Block-7 & 8, KCHSU, Shahra-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, Center point, off Shaheed-e-Millat Express Way Near K.P.T. Interchange, Karachi.	
Rating	AM2++ Asset Manager Rating assigned by PACRA	

REPORT OF THE DIRECTORS OF THE PENSION FUND MANAGER FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2017

Dear Investor,

On behalf of the Board of Directors, we are pleased to present Pakistan Pension Fund's accounts review for the half year ended December 31st, 2017.

ECONOMY AND MONEY MARKET OVERVIEW

Economic scorecard continued to remain mixed with real side still indicating strong growth momentum, while external side conversely showing the vulnerabilities. Growth momentum of the economy continued during the period with LSM growing at strong pace of ~6% YoY, bolstered by growth in Steel, Auto and Food & Beverages sector. Add to this the agricultural sector growth (being reflected in cotton crop, sugar crop and wheat crop bumper numbers coming in), economy looks on track to approach 6% target GDP growth for FY18.

Provisional fiscal deficit for the 1HFY18 was recorded at ~2.5% of GDP, despite commendable tax collection. Tax Authorities managed to collect PKR 1.3 trillion during the period, showing an impressive growth of 20% compared to same period last year.

CPI for the first half averaged at a moderate level of 3.75% YoY, supported by lower oil prices, stable food prices and a higher base effect. However, as of late it had started to inch up as witnessed by Dec'17 figure of 4.57%, owing to rising oil prices and depreciating currency. As a result of the stable indicators, the monetary policy committee has to date maintained its status quo approach.

On the external side, trade deficit widened to alarming levels. The current account deficit (CAD) for the first 6 months clocked in at USD ~7.5 billion (up 59% YoY). Trade deficit for 1HFY18 reached USD 14.3 billion up ~26% YoY. Import registered an increase of ~19% during the 1HFY18, propelled by petroleum imports and an expansionary fiscal and monetary policy. On the flip side, the impact of textile package started to gain some momentum as textile exports grew by ~8% during 1HFY18, though insufficient to bridge the gap created by rising imports. Resultantly, the foreign exchange reserves declined by USD ~1.2 billion, despite USD 2.5 billion floated in international bond markets. PKR also depreciated by ~5% against USD indicating a much need attempt from government to address widening external account.

Money markets took clue from the rising inflation expectations as against all tenors, 3-months t-bills remained the most preferred play. Meanwhile, longer tenor PIBs remained out of favor with very low participation from financial institutions & banks in auctions.

EQUITIES MARKET OVERVIEW

Pakistan Stock Exchange (PSX) continued its bearish momentum of its preceding quarter by posting another negative return of ~4.5% return in 2QFY18. This took 1HFY18/CY17 return to -13%/-15% respectively. Aggressive foreign selling was witnessed in the second half, whom remained net sellers of USD 155 mn in 1HFY18. This heavy selling was absorbed mostly by companies, banks and insurance companies with net buying of USD 71.7 mn, USD 54.2 mn and USD 63.4 mn, respectively.

A quarry of events kept the market in the red zone throughout first half of the current fiscal year. Be it prime minister's disqualification, indictment of Finance Minister Ishaq Dar by NAB, or protests & sit-ins by political parties all over the country. The market also felt jitters after MSCI's semi-annual review (15th Nov 2017) reduced Pakistan's weight in EM Index, and Engro Corporation was downgraded from MSCI EM Standard Index to MSCI Small Cap Index.

The adverse political scenario combined with economic headwinds in the shape of widening of Current Account Deficit (CAD) further deteriorated investor confidence. The most anticipated events of the first half occurred in the last month including Rupee Depreciation and appointment of Mr. Miftah Ismail as Adviser to the PM on Finance. Sector specific events also kept the investors at bay particularly penalty on HBL's New York branch and Govt's ban on import of furnace oil. Even positive news flows such as issuance of USD 1Bn Sukuk in the international bond and FTSE reclassification of five additional stocks into small cap series could not garner investor interest.

In the first half of the fiscal year, the only positive contributors to the index was E&Ps posting a gain of 19% in the wake of rising oil prices given positive outcome of OPEC meeting and regional oil supply disruptions. Fertilizer (-8% YoY) remained in the negative territory but still outperformed on the back of strong offtake numbers, declining inventories and stable international urea prices. Cement sector (-14% YoY) continued its lackluster performance on concerns over future pricing discipline on upcoming capacity expansions of ~5 Mn tons in the next 6-7 months in the Southern region. Brief relief was witnessed in the sector due to halt of construction work on a 7,300 tpd capacity expansion by Maple Leaf Cement, following an order issued by the Environmental Protection Agency (EPA), Government of Punjab.

REPORT OF THE DIRECTORS OF THE PENSION FUND MANAGER FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2017

FUND PERFORMANCE

Debt Fund

The debt sub-fund generated an annualized return of 4.23% during the period under review. The fund's exposure towards T-Bills decreased from 34.5% to 26.0% whereas exposure towards TFCs increased from 14.4% to 21.2%. The fund was mostly invested in TDRs (36.1%).

The Net Assets of the Fund as at December 31, 2017 stood at Rs. 534.38 million as compared to Rs. 512.78 million as at June 30, 2017 registering an increase of 4.21%.

The Net Asset Value (NAV) per unit as at December 31, 2017 was Rs. 234.67 as compared to opening NAV of Rs. 229.77 per unit as at June 30, 2017 registering an increase of Rs. 4.9 per unit.

Money Market Fund

The money market sub-fund generated a return of 4.31% during the period. The fund's exposure decreased in T-bills from 45.2% to 5.0% while increased its exposure in cash from 5% to 58.9% keeping in mind high deposit rates as compared to the T-bills rates.

The Net Assets of the Fund as at December 31, 2017 stood at Rs. 178.36 million as compared to Rs. 170.05 million as at June 30, 2017 registering an increase of 4.88%.

The Net Asset Value (NAV) per unit as at December 31, 2017 was Rs. 214.77 as compared to opening NAV of Rs. 210.20 per unit as at June 30, 2017 registering an increase of Rs. 4.57 per unit.

Equity Fund

The Equity sub-fund generated a negative return of 14.99% while the KSE-100 posted a negative return of 13.09% during the period under review. The sub-fund maintained its overall equity exposure approximately at 93.8%.

The Net Assets of the Fund as at December 31, 2017 stood at Rs. 680.66 million as compared to Rs. 768.48 million as at June 30, 2017 registering a decrease of 11.42%.

The Net Asset Value (NAV) per unit as at December 31, 2017 was Rs. 480.39 as compared to opening NAV of Rs. 565.12 per unit as at June 30, 2017 registering a decrease of Rs. 84.73 per unit.

FUTURE OUTLOOK

Challenges continue to increase on both economic and political front and require comprehensive plan and undeterred focus to consolidate the improvements seen in last few years. Given the current pace of trade deficit and weak performance on remittances, we expect current account deficit to approach USD 17 billion for the FY18 which in our estimates indicate an additional financing need of near USD 5 billion.

Nevertheless, market valuations remain at a very attractive level as indicated by risk premiums (difference between earnings yield and 10-year interest rates) which are at historically high level, suggesting market to remain very cheap. Furthermore, KSE-100 trades at a forward P/E of 9.71x, at a steep discount of 40% from its emerging market peer group. Enduring themes that should play out over the medium-term regardless of the political situation include (i) PKR depreciation and higher interest rates (ii) CPEC and continued GoP support for the textiles sector that would encourage exports. While markets may react to overall happening events scheduled particularly in 2H FY18, we consider any weakness in the market as an opportunity to build long term exposures.

On the fixed income front, market is expected to remain cautious on back of a precarious external account position along with an uptick in inflation trajectory. Visibility on economic front, in particular to balance of payments, would guide further participation towards fixed income markets.

REPORT OF THE DIRECTORS OF THE PENSION FUND MANAGER FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2017

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
February 23, 2018

مستقبل کی صورتحال

معاشی اور سیاسی، دونوں رخ پر مشکلات میں اضافہ ہو رہا ہے۔ چنانچہ حکومت کی مسلسل اور غیر متزلزل توجہ درکار ہے تاکہ گزشتہ کچھ برسوں میں جو بہتری دیکھی گئیں ان کو منظم کیا جاسکے۔ تجارتی خسارے کی موجودہ رفتار اور ترسیل زر کی کمزور کارکردگی کو دیکھتے ہوئے ہم سمجھتے ہیں کہ مالی سال 2018ء میں کرنٹ اکاؤنٹ کا خسارہ 17 بلین ڈالر تک پہنچ جائے گا جس سے ہمارے اندازے کے مطابق تقریباً 5 بلین اضافی مالیت کی فراہمی کی ضرورت کی طرف اشارہ ہو رہا ہے۔

تاہم بازاری قدر بہت پُرکشش سطح پر قائم ہیں، جیسا کہ رسک پریکٹسز (آمدنی کے حجم اور دس سالہ انٹریسٹ کی شرحوں کے درمیان فرق) سے اشارہ ہوتا ہے، جواب تک کی اونچی ترین سطح پر ہیں، اور اس سے اندازہ ہوتا ہے کہ بازار بہت سستار ہے گا۔ علاوہ ازیں، KSE-100 کی تجارت 9.71x کی فارورڈ P/E پر ہوئی جو اس کے اُبھرتے ہوئے مارکیٹ peer گروپ سے 40% بھرپور رعایت ہے۔ مستحکم پیش رفت میں (i) روپے کی قدر میں کمی اور انٹریسٹ کی اونچی شرحیں، اور (ii) CPEC اور ٹیکسٹائل کے شعبے کے لئے حکومت پاکستان کی مسلسل پشت پناہی (جن کی بدولت برآمدات کی حوصلہ افزائی ہوگی) شامل ہیں، جن کو سیاسی صورتحال کے قطع نظر درمیانی مدت سے سبقت لے جانا چاہئے۔ اگرچہ مجموعی سطح پر، اور خاص طور پر نصف آخر 2018 میں، طے شدہ واقعات کے عمل میں آنے پر مارکیٹ کا ردِ عمل ظاہر ہو سکتا ہے، ہم مارکیٹ کی کسی بھی کمزوری کو طویل المیعاد تجربات کا موقع سمجھتے ہیں۔

مقررہ آمدنی کی جہت میں توقع ہے کہ مارکیٹ خارجی اکاؤنٹ کی خطرناک صورتحال اور افراط زر کی سطح میں اضافے کی بنیاد پر محتاط رہے گی۔ معاشی رخ، خاص طور پر ادائیگیوں کے توازن کی واضح تصویر سے مقررہ آمدنی کی مارکیٹس میں مزید شرکت کی طرف راہنمائی ہوگی۔

اظہار تشکر

بورڈ آف ڈائریکٹرز فنڈ کے گراں قدر سرمایہ کاروں، سیکریٹریز اینڈ آپیکس 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۔



محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

23 فروری 2018ء

فنڈ کی کارکردگی

Debt فنڈ

زیر جائزہ مدت کے دوران Debt سب-فنڈ کا ایک سال پر محیط منافع 4.23% تھا۔ فنڈ کی ٹی بلز میں شمولیت 34.5% سے کم ہو کر 26.0% ہو گئی، جبکہ ٹرم فنانس سٹریٹجیٹس (TFCs) میں شمولیت 14.4% سے بڑھ کر 21.2% ہو گئی۔ فنڈ کی زیادہ تر سرمایہ کاری TDRs میں تھی (36.1%)۔

31 دسمبر 2017 کو فنڈ کے net اثاثہ جات 534.38 ملین روپے تھے، جو 30 جون 2017 (512.78 ملین روپے) کے مقابلے میں 4.21% اضافہ ہے۔

31 دسمبر 2017 کو Net اثاثہ جاتی قدر (NAV) فی یونٹ 234.67 روپے تھی، جو 30 جون 2017 کی ابتدائی NAV (229.77) روپے فی یونٹ) کے مقابلے میں 4.9 روپے فی یونٹ اضافہ ہے۔

Money مارکیٹ فنڈ

دوران مدت Money مارکیٹ سب-فنڈ کا منافع 4.31% تھا۔ فنڈ نے ٹی بلز میں اپنی شمولیت کو 45.2% سے کم کر کے 5.0% کر دیا، جبکہ نقد میں اپنی شمولیت کو 5% سے بڑھا کر 58.9% کر دیا کیونکہ ڈپازٹ کی شرحیں ٹی بلز کی شرحوں سے زیادہ تھیں۔

31 دسمبر 2017 کو فنڈ کے net اثاثہ جات 178.36 ملین روپے تھے، جو 30 جون 2017 (170.05 ملین روپے) کے مقابلے میں 4.88% اضافہ ہے۔

31 دسمبر 2017 کو Net اثاثہ جاتی قدر (NAV) فی یونٹ 214.77 روپے تھی، جو 30 جون 2017 کی ابتدائی NAV (210.20) روپے فی یونٹ) کے مقابلے میں 4.57 روپے فی یونٹ اضافہ ہے۔

ایکوٹی فنڈ

زیر جائزہ مدت کے دوران ایکوٹی سب-فنڈ کا منفی منافع 14.99% تھا، جبکہ KSE-100 کا منفی منافع 13.09% تھا۔ سب-فنڈ نے ایکوٹیز میں اپنی مجموعی شمولیت کو تقریباً 93.8% پر برقرار رکھا۔

31 دسمبر 2017 کو فنڈ کے net اثاثہ جات 680.66 ملین روپے تھے، جو 30 جون 2017 (768.48 ملین روپے) کے مقابلے میں 11.42% اضافہ ہے۔

31 دسمبر 2017 کو Net اثاثہ جاتی قدر (NAV) فی یونٹ 480.39 روپے تھی، جو 30 جون 2017 کی ابتدائی NAV (565.12) روپے فی یونٹ) کے مقابلے میں 84.73 روپے فی یونٹ کمی ہے۔

ایکویٹیز مارکیٹ کا جائزہ

پاکستان اسٹاک ایکسچینج (PSX) نے سابقہ سہ ماہی کی اپنی bearish رفتار جاری رکھی اور 2018ء کی دوسری سہ ماہی میں دوبارہ 4.5% منفی منافع دیا۔ اس کے نتیجے میں 2018ء کی پہلی ششماہی اور CY17 کا منافع بالترتیب 13% اور 15% ہو گیا۔ دوسری ششماہی میں بھرپور غیر ملکی فروخت کا مشاہدہ کیا گیا، اور مالی سال کے نصف اول میں غیر ملکی افراد 155 ملین ڈالر کے net فروخت کا رہے۔ اس بھاری فروخت کے خریدار زیادہ تر کارپوریٹ ادارے، بینک اور انشورنس کمپنیاں تھیں، جن کی خریداری کا net حجم بالترتیب 71.7 ملین ڈالر، 54.2 ملین ڈالر اور 63.4 ملین ڈالر تھا۔

واقعات کی ایک کڑی نے موجودہ مالی سال کے نصف اول کے دوران بازار کو red زون میں رکھا، خواہ وزیراعظم کی نااہلی ہو، وزیر خزانہ اسحاق ڈار کی قومی احتساب بیورو (NAB) کی جانب سے برطرفی، یا ملنگ بھر میں سیاسی جماعتوں کے احتجاج اور دھرنے۔ علاوہ ازیں، جب MSCI کے نصف سالانہ جائسے (۱۵ نومبر ۲۰۱۷ء) میں EM انڈیکس میں پاکستان کی شمولیت میں کمی کی گئی تو مارکیٹ نے جھٹکے محسوس کیے، اور اینگرو کارپوریشن کو MSCI ای ایم اسٹینڈرڈ انڈیکس سے کم سطح پر لا کر MSCI small cap انڈیکس پر کر دیا گیا۔

کرنٹ اکاؤنٹ خسارے (CAD) کی صورت میں ظاہر ہونے والے معاشی جھٹکوں سمیت غیر موافق سیاسی صورتحال نے سرمایہ کاروں کے اعتماد کو مزید متاثر کیا۔ نصف اول کی متوقع ترین پیش رفت آخری مہینے میں ظاہر ہوئی، جس میں روپے کی قدر میں کمی اور ڈاکٹر مفتاح اسماعیل کی وزیراعظم کے مشیر برائے مالیات کے طور پر تقرری شامل ہیں۔ سیکٹر سے مخصوص پیش رفت سے بھی سرمایہ کاروں کا اعتماد متاثر ہوا، خاص طور پر اینجی ایل کی نیویارک کی شاخ پر جرمانہ اور فرنیس آئل کی درآمد پر حکومتی پابندی۔ بین الاقوامی بانڈ میں 1 بلین ڈالر سٹگک کے اجراء اور FTSE کی پانچ اضافی اسٹاکس کی small cap سیریز میں ترتیب دہیسی مثبت پیش رفت بھی سرمایہ کاروں کی دلچسپی حاصل نہ کر سکیں۔

مالی سال کے نصف اول میں انڈیکس میں مثبت (معیشت کے لئے منفی) کردار صرف E&Ps نے ادا کیا اور 19% منافع حاصل کیا، اگرچہ OPEC میٹنگ کے مثبت نتائج اور تیل کی علاقائی رسد میں خلل کے پس منظر میں تیل کی قیمتوں میں اضافہ ہو رہا تھا۔ کھاد (-8% YoY) منفی سطح پر برقرار رہی لیکن اس کے باوجود اس شعبے نے مستحکم offtake اعداد و شمار، انویسٹریز میں کمی اور یورپ کی بین الاقوامی قیمتوں میں استحکام کی بنیاد پر پہلے سے بہتر کارکردگی کا مظاہرہ کیا۔ سیمنٹ کے شعبے (-14% YoY) نے اپنی غیر معیاری کارکردگی جاری رکھی، جو اگلے 6-7 مہینوں میں جنوبی خطے میں استعداد میں 5 ملین ٹن وسعت پر مستقبل میں قیمتوں کے تعین کے نظام پر تشویش کا باعث ہے۔ سیکٹر میں اسٹاک کی قیمتوں میں مختصر کمی دیکھنے میں آئی جس کی وجہ میپل لیف سیمنٹ کی جانب سے استعداد میں 7,300 ٹن یومیہ وسعت ہے، جس کے بعد اینوار منٹل پروٹیکشن ایجنسی (EPA)، گورنمنٹ آف پنجاب کی طرف سے ایک آرڈر جاری کیا گیا۔

بورڈ آف ڈائریکٹرز کی جانب سے پاکستان پینشن فنڈ کے 31 دسمبر 2017ء کو اختتام پذیر ہونے والے نصف سال کے اکاؤنٹس کا جائزہ پیش خدمت ہے۔

معیشت اور بازار کا مجموعی جائزہ

معاشی اعداد و شمار میں ملاحظہ جاراہ جاری رہا۔ حقیقی رُخ بدستور ترقی کی جانب اشارہ کر رہا ہے، جبکہ خارجی رُخ کمزوریوں کو ظاہر کر رہا ہے۔ دورانِ مدت معیشت کی ترقی تیز تر ہوتی رہی۔ اسٹیل، گاڑیوں اور اشیائے خورد و نوش کے شعبے کی ترقی کے باعث LSM نے 6% YoY کی بھرپور رفتار سے ترقی کی۔ علاوہ ازیں، زرعی شعبے کی ترقی کے باعث (جس کی عکاسی کپاس، چینی اور گندم کی فصل کے بھرپور اعداد و شمار میں ہوتی ہے) معیشت مالی سال 2018ء میں مجموعی ملکی پیداوار میں 6% ترقی کے ہدف کے حصول کی جانب گامزن نظر آ رہی ہے۔

پراونشل اقتصادی خسارہ برائے نصف اول 2018 قابلِ تحسین ٹیکس وصولی کے باوجود مجموعی ملکی پیداوار کا 2.5% تھا۔ ٹیکس ادارے دورانِ مدت 1.3 ٹریلین روپے جمع کر سکے، جو سالِ گزشتہ کی اسی مدت کے مقابلے میں 20% ترقی ہے۔

CPI کا اوسط برائے نصف اول 3.75% YoY کے درمیانے درجے پر تھا، جس کی پشت پناہی تیل کی پست قیمتوں، اشیائے خورد و نوش کی مستحکم قیمتوں اور اونچے base effect سے ہوئی۔ تاہم حال ہی میں اس میں اضافہ شروع ہو گیا تھا جیسا کہ دسمبر 2017ء کو 4.57% سے ظاہر ہے، جس کی وجوہات تیل کی بڑھتی ہوئی قیمتیں اور روپے کی گھٹتی ہوئی قدر ہیں۔ مستحکم اشاروں کے نتیجے میں مانیٹری پالیسی کمیٹی تاحال اپنے سابقہ لائحہ عمل پر قائم ہے۔

خارجی رُخ پر تجارتی خسارے میں تشویشناک سطح تک اضافہ ہو گیا۔ کرنٹ اکاؤنٹ کا خسارہ (CAD) برائے ابتدائی 6 ماہ 7.5 بلین ڈالر تھا (YoY 59% اضافہ)۔ پہلی ششماہی 2018ء میں تجارتی خسارہ 14.3 ڈالر تک پہنچ گیا، جو 26% YoY اضافہ ہے۔ نصف اول 2018ء کے دوران درآمدات میں 19% اضافہ ہوا جس کے اسباب پٹرولیم کی درآمدات اور وسعت پذیر اقتصادی اور مالیاتی پالیسی ہیں۔ دوسری جانب ٹیکسٹائل کچنگ کے اثرات نے کچھ رفتار پکڑی اور 2018ء کی پہلی ششماہی کے دوران ٹیکسٹائل کی درآمدات میں 8% اضافہ ہوا، لیکن یہ اضافہ بڑھتی ہوئی برآمدات سے پیدا ہونے والی خلیج کو پُر کرنے کے لئے ناکافی تھا۔ نتیجتاً، غیر ملکی زرمبادلہ کے ذخائر میں 1.2 بلین ڈالر کمی ہوئی، اگرچہ بین الاقوامی بانڈ مارکیٹ میں 2.5 بلین ڈالر کی گردش ہوئی۔ علاوہ ازیں، امریکی ڈالر کے مقابلے میں روپے کی قدر میں 5% کمی ہوئی، جس سے وسعت پذیر خارجی اکاؤنٹ پر حکومتی توجہ کی ضرورت کی عکاسی ہوتی ہے۔

افراطِ زر میں تمام tenors کے مقابلے میں اضافے کی توقعات بازار زر کے لئے اشارہ تھا۔ سہ ماہانہ ٹی بلز کو سب سے زیادہ ترجیح کیا گیا، جبکہ طویل المیعاد پاکستان انویسٹمنٹ بانڈز (PIBs) سب سے کم مقبول رہے کیونکہ ان کو نیلامی میں مالیاتی اداروں اور بینکوں سے بہت محدود پذیرائی حاصل ہوئی۔

AUDITOR'S REPORT TO THE UNIT HOLDERS ON REVIEW OF CONDESED INTERIM FINANCIAL INFORMATION

Deloitte.

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

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AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Pakistan Pension Fund** (the Fund) as at 31 December 2017, and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim of movement in unit holders' fund and condensed interim cash flow statement and together with the notes forming part thereof (here-in-after referred to as the 'interim financial information'), for the half year ended December 31, 2017. The Pension Fund Manager is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim income statement and condensed interim statement of comprehensive income, for the quarters ended December 21, 2017 and 2016 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2017.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Deloitte Yousuf Adil
Chartered Accountants

Engagement Partner
Hena Sadiq

Date: February 26, 2018
Karachi

Member of
Deloitte Touche Tohmatsu Limited

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2017

December 31, 2017 (Un-Audited)							June 30, 2017 (Audited)
		Equity sub fund	Debt sub fund	Money market sub fund	Total		
Note		----- (Rupees) -----					
Assets							
Balances with banks	5	30,578,111	63,095,246	106,187,094	199,860,451	57,741,805	
Investments	6	652,542,680	444,999,842	72,974,877	1,170,517,399	1,396,485,955	
Dividend receivable		1,601,477	-	-	1,601,477	2,928,529	
Profit receivable		147,133	4,906,438	987,831	6,041,402	5,233,972	
Receivable against sale of investment		7,499,997	-	-	7,499,997	-	
Advances, deposits and other receivables	7	2,983,469	421,771	119,497	3,524,737	3,934,245	
Advances against IPO subscription							
Debt Security		-	26,000,000	-	26,000,000	-	
Total assets		695,352,867	539,423,297	180,269,299	1,415,045,463	1,466,324,506	
Liabilities							
Payable to Pension Fund Manager	8	955,026	767,408	255,369	1,977,803	2,015,281	
Payable to Central Depository Company of Pakistan Limited - Trustee		86,950	69,899	23,235	180,084	180,913	
Annual fee payable to the Securities and Exchange Commission of Pakistan		116,878	88,241	29,408	234,527	439,928	
Payable against purchase of equity securities		6,616,974	-	-	6,616,974		
Accrued expenses and other liabilities	9	6,917,068	4,116,383	1,605,772	12,639,223	12,381,080	
Total liabilities		14,692,896	5,041,931	1,913,784	21,648,611	15,017,202	
Net assets		680,659,971	534,381,366	178,355,515	1,393,396,852	1,451,307,304	
Participants' sub funds (as per condensed interim Statement of Movement in Participants' sub funds)							
		680,659,971	534,381,366	178,355,515			
----- Number of units -----							
Number of units in issue		1,416,904	2,277,200	830,458			
----- (Rupees) -----							
Net assets value per unit		480.39	234.67	214.77			
Contingencies and commitments	10						

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

For MCB-Arif Habib Savings and Investments Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	Note	Half year ended December 31, 2017				Half year ended December 31, 2016
		Equity sub fund	Debt sub fund	Money market sub fund	Total	
		(Rupees)				
Income						
Net capital (loss) / gain on sale of investments						
-available-for-sale		7,151,504	(11,884)	-	7,139,620	26,549,304
-at fair value through profit or loss - held-for-trading		(46,986,211)	(120,898)	28,794	(47,078,315)	42,171,008
Dividend income on shares						
-available-for-sale		4,323,590	-	-	4,323,590	14,414,874
-at fair value through profit or loss - held-for-trading		11,734,695	-	-	11,734,695	722,478
Income from Government Securities						
-available-for-sale		-	832,484	-	832,484	16,969,919
-at fair value through profit or loss - held-for-trading		-	3,785,104	1,797,926	5,583,030	6,476,096
Income from Term Finance Certificates						
-classified as available-for-sale		-	-	-	-	102,657
-at fair value through profit or loss - held-for-trading		-	3,224,842	-	3,224,842	-
Income on Commercial Papers		-	5,912	-	5,912	-
Profit on bank and other deposits		977,069	9,069,793	3,748,713	13,795,575	1,564,433
Unrealised (loss) / gain on revaluation of investments - at fair value through profit or loss - held-for-trading - net		(33,233,421)	(28,157)	2,143	(33,259,435)	20,656,583
Total income		(56,032,774)	16,757,196	5,577,576	(33,698,002)	129,627,352
Expenses						
Remuneration of Pension Fund Manager	12	5,264,731	3,975,114	1,324,377	10,564,222	9,201,929
Sales tax and Federal Excise Duty on remuneration of Pension Fund Manager		684,415	516,765	172,169	1,373,349	1,196,231
Remuneration of Central Depository Company Limited - Trustee		476,496	360,226	119,927	956,649	865,506
Sales tax on remuneration of trustee		61,948	46,799	15,583	124,330	112,511
Annual fee - Securities and Exchange Commission of Pakistan (SECP)		116,878	88,240	29,408	234,526	203,584
Auditors' remuneration		104,581	76,923	23,464	204,968	225,236
Custody and settlement charges		223,527	168,851	-	392,378	282,720
Securities transaction cost		1,064,424	25,015	7,988	1,097,427	1,066,240
Legal and professional charges		-	-	-	-	56,667
Impairment loss on available-for-sale investment		6,604,305	-	-	6,604,305	-
Provision for Sindh Workers' Welfare Fund		-	234,207	79,297	313,504	1,629,373
Bank charges		11,912	37,539	29,377	78,828	78,996
Total expenses		14,613,217	5,529,679	1,801,590	21,944,486	14,918,993
Net income from operating activities		(70,645,991)	11,227,517	3,775,986	(55,642,488)	114,708,359
Element of income and capital gains included in the prices of units sold less those in units redeemed - net		(485,559)	248,366	109,550	(127,643)	1,246,623
Net income for the period before taxation		(71,131,550)	11,475,883	3,885,536	(55,770,131)	115,954,982
Taxation	13	-	-	-	-	-
Net income for the period after taxation		(71,131,550)	11,475,883	3,885,536	(55,770,131)	115,954,982
Earnings per unit	14					

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

**For MCB-Arif Habib Savings and Investments Limited
(Management Company)**



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED DECEMBER 31, 2017

	Quarter ended December 31, 2017			Quarter ended December 31, 2016	
	Equity sub fund	Debt sub fund	Money market sub fund	Total	
Note	(Rupees)				
Income					
Net capital (loss)/ gain on sale of investments					
-available-for-sale	(2,727,858)	-	-	(2,727,858)	5,983,924
-at fair value through profit or loss - held-for-trading	(30,974,603)	1,795	(252)	(30,973,060)	33,513,173
Dividend income on shares classified as					
-available-for-sale	2,761,351	-	-	2,761,351	9,114,977
-at fair value through profit or loss - held-for-trading	8,437,217	-	-	8,437,217	-
Income from Government Securities					
-available-for-sale	-	238,041	-	238,041	8,332,765
-at fair value through profit or loss - held-for-trading	-	2,056,140	813,205	2,869,345	3,179,731
Income from Term Finance Certificates and Sukuk Bonds					
-available-for-sale	-	-	-	-	48,503
-at fair value through profit or loss - held-for-trading	-	1,558,229	-	1,558,229	-
Income on Commercial Papers	-	5,912	-	5,912	-
Profit on bank and other deposits	439,231	4,596,441	1,991,853	7,027,525	1,056,745
Unrealised gain / (loss) on revaluation of investments					
at fair value through profit or loss - held-for-trading - net	19,352,073	(33,890)	(1,036)	19,317,147	20,547,520
Total income	(2,712,589)	8,422,668	2,803,770	8,513,849	81,777,338
Expenses					
Remuneration of Pension Fund Manager	2,544,180	2,006,268	667,148	5,217,596	4,804,411
Sindh sales tax and Federal Excise Duty on remuneration of Pension Fund Manager	330,743	260,815	86,729	678,287	624,554
Remuneration of Central Depository Company Limited - Trustee	230,996	182,267	60,608	473,871	446,310
Sales tax on remuneration of trustee	30,043	23,699	7,874	61,616	58,015
Annual fee - Securities and Exchange Commission of Pakistan (SECP)	56,480	44,533	14,819	115,832	106,892
Auditors' remuneration	51,727	40,487	13,555	105,769	112,107
Custody and settlement charges	107,301	91,352	-	198,653	836,240
Securities transaction cost	497,162	9,789	3,446	510,397	38,791
Legal and professional charges	-	-	-	-	56,667
Impairment loss on available-for-sale investment	6,604,305	-	-	6,604,305	-
Provision for Sindh Workers' Welfare Fund	-	115,474	38,844	154,318	1,414,226
Bank charges	7,093	12,094	13,493	32,680	42,714
Total expenses	10,460,030	2,786,778	906,516	14,153,324	8,540,927
Net income from operating activities	(13,172,619)	5,635,890	1,897,254	(5,639,475)	73,236,411
Element of income and capital gains included in the prices of units sold less those in units redeemed - net	(1,371,700)	19,670	7,774	(1,344,256)	1,053,542
Net income for the period before taxation	(14,544,319)	5,655,560	1,905,028	(6,983,731)	74,289,953
Taxation	-	-	-	-	-
Net income for the period after taxation	(14,544,319)	5,655,560	1,905,028	(6,983,731)	74,289,953
Earnings per unit					

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

**For MCB-Arif Habib Savings and Investments Limited
(Management Company)**



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

		Half year ended December 31, 2017				Half year ended December 31, 2016
	Note	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	
		(Rupees)				
Net income for the period		(71,131,550)	11,475,883	3,885,536	(55,770,131)	115,954,982
Other comprehensive income						
Items to be reclassified to profit or loss in subsequent period						
Net unrealised gain on revaluation of available-for-sale investments	11	(46,646,886)	(136,314)	-	(46,783,200)	83,514,362
Total comprehensive income for the period		(117,778,436)	11,339,569	3,885,536	(102,553,331)	199,469,344

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

For MCB-Arif Habib Savings and Investments Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED DECEMBER 31, 2017**

	Quarter ended December 31, 2017				Quarter ended December 31, 2016
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund (Rupees)	Total	
Net income for the period	(14,544,319)	5,655,560	1,905,028	(6,983,731)	74,289,953
Other comprehensive income					
Items to be reclassified to profit or loss in subsequent periods					
Net unrealized gain on revaluation of available-for-sale investments	(7,234,377)	(81,926)	-	(7,316,303)	57,031,474
Total comprehensive income for the period	(21,778,696)	5,573,634	1,905,028	(14,300,034)	131,321,427

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

For MCB-Arif Habib Savings and Investments Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	Half year ended December 31, 2017				Half year ended December 31, 2016
	Equity sub fund	Debt sub fund	Money market sub fund	Total	
Note	(Rupees)				
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income before taxation	(71,131,550)	11,475,883	3,885,536	(55,770,131)	115,954,982
Adjustments for non cash charges and other items:					
Capital loss / (gain) on sale of investments	39,834,707	132,782	(28,794)	39,938,695	(68,720,312)
Unrealised loss / (gain) on revaluation of investments - at fair value through profit or loss - held-for-trading - net	33,233,421	28,157	(2,143)	33,259,435	(20,656,583)
Impairment loss on investments classified as available-for-sale	6,604,305	-	-	6,604,305	-
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those redeemed:	485,559	(248,366)	(109,550)	127,643	(1,246,623)
	80,157,992	(87,427)	(140,487)	79,930,078	(90,623,518)
(Increase) / decrease in assets					
Investments	(31,033,885)	50,665,673	63,750,005	83,381,793	101,992,388
Dividend receivable	1,327,052	-	-	1,327,052	879,441
Profit receivable	(7,509)	(236,994)	(562,927)	(807,430)	3,739,331
Receivable against sale of investment	(7,499,997)	-	-	(7,499,997)	2,211,716
Advance, deposits and other receivables	(15,441)	(25,573,027)	(896)	(25,589,364)	(1,056,969)
	(37,229,780)	24,855,652	63,186,182	50,812,054	107,765,907
(Decrease) / increase in liabilities					
Payable to Pension Fund Manager	(127,609)	66,752	2,422	(37,478)	387,717
Payable to the Trustee	(10,240)	6,989	2,422	(829)	27,096
Annual fee - Securities and Exchange Commission of Pakistan	(117,555)	(63,044)	(24,802)	(205,401)	(119,449)
Payable against purchase of equity securities	6,616,974	-	-	6,616,974	10,748,468
Payable against redemption of units	-	-	22,098	22,098	22,098
Accrued and other liabilities	(140,524)	305,468	71,101	236,045	1,778,710
	6,221,046	316,165	94,198	6,631,409	12,844,640
Cash generated / (used in) from operating activities	(21,982,292)	36,560,273	67,025,429	81,603,410	145,942,011
CASH FLOW FROM FINANCING ACTIVITIES					
Receipt of contribution	47,190,542	32,976,581	12,767,739	92,934,862	180,361,801
Payment against withdrawal	(17,719,184)	(22,467,201)	(8,233,241)	(48,419,626)	(132,676,966)
Net cash generated from financing activities	29,471,358	10,509,380	4,534,498	44,515,236	47,684,835
Net increase in cash and cash equivalent during the period	7,489,066	47,069,653	71,559,927	126,118,646	193,626,846
Cash and cash equivalents at beginning of the period	23,089,045	116,025,593	68,627,167	207,741,805	41,952,664
Cash and cash equivalents at end of the period	30,578,111	163,095,246	140,187,094	333,860,451	235,579,510

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

**For MCB-Arif Habib Savings and Investments Limited
(Management Company)**



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB-FUNDS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2017**

	Half year ended December 31, 2017				Half year ended December 31, 2016
	Equity sub fund	Debt sub fund	Money market sub fund	Total	
	----- (Rupees) -----				
Net assets at the beginning of the period	768,481,490	512,780,783	170,045,031	1,451,307,304	1,107,014,913
Amount received on issue of units	47,190,542	32,976,581	12,767,739	92,934,862	180,361,801
Amount paid on redemption of units	(17,719,184)	(22,467,201)	(8,233,241)	(48,419,626)	(132,676,966)
	29,471,358	10,509,380	4,534,498	44,515,236	47,684,835
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net					
Amount representing (income) / loss and realised capital (gains) / losses - net	485,559	(248,366)	(109,550)	127,643	(1,246,623)
Amount representing unrealised (appreciation)/ diminution in fair value of investment	24,251,296	5,710,814	2,277,442	32,239,552	(27,682,151)
	24,736,855	5,462,448	2,167,892	32,367,195	(28,928,774)
Net unrealised (loss) / gain during the period in the market value of investments classified as available-for-sale	(46,646,886)	(136,314)	-	(46,783,200)	83,514,362
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - amount representing unrealised appreciation / (diminution) - net					
	(24,251,296)	(5,710,814)	(2,277,442)	(32,239,552)	27,682,151
Net income after taxation for the period	(71,131,550)	11,475,883	3,885,536	(55,770,131)	115,954,982
Net assets at the end of the period	680,659,971	534,381,366	178,355,515	1,393,396,852	1,352,922,469

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

**For MCB-Arif Habib Savings and Investments Limited
(Management Company)**



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM CONTRIBUTION TABLE (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2017**

Contributions net of front end fee	Half year ended December 31, 2017							Half year ended December 31, 2016
	Equity sub fund		Debt sub fund		Money market sub fund		Total	
	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
Individuals -								
- issue/conversion in/reallocation of units	92,427	47,190,542	142,174	32,976,581	60,168	12,767,739	92,934,862	180,361,801
- redemption/conversion out/reallocation of units	(35,370)	(17,719,184)	(96,672)	(22,467,201)	(38,693)	(8,233,241)	(48,419,626)	(132,676,966)
	57,057	29,471,358	45,502	10,509,380	21,475	4,534,498	44,515,236	47,684,835
Closing balance	1,416,904	344,883,966	2,277,200	380,034,559	830,458	113,628,452	838,546,977	716,220,461

For MCB-Arif Habib Savings and Investments Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF NUMBER OF UNITS IN ISSUE (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2017**

	Half year ended December 31, 2017			
	Equity sub fund	Debt sub fund	Money market sub fund	Half year ended December 31, 2016
	----- No. of units -----			
Total units outstanding at the beginning of the period	1,359,847	2,231,698	808,983	3,961,044
Add: Units issued during the period	92,427	142,174	60,168	632,614
Less: Units redeemed during the period	(35,370)	(96,672)	(38,693)	(469,833)
Total units in issue at the end of the period	1,416,904	2,277,200	830,458	4,123,825

For MCB-Arif Habib Savings and Investments Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2017

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 (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-end 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 Pakistan Credit Rating Agency (PACRA) Limited has assigned Management quality rating of AM2++ dated December 28, 2017 to the Management Company.
- 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. BASIS OF PREPARATION

2.1 Statement of compliance

- 2.1.1 These condensed interim financial statements have been prepared in accordance with the requirements of International Accounting Standard 34: 'Interim Financial Reporting', 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.
- 2.1.2 These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2017.
- 2.1.3 These condensed interim financial statements are un-audited but subject to limited scope review by the auditors. Figures for the quarters ended December 31, 2017 and December 31, 2016 as reported in these condensed interim financial statements have not been subject to limited scope review by the external auditors.
- 2.1.4 These condensed interim financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Fund and has been rounded off to the nearest rupee.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2017.

4. FINANCIAL RISK MANAGEMENT

The Fund's risk management objectives and policies are consistent with those objectives and policies which were disclosed in the annual audited financial statements of the Fund for the year ended June 30, 2017.

5. BALANCES WITH BANKS

Savings accounts with banks carry interest at the rate ranging from 3.75% to 6.75% per annum (June 30, 2017: 3.75 to 6.35% per annum).

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM
FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2017**

6. INVESTMENTS

As at December 31, 2017 (Un-audited)						
		Equity	Debt	Money		As at June 30,
		Sub-Fund	Sub-Fund	Market	Total	2017
Note		----- (Rupees) -----				(Audited)
At fair value through profit or loss - held for trading						
Listed equity securities	6.1	475,434,908	-	-	475,434,908	475,435,380
Government Securities	6.2	-	140,101,535	8,974,877	149,076,412	260,123,307
Term Finance Certificates	6.3	-	88,455,010	-	88,455,010	73,728,669
		475,434,908	228,556,545	8,974,877	712,966,330	809,287,356
Available for sale						
Listed equity securities	6.4	177,107,772	-	-	177,107,772	272,393,007
Government Securities	6.5	-	11,796,023	-	11,796,023	53,970,527
Term Finance Certificates	6.6	-	-	-	-	835,065
		177,107,772	11,796,023	-	188,903,795	327,198,599
Loans and receivables						
Term Deposit Receipts	6.7	-	195,000,000	64,000,000	259,000,000	-
Commercial Paper	6.8	-	9,647,274	-	9,647,274	-
		-	204,647,274	64,000,000	268,647,274	
		652,542,680	444,999,842	72,974,877	1,170,517,399	1,136,485,955

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

Name of the Investee Company	Number of shares					Balance as at December 31, 2017			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 December 31, 2017	Carrying Value	Market value	Appreciation / (Diminution)		

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	6,510,955	(435,390)	0.01	0.01
Ghandhara Industries Limited	13,000	900	-	-	13,900	8,998,531	7,673,912	(1,324,619)	0.01	0.04
Honda Atlas Cars(Pakistan) Limited	15,000	8,000	-	-	23,000	18,295,350	11,785,430	(6,509,920)	0.02	0.01
Indus Motors Company Limited	9,080	-	-	3,000	6,080	10,905,088	10,215,434	(689,654)	0.02	0.01
Pak Suzuki Motor Company Limited	21,000	-	-	21,000	-	-	-	-	0.00	0.00
						45,145,314	36,185,731	(8,959,583)		

Automobile Parts & Accessories

Agriauto Industries Limited	-	12,000	-	-	12,000	3,754,600	3,816,240	61,640	0.01	0.03
General Tyre & Rubber Company Limited	22,400	-	-	-	22,400	6,798,400	4,217,920	(2,580,480)	0.01	0.01
						10,553,000	8,034,160	(2,518,840)		

Cable & Electrical Goods

Pak Elektron Limited	139,000	70,000	-	100,000	109,000	11,613,667	5,176,410	(6,437,257)	0.01	0.00
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**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM
FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2017**

Name of the Investee Company	----- Number of shares -----					Balance as at December 31, 2017			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 December 31, 2017	Carrying Value	Market value	Appreciation / (Diminution)		
						----- (Rupees) -----			----- % -----	
Cement										
Cherat Cement Limited	113,500	-	-	113,500	-	-	-	-	0.00	0.00
Fauji Cement Company Limited	289,000	-	-	289,000	-	-	-	-	0.00	0.00
Kohat Cement Limited	61,500	-	-	14,800	46,700	10,706,442	6,629,532	(4,076,910)	0.01	0.00
Lucky Cement Limited	54,500	24,000	-	47,000	31,500	21,450,942	16,298,415	(5,152,527)	0.02	0.01
Maple Leaf Cement Factory Limited	142,000	180,000	-	322,000	-	-	-	-	0.00	0.00
Pioneer Cement Limited	117,000	-	-	117,000	-	-	-	-	0.00	0.00
						32,157,384	22,927,947	(9,229,437)		
Chemicals										
Dynea Pakistan Limited	7,000	-	-	-	7,000	703,920	615,160	(88,760)	0.00	0.01
Commercial Banks										
Allied Bank Limited	4,400	70,000	-	-	74,400	6,232,800	6,322,512	89,712	0.01	0.00
Askari Bank Limited	-	350,000	-	-	350,000	7,382,970	6,758,500	(624,470)	0.01	0.00
Bank Al Falah Limited	380,000	317,000	-	-	697,000	28,052,508	29,622,500	1,569,992	0.04	0.00
Bank Al Habib Limited	150,000	267,500	-	-	417,500	23,498,069	24,365,300	867,231	0.04	0.00
Faysal Bank Limited	-	656,000	-	-	656,000	14,481,856	13,946,560	(535,296)	0.02	0.00
Habib Bank Limited	35,800	125,000	-	35,800	125,000	20,545,650	20,886,250	340,600	0.03	0.00
United Bank Limited	88,000	207,100	-	185,000	110,100	19,789,011	20,695,497	906,486	0.03	0.00
						119,982,864	122,597,119	2,614,255		
Engineering										
International Industries Limited	30,000	13,200	-	10,000	33,200	11,721,648	7,971,652	(3,749,996)	0.01	0.01
International Steels Limited	52,500	70,000	-	60,000	62,500	7,821,944	6,648,125	(1,173,819)	0.01	0.00
						19,543,592	14,619,777	(4,923,815)		
Fertilizer										
Engro Corporation Limited	120,600	142,000	-	120,900	141,700	39,046,980	38,932,075	(114,905)	0.06	0.01
Engro Fertilizer Limited	-	365,000	-	30,000	335,000	22,157,068	22,686,200	529,132	0.03	0.00
						61,204,048	61,618,275	414,227		
Food & Personal Care Products										
Fauji Foods Limited	21,500	-	64,500	-	86,000	2,263,520	1,415,560	(847,960)	0.00	0.00
Shezan International Limited	16,800	-	-	500	16,300	7,742,500	8,044,050	301,550	0.01	0.10
						10,006,020	9,459,610	(546,410)		
Glass & Ceramics										
Shabbir Tiles & Ceramics Limited	592,000	-	-	592,000	-	-	-	-	0.00	0.00
Tariq Glass Industries	-	14,900	-	-	14,900	1,698,600	1,415,351	(283,249)	0.00	0.00
Insurance										
Pakistan Reinsurance Company Limited	150,000	-	-	137,000	13,000	634,530	551,590	(82,940)	0.00	0.00
Leasing Companies										
Orix Leasing Pakistan Limited	238,908	-	-	-	238,908	9,435,313	9,917,071	481,758	0.01	0.01
Leather & Tanneries										
Bata Pakistan Limited	1,340	-	-	-	1,340	4,422,000	3,286,042	(1,135,958)	0.00	0.04
Service Industries Limited	2,300	-	-	400	1,900	2,620,100	1,425,000	(1,195,100)	0.00	0.01
						7,042,100	4,711,042	(2,331,058)		
Miscellaneous										
Tri-Pak Films Limited	25,400	-	-	25,400	-	-	-	-	0.00	0.00
Oil & Gas Expoloration Companies										
Oil & Gas Development Company Limited	47,500	220,000	-	50,000	217,500	32,361,782	35,406,760	3,045,044	0.05	0.00
Pakistan Oilfields Limited	15,694	30,550	-	-	46,244	22,739,118	27,480,959	4,741,841	0.04	0.01
Pakistan Petroleum Limited	125,823	110,000	-	-	235,823	37,861,335	48,558,314	10,696,979	0.07	0.00
						92,962,235	111,446,033	18,483,864		
Oil And Gas Marketing Companies										
Shell Pakistan Limited	13,000	-	-	-	13,000	7,479,810	3,993,340	(3,486,470)	0.01	0.00
Sui Northern Gas Pipelines Limited	-	175700	-	173000	2,700	396,202	255,447	(140,755)	0.00	0.00
						7,876,012	4,248,787	(3,627,225)		
Paper And Board										
Century Paper & Board Mills Limited	113,500	-	-	-	113,500	11,128,675	7,051,755	(4,076,920)	0.01	0.00
Cherat Packaging Limited	25,000	-	3,375	-	28,375	6,366,374	5,646,625	(719,749)	0.01	0.02
						17,495,049	12,698,380	(4,796,669)		

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM
FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2017**

Name of the Investee Company	----- Number of shares -----					Balance as at December 31, 2017			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 December 31, 2017	Carrying Value	Market value	Appreciation / (Diminution)		
						----- (Rupees) -----			----- % -----	
Pharmaceuticals										
Ibl Healthcare Limited	6,578	-	657	-	7,235	802,516	622,210	(180,306)	0.00	0.00
Searle Company	-	20,000	-	-	20,000	6,640,000	6,297,200	(342,800)	0.01	0.00
						7,442,516	6,919,410	(523,106)		
Power Generation & Distribution										
Hub Power Company Limited	387,995	-	-	110,000	277,995	32,644,953	25,297,545	(7,347,408)	0.04	0.00
Kot Addu Power Company Limited	31,500	-	-	31,500	-	-	-	-	0.00	0.00
						32,644,953	25,297,545	(7,347,408)		
Refinery										
Attock Refinery Limited	-	23,000	-	-	23,000	6,745,900	5,384,760	(1,361,140)	0.01	0.01
Sugar & Allied Industries										
Faran Sugar Mills Limited	38,000	-	-	-	38,000	3,049,880	2,470,000	(579,880)	0.00	0.01
Technology & Communications										
Hum Network Limited	-	775,000	-	-	775,000	6,587,500	6,331,750	(255,750)	0.01	0.01
Textile Composite										
Kohinoor Textile Mills Limited	-	40,000	2,400	-	42,400	4,143,998	2,809,000	(1,334,998)	0.00	0.00
As at December 31, 2017 (Un-audited)						508,668,395	475,434,908	(33,233,421)		
As at June 30, 2017 (Audited)						486,913,140	475,435,380	(11,477,760)		

6.2 Government Securities - at fair value through profit or loss

Name of investment	Face value			Balance as at December 31, 2017			Market value as % of net assets of	
	As at July 01, 2017	Purchases during the year	Sales / matured during the year	As at December 31, 2017	Carrying Value	Market value		Appreciation / (Diminution)
	------(Rupees)-----							%
Pakistan Investment Bonds								
<u>PPF Debt Sub-Fund</u>								
Pakistan investment bonds (3 years)	4,000,000	-	4,000,000	-	-	-	-	-
Treasury Bills								
<u>PPF Debt Sub-Fund</u>								
Treasury Bills (3 months)	135,000,000	97,000,000	135,000,000	97,000,000	96,636,245	96,630,180	(6,065)	0.18
Treasury Bills (6 months)	25,000,000	-	25,000,000	-	-	-	-	-
Treasury Bills (12 months)	19,400,000	45,000,000	19,400,000	45,000,000	43,504,319	43,471,355	(32,964)	0.08
	179,400,000	142,000,000	179,400,000	142,000,000	140,140,564	140,101,535	(39,029)	
<u>PPF Money Market Sub-Fund</u>								
Treasury Bills (3 months)	78,000,000	9,000,000	78,000,000	9,000,000	8,975,259	8,974,877	(382)	0.05
As at December 31, 2017 (Un-audited)	261,400,000	151,000,000	261,400,000	151,000,000	149,115,823	149,076,412	(39,411)	
As at June 30, 2017 (Audited)	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 CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2017

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

Name of investment	Issue Date	Face value				Balance as at December 31, 2017			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 December 31, 2017	Carrying Value	Market value	Appreciation / (Diminution)	
(Rupees)									%
Askari Bank Limited	30-Sep-14	15,002,988	-	-	15,002,988	15,295,977	15,031,970	(264,007)	0.03
Bank Al-Habib Limited	17-Mar-16	27,894,420	-	-	27,894,420	28,314,977	27,911,143	(403,834)	0.05
Habib Bank Limited	19-Feb-16	24,990,000	-	-	24,990,000	15,028,478	14,858,495	(169,983)	0.03
The Bank Of Punjab	23-Dec-16	5,000,000	-	-	5,000,000	5,055,477	4,993,002	(62,475)	0.01
Jahangir Siddiqui & Company Limited	18-Jul-17	-	25,000,000	-	25,000,000	25,000,000	25,660,400	660,400	0.05
As at December 31, 2017 (Un-audited)		72,887,408	25,000,000	-	97,887,408	88,694,909	88,455,010	(239,899)	
As at June 30, 2017 (Audited)		-	72,887,408	-	72,887,408	73,518,530	73,728,669	210,139	

6.4 Listed Equity Securities - available for sale

Name of the Investee Company	----- (Number of shares) -----					Balance as at December 31, 2017			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 December 31, 2017	Cost	Market value	Appreciation/ (Diminution)		
----- (Rupees) ----- %-----										
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise										
Automobile Assembler										
Hinopak Motors Limited	7,060	-	-	1,900	5,160	5,100,315	5,289,000	188,685	0.01	0.04
Automobile Parts & Accessories										
Atlas Battery Limited	12,700	-	-	-	12,700	7,827,570	6,148,959	(1,678,611)	0.01	0.04
Cable & Electrical Goods										
Pak Elektron Limited	88,250	-	-	-	88,250	6,198,000	4,190,993	(2,007,007)	0.01	0.00
Cement										
Cherat Cement Limited	50,000	-	-	50,000	-	-	-	-		
Lucky Cement Limited	13,800	-	-	-	13,800	8,219,401	7,140,258	(1,079,143)	0.01	0.00
						8,219,401	7,140,258	(1,079,143)		
Chemicals										
Archroma Pakistan Limited	10,500	-	-	-	10,500	4,779,681	5,554,500	774,819	0.01	0.02
Biafo Industries Limited	81	-	-	-	81	14,747	17,537	2,790	0.00	0.00
ICI Pakistan Limited	7,000	-	-	-	7,000	3,016,530	5,375,650	2,359,120	0.01	0.01
						7,810,958	10,947,687	3,136,729		
Commercial Banks										
Habib Bank Limited	28,000	-	-	28,000	-	-	-	-		
Habib Metropolitan Bank Limited	190,000	-	-	-	190,000	5,613,778	6,555,000	941,222	0.01	0.00
Meezan Bank Limited	92,000	-	5,520	-	97,520	5,026,473	6,543,592	1,517,119	0.01	0.00
United Bank Limited	80,700	-	-	75,000	5,700	978,063	1,071,429	93,366	0.00	0.00
						11,618,314	14,170,021	2,551,707		
Engineering										
International Industries Limited	55,000	-	-	25,000	30,000	3,085,860	7,203,300	4,117,440	0.01	0.01
K.S.B.Pumps Company Limited	3,100	-	-	3,100	-	-	-	-		
						3,085,860	7,203,300	4,117,440		
Fertilizer										
Dawood Hercules Corporation Limited	1,200	-	-	-	1,200	144,261	134,256	(10,005)	0.00	0.00

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Leather & Tanneries										
Service Industries Limited	5,700	-	-	2,500	3,200	3,878,118	2,400,000	(1,478,118)	0.00	0.02
Miscellaneous										
Shifa International Hospitals Limited	21,603	-	-	-	21,603	5,450,119	6,480,900	1,030,781	0.01	0.01
Oil & Gas Exploration Companies										
Mari Petroleum Company Limited	22,000	-	-	-	22,000	21,826,235	31,918,932	10,092,697	0.05	0.03
Oil & Gas Development Company Limited	111,000	-	-	-	111,000	17,528,054	18,069,690	541,636	0.03	0.00
Pakistan Oilfields Limited	39,906	-	-	-	39,906	13,980,273	23,714,540	9,734,267	0.03	0.00
						53,334,562	73,703,162	20,368,600		
Paper And Board										
Security Papers Limited	33				33	872	4,029	3,157	0.00	0.00
Pharmaceuticals										
Abbott Laboratories Pakistan Limited	8,900	-	-	7,350	1,550	1,023,992	1,081,296	57,304	0.00	0.00
Ibl Healthcare Limited	828	-	82	-	910	83,606	78,260	(5,346)	0.00	0.00
Searle Company Limited	168	-	33	-	201	53,356	63,287	9,931	0.00	0.00
						1,160,954	1,222,843	61,889		
Power Generation & Distribution										
Altern Energy Limited	10,500	-	-	-	10,500	404,977	451,710	46,733	0.00	0.00
Hub Power Company Limited	49,400	-	-	-	49,400	5,935,968	4,495,400	(1,440,568)	0.01	0.00
Kot Addu Power Company Limited	59,000	-	-	59,000	-	-	-	-		
						6,340,945	4,947,110	(1,393,835)		
Technology & Communications										
Avanceon Limited	368,125	-	-	-	368,125	9,569,851	12,737,125	3,167,274	0.02	0.01
Netsol Technologies Limited	4,500	-	-	-	4,500	283,522	285,075	1,553	0.00	0.00
Systems Limited	138,955	-	-	-	138,955	5,345,265	10,271,554	4,926,289	0.02	0.01
						15,198,638	23,293,754	8,095,116		
Textile Composite										
Kohinoor Textile Mills Limited	140,000	-	8,400	-	148,400	12,092,953	9,831,500	(2,261,453)	0.01	0.00
As at December 31, 2017 (Un-audited)						147,461,840	177,107,772	29,645,932		
As at June 30, 2017 (Audited)						189,495,884	272,393,007	82,897,123		

6.5 Government Securities - available for sale

	Face value				As at December 31, 2017			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 December 31, 2017	Cost	Market value	Appreciation/ (Diminution)	
----- (Rupees) -----								%
Pakistan Investment Bonds								
PPF Debt Sub-Fund								
Pakistan investment bonds (3 years)	950,000	50,000,000	50,350,000	600,000	606,846	603,683	(3,163)	0.00
Pakistan investment bonds (5 years)	1,260,000	50,000,000	50,100,000	1,160,000	1,232,392	1,197,769	(34,623)	0.00
Pakistan investment bonds (10 years)	45,130,000	100,000,000	141,200,000	3,930,000	4,330,587	4,131,841	(198,746)	0.01
Pakistan investment bonds (15 years)	3,500,000	-	-	3,500,000	3,580,825	3,779,251	198,426	0.01
Pakistan investment bonds (20 years)	1,900,000.00	-	-	1,900,000	1,999,693	2,083,479	83,786	0.00
As at December 31, 2017 (Un-audited)	52,740,000	200,000,000	241,650,000	11,090,000	11,750,343	11,796,023	45,680	
As at June 30, 2017 (Audited)	204,150,000	1,565,340,000	1,716,750,000	52,740,000	53,792,012	53,970,527	178,515	

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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 December 31, 2017			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 December 31, 2017	Cost	Market value	Appreciation/ (Diminution)			

----- (Rupees) ----- % -----

Term finance certificates

Bank Alfalah Limited											
TFC - IV (Floating)	9-Dec-09	500	-	500	-	-	-	-	-	-	-
As at December 31, 2017 (Un-audited)		500	-	500	-	-	-	-	-	-	
As at June 30, 2017 (Audited)		500	-	-	500	831,586	835,065	3,479	-	-	-

6.7 Term Deposit Receipts - loans and receivables

Particulars	Profit / mark-up rates	Issue date	Maturity date	At December 31, 2017	Market value as a percentage of net assets	Market value as a percentage of total investments
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(Rupees) ----- % -----

Debt Sub Fund

Zarai Tarakati Bank Limited	6.50%	14-Sep-17	13-Mar-18	95,000,000	0.18	0.21
JS Bank Limited	6.70%	29-Dec-17	29-Mar-18	100,000,000	0.19	0.22
				195,000,000		

Money market Sub Fund

Zarai Tarakati Bank Limited	6.50%	14-Sep-17	13-Mar-18	30,000,000	0.17	0.41
JS Bank Limited	6.70%	29-Dec-17	29-Mar-18	34,000,000	0.19	0.47
				64,000,000		

As at December 31, 2017 (Un-audited)	259,000,000
As at June 30, 2017 (Audited)	260,000,000

6.8 Commercial Paper - loans and receivables PPF Debt Sub-Fund

Name of investment	Issue Date	Face value				Balance as at December 31, 2017			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 December 31, 2017	Carrying Value	Market value	Appreciation / (Diminution)	

----- (Rupees) ----- %

Hascal Petroleum Limited	29-Dec-17	-	9,641,362	-	9,641,362	9,641,362	9,647,274	5,912	0.02
As at December 31, 2017 (Un-audited)		-	9,641,362	-	9,641,362	9,641,362	9,647,274	5,912	
As at June 30, 2017 (Audited)		-	-	-	-	-	-	-	-

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As at December 31, 2017 (Un-audited)					As at June 30, 2017 (Audited)
Equity sub fund	Debt sub fund	Money market sub fund	Total		
----- (Rupees) -----					
7. ADVANCES, DEPOSITS AND OTHER RECEIVABLES					
Receivable against					
-National Clearing Company of Pakistan Limited	2,500,000	199,326	-	2,699,326	2,500,000
- Central Depository Company of Pakistan	200,000	200,000	100,000	500,000	500,000
Advance tax	265,179	5,946	2,997	274,122	257,077
Others	18,290	16,499	16,500	51,289	677,168
	2,983,469	421,771	119,497	3,524,737	3,934,245

	As at December 31, 2017 (Un-audited)				As at June 30, 2017 (Audited)
	Equity sub fund	Debt sub fund	Money market sub fund	Total	
	----- (Rupees) -----				
8. PAYABLE TO PENSION FUND MANAGER					
Remuneration payable to Pension Fund Manager	845,156	679,122	225,991	1,750,269	1,783,435
Sindh sales tax payable on remuneration of Pension Fund Manager	109,870	88,286	29,378	227,534	231,846
	955,026	767,408	255,369	1,977,803	2,015,281

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As at December 31, 2017 (Un-audited)				As at June 30, 2017 (Audited)	
Equity sub fund	Debt sub fund	Money market sub fund	Total		
----- (Rupees) -----					
are	3,766,624	1,405,141	352,149	5,523,914	5,210,409
	2,420,238	2,404,933	1,151,294	5,976,465	5,976,464
	342,472	10,315	3,397	356,184	529,339
	281,844	216,199	50,077	548,120	340,297
	105,890	79,145	26,757	211,792	301,823
ts	-	-	22,098	22,098	22,098
	-	650	-	650	650
	6,917,068	4,116,383	1,605,772	12,639,223	12,381,080

9.1 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 thereby 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 according to which there is no 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 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 December 31, 2017, the NAV per unit of the Fund would have been higher by Rs.2.66 per unit, Rs.0.62 per unit and Rs. 0.42 per unit respectively for Equity, Debt and Money Market sub fund on that date.

Furthermore, in January 2016, the Sindh Revenue Board (SRB) had written to mutual funds 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 Ministry of Finance, Sindh 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 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.

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

9.2 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 is 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. The aggregate balance of FED provision in the books of accounts for the Fund as on December 31, 2017 was Rs.5.98 million. (June 30, 2017: Rs.5.98 million). The impact of decrease in NAV per unit of the Fund is Rs.1.71 per unit, Rs.1.06 per unit and Rs. 1.39 per unit respectively for Equity, Debt and Money Market sub fund on that date.

10. CONTINGENCIES AND COMMITMENTS

10.1 There were no contingencies and commitments outstanding as at December 31, 2017 (June 30, 2017: Nil).

11. NET UNREALISED (DIMINUTION) / APPRECIATION IN MARKET VALUE OF INVESTMENTS CLASSIFIED AS 'AVAILABLE-FOR-SALE'

	As at December 31, 2017 (Un-audited)				
	Equity sub fund	Debt sub fund	Money market sub fund	Total	As at December 31, 2016 (Un-audited)
	(Rupees)				
Market value	177,107,772	11,796,023	-	188,903,795	773,969,218
Average cost	147,461,840	11,750,343	-	159,212,183	664,818,150
	29,645,932	45,680	-	29,691,612	109,151,068
Impairment loss charged during the period	(6,604,305)	-	-	(6,604,305)	-
Net unrealized (appreciation) / diminution in fair value of investments at the beginning of the period	82,897,123	181,994		83,079,117	(25,636,706)
Appreciation / (diminution) during the period	(46,646,886)	(136,314)	-	(46,783,200)	83,514,362

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12. REMUNERATION OF PENSION FUND MANAGER

This represents remuneration of the Pension Fund Manager at the rate of 1.5 percent of the average amount of net assets of each sub-fund calculated during the period for determining the prices of units of the sub-funds.

13. 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. Further 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.

14. EARNINGS PER UNIT

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

15. CASH AND CASH EQUIVALENTS

December 31, 2017 (Un-audited)					
Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total		June 30, 2017 (Audited)
(Rupees)					
Savings accounts	30,578,111	63,095,246	106,187,094	199,860,451	57,741,805
Term Deposit Receipts (3 months)	-	100,000,000	34,000,000	134,000,000	150,000,000
	30,578,111	163,095,246	140,187,094	333,860,451	207,741,805

16. 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."

16.1 Transactions during the period

Half year ended December 31, 2017 (Un-audited)					Half year ended December 31, 2016 (Un- audited)
Equity sub fund	Debt sub fund	Money market sub fund	Total		
(Rupees)					
MCB Arif Habib Savings and Investments Limited - Pension Fund Manager					
Remuneration including indirect taxes	5,949,146	4,491,879	1,496,546	11,937,571	10,398,160

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	Half year ended December 31, 2017 (Un-audited)				Half year ended December 31, 2016 (Un-audited)
	Equity sub fund	Debt sub fund	Money market sub fund	Total	
	----- (Rupees) -----				
Central Depository Company of Pakistan Limited - Trustee					
Remuneration (include indirect tax)	538,444	407,025	135,510	1,080,979	978,017
Settlement charges	28,293	3,277	-	31,570	-
Group / Associated Companies					
MCB Bank Limited					
Mark-up earned	75,088	4,170	1,580	80,838	21,856
Bank charges	3,781	25	25	3,831	2,632
Arif Habib Limited *					
Brokerage expense	6,541	325	325	7,191	105,500
Next Capital Limited *					
Brokerage expense	102,501	-	1,581	104,082	39,133

16.2 Amounts outstanding as at the period end

	As at December 31, 2017 (Un-audited)				June 30, 2017 (Audited)
	Equity sub fund	Debt sub fund	Money market sub fund	Total	
	----- (Rupees) -----				
MCB - Arif Habib Savings and Investments Limited Pension Fund Manager					
Remuneration payable	845,156	679,122	225,991	1,750,269	1,783,435
Sindh sales tax payable	109,870	88,286	29,378	227,534	231,846
MCB Bank Limited					
Bank Balance	19,607	13,549	12,066	45,222	833,009
Profit Receivable	820	-	-	820	-
Central Depository Company Limited - Trustee					
Remuneration Payable	76,955	61,844	20,581	159,380	160,104
Sindh sales tax payable	9,995	8,055	2,654	20,704	20,809
Security deposit	200,000	200,000	100,000	500,000	500,000
Brokerage					
* Arif Habib Limited Brokerage - Payable	3,000	-	-	3,000	2,046
* Next Capital Brokerage - Payable	48,338	-	-	48,338	65,952

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16.3 Unit Holders' Fund

For the Half Year ended December 31, 2017

As at July 01, 2017	Issued for cash	Bonus	Redeemed	As at December 31, 2017	As at July 01, 2017	Issued for cash	Bonus	Redeemed	As at December 31, 2017
Units					(Rupees in '000)				

Associated Companies

MCB Arif Habib Savings and Investment Limited

- Pakistan Pension Fund - Equity	252,196	-	-	-	252,196	142,521,000	-	-	-	129,0108,60
- Pakistan Pension Fund - Debt	253,109	-	-	-	253,109	58,156,828	-	-	-	59,4831,18
- Pakistan Pension Fund - Money Market	300,000	-	-	-	300,000	63,060,000	-	-	-	64,5180,00

Key management personnel

- Pakistan Pension Fund - Equity	11,263	696	-	1,556	10,403	5,761,917	342,904	-	784,623	4,998,192
- Pakistan Pension Fund - Debt	15,624	675	-	2,737	13,562	3,671,861	156,680	-	632,892	3,181,825
- Pakistan Pension Fund - Money Market	3,319	96	-	642	2,773	713,741	20,327	-	135,729	595,399

For the Half Year ended December 31, 2016

As at July 01, 2016	Issued for cash	Bonus	Redeemed	As at December 31, 2016	As at July 01, 2016	Issued for cash	Bonus	Redeemed	As at December 31, 2016
Units					(Rupees in '000)				

Associated Companies

MCB Arif Habib Savings and Investment Limited

- Pakistan Pension Fund - Equity	252,196	-	-	-	252,196	105,014,412	-	-	-	141,325,591
- Pakistan Pension Fund - Debt	253,109	-	-	-	253,109	55,752,293	-	-	-	56,681,203
- Pakistan Pension Fund - Money Market	300,000	-	-	-	300,000	60,462,000	-	-	-	61,665,000

Key management personnel

- Pakistan Pension Fund - Equity	20,058	1,477	-	1,008	20,527	6,761,257	544,557	469,717	-	11,502,510
- Pakistan Pension Fund - Debt	15,848	2,771	-	2,771	15,848	1,803,630	45,677	-	-	3,022,923
- Pakistan Pension Fund - Money Market	1,628	60	-	-	1,688	46,273	6,154	-	-	347,002

17. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values.

17.1 Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: 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: Inputs for the assets or liability that are not based on observable market data (i.e. unobservable inputs).

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Total	December 31, 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)

ASSETS

Investment in securities -

'at fair value through profit or loss' - held-for-trading	712,966,330	475,434,908	-	-	88,455,010	140,101,535	-	-	8,974,877	-
'Available-for-sale'	188,903,795	177,107,772	-	-	-	11,796,023	-	-	-	-
	901,870,125	652,542,680	-	-	88,455,010	151,897,558	-	-	8,974,877	-

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)

ASSETS

Investment in securities -

'at fair value through profit or loss' - held-for-trading	809,287,356	475,435,380	-	-	73,728,669	182,429,304	-	-	77,694,003	-
'Available-for-sale'	327,198,599	272,393,007	-	-	835,065	53,970,527	-	-	-	-
	1,136,485,955	747,828,387	-	-	74,563,734	236,399,831	-	-	77,694,003	-

18. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue on February 23, 2018 by the Board of Directors of the Pension Fund Manager.

19. GENERAL

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purposes of better presentation.

**For MCB-Arif Habib Savings and Investments Limited
(Management Company)**



Chief Executive Officer



Chief Financial Officer



Director

MCB-Arif Habib Savings and Investments Limited

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