



MCB-ARIF HABIB
Savings and Investments Limited

AM2
BY FACRA

HALF YEAR REPORT

DECEMBER
2018
(UNAUDITED)

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

Vision

To become synonymous with Savings.

Mission

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

Core Values

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

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PAKISTAN 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 Director
Audit Committee	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Mirza Qamar Beg Mr. Nasim Beg	Chairman Member Member Member
Risk Management Committee	Mr. Mirza Qamar Beg Mr. Ahmed Jahangir Mr. Nasim Beg	Chairman Member Member
Human Resource & Remuneration Committee	Dr. Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member
Chief Executive Officer	Mr. Muhammad Saqib Saleem	
Chief Operating Officer & Company Secretary	Mr. Muhammad Asif Mehdi Rizvi	
Chief Financial Officer	Mr. Abdul Basit	
Trustee	Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block 'B' S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcPakistan.com	
Bankers	MCB Bank Limited Habib Metropolitan Bank Limited Bank Alfalah Limited Allied Bank Limited Silk Bank Limited Habib Bank Limited National Bank of Pakistan Askari Bank Limited JS Bank Limited Zarai Taraqiati Bank Limited MCB Islamic 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, 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 DIRECTOR OF THE PENSION FUND MANAGER FOR THE HALF YEAR ENDED DECEMBER 31, 2018

Dear Investor,

On behalf of the Board of Directors, We are pleased to present Pakistan Pension Fund's Half Yearly Report for the period ended December 31, 2018.

MARKET & ECONOMIC REVIEW

Economy and Money Market Review

FY19 started off with a positive note as smooth completion of election process resulted in a sigh of relief for the market participants. The new regime inherited many economic challenges particularly on the external front. To cope with the underlying challenges, major policy actions (currency depreciation of 15% along with interest rate hike of 250 bps) were taken to address the imbalances. Furthermore, major success came through diplomatically engaging with the friendly allies. As a result, Pakistan secured BOP support package from Saudi Arabia, UAE and China amounting to USD 14 billion while Saudi Arabia & UAE committed foreign direct investment of USD 20-30 billion.

Average CPI for the first half of current fiscal year clocked in at 6.0%. Nevertheless, it is expected to jack up during the second half, owing to a low base effect and lagged impact of currency adjustments. Furthermore, government is yet to adjust electricity prices as the gap between base tariff and actual cost of generation has widened significantly. We expect CPI to average 8.5% for the 2HFY19 after accounting for electricity adjustments.

Current Account Deficit for the first six months clocked in at ~USD 8 billion which is an improvement of 4.4% from same period last year. CAD was well supported by remittances growth of 10%. However, the improvement in the external position was masked by the higher oil prices and payments for the previous periods reflected in current accounts. The non-oil imports have shown encouraging trend, declining by ~5% over the previous year. Reflecting the elevated oil prices and limited financial flows, reserves declined by ~USD 2.7 bn during the period leading to rupee depreciation of ~13.7%.

The focus of government to stabilize aggregate demand has taken its toll on large scale manufacturing which posted a decline of 0.9% YoY in the first five months of FY19. The decline has been led by reduction in production of oil products followed by slow down in autos, pharmaceuticals, consumer products. LSM growth is reflecting the overall slowdown in economy as envisaged by the steps taken by authorities to control the external imbalances.

The yield curve showed an upward trajectory during the half year as market players continued to expect further monetary tightening. During the first 6 months, State Bank of Pakistan increased the policy rate by 350 bps in line with the expectations of most of the market. Most of PIB auctions during the period under review were rejected by State Bank of Pakistan due to thin volume and participation at higher levels. The 3 year, 5 year and 10 year PIB were accepted in the PIB auction held in December' 18 at 12.25%, 12.70% and 13.15% respectively. Two Floater rate PIB auction were conducted during 1HFY19. The first was accepted at a benchmark rate +70 bps. The second was rejected due to higher level of participation. Concerns over external front kept market participants at bay from longer tenor Treasury instruments with persistence towards accumulation in papers having maturity below or equal to 3 months.

Liquidity remained comfortable throughout the period owing to regular OMOs conducted by SBP. During the second quarter, 117.7 billion worth of floater rate GOP Ijara Sukuk matured. No fresh GOP Ijara Sukuk were issued whereas SBP conducted auction of Bai Muajjal in which 72.55 billion was accepted out of total participation of 76.55.

Equity Market Review

CY18 closed itself on a negative note for the consecutive second year, as the benchmark Index KSE100 posted a loss of 8.4%. Half year/Quarterly return amounted to ~9.5%/11.5% respectively. The month of Dec'18 was the worst month of the year as KSE100 retreated by 8.5%, as unexpected monetary tightening by 150 bps during the last month created a negative environment for equities. Even announcement for support of USD 3 billion by UAE could not come to rescue as overall uncertainty continued to linger towards the economy. Foreign selling during the first half continued with foreigners offloading USD ~404 mn worth of equities, most of which was absorbed by Insurance Companies and Individuals who bought USD ~173 and ~USD 152 mn respectively. Volumes and values averaged around 179 mn shares/ PKR 7.68 bn, depicting a considerable decrease of ~6/~7% as compared to first half.

In the first half, most of the major sectors such Refineries, Autos, OMCs, E&Ps & Cements underperformed the market generating negative returns of 29%/27%/20%/18%/16% respectively. Refineries suffered due to lower throughput and closure of plants amid limited offtake of Furnace Oil. E&Ps took the brunt of plunge in international oil prices by ~30% as compared. Autos, Cements and OMCs followed the thematic decline due to economic slowdown. On the flip side, only

REPORT OF THE DIRECTOR OF THE PENSION FUND MANAGER FOR THE HALF YEAR ENDED DECEMBER 31, 2018

Textile Composites remained in the positive territory generating a positive return of 20% due to currency depreciation of ~15% as well as supportive export-oriented policies of the newly-elected government.

FUND PERFORMANCE

Debt Fund

The debt sub-fund generated an annualized return of 6.47% during the period under review. The fund's exposure towards T-Bills increased from 19.9% to 21.8% and exposure towards TFCs increased from 17.8% to 18.5%. The fund was mostly invested in Cash (51.2%).

The Net Assets of the Fund as at December 31, 2018 stood at Rs. 557.74 million as compared to Rs. 590.36 million as at June 30, 2018 registering a decrease of 5.53%.

The Net Asset Value (NAV) per unit as at December 31, 2018 was Rs. 247.49 as compared to opening NAV of Rs. 239.67 per unit as at June 30, 2018 registering an increase of Rs. 7.82 per unit.

Money Market Fund

The money market sub-fund generated a return of 6.44% during the period. The fund's exposure decreased in T-bills from 29.0% to 0% while increased its exposure in cash from 42.9% to 76.3% keeping in mind high deposit rates as compared to the T-bills rates because of Dec'18 end.

The Net Assets of the Fund as at December 31, 2018 stood at Rs. 211.06 million as compared to Rs. 239.70 million as at June 30, 2018 registering a decrease of 11.95%.

The Net Asset Value (NAV) per unit as at December 31, 2018 was Rs. 226.54 as compared to opening NAV of Rs. 219.42 per unit as at June 30, 2018 registering an increase of Rs. 7.12 per unit.

Equity Fund

The Equity sub-fund generated a negative return of 10.68% while the KSE-100 posted a negative return of 11.56% during the period under review. The sub-fund increased its overall equity exposure from 96.9% to 98.0%.

The Net Assets of the Fund as at December 31, 2018 stood at Rs. 737.05 million as compared to Rs. 742.09 million as at June 30, 2018 registering a decrease of 0.68%.

The Net Asset Value (NAV) per unit as at December 31, 2018 was Rs. 457.20 as compared to opening NAV of Rs. 511.85 per unit as at June 30, 2018 registering a decrease of Rs. 54.65 per unit.

MARKET & ECONOMY - FUTURE OUTLOOK

The government has managed to arrange adequate financial flows for the next half year supported by deferred payment facilities, loans and deposits from friendly nations. However, the external account balance needs to improve further to reach sustainable levels for future funding of deficits. The exports are expected to show an improved trend supported by lagged impacts of currency depreciation, tax refunds to exporters, better energy supplies and energy price parity with regional peers. Imports are expected to slow down in second half of the year as effects of the one-off adjustments and oil prices neutralize along with impact of currency depreciation becomes further visible. Current account deficit for FY19 is expected to be ~USD 13 bn with CAD for next half year to slow down to ~USD 5 bn compared with first half of ~USD 8 bn. Subsequently, we expect normalize PKR/USD adjustment of around 5% in next half given the REER is close to its fundamental value.

The government has announced to approach the IMF for an economic program for balance of payments support. IMF program would lead to better policy management relative to dealing with the structural issues in the economy along with responsible fiscal management. Besides, entrance into IMF program would allow Pakistan to secure financial flows from other multilateral agencies which would allow better external account management.

Inflationary pressures are expected to become more visible in second half of the year as lagged impacts of currency depreciation, gas price increase and electricity price adjustments are incorporated. However, most of the monetary tightening has been done to reflect the upcoming inflationary pressures and room for further tightening would remain in the range of 50 bps.

REPORT OF THE DIRECTOR OF THE PENSION FUND MANAGER FOR THE HALF YEAR ENDED DECEMBER 31, 2018

For the remaining year, the economic growth is expected to remain on a slower trajectory as currency adjustments and tighter monetary policy will rein on the consumption patterns. However, increased power supply along with the documentation of economy will provide a respite to the economic managers during this critical juncture. We share the optimism on better governance & long term prospects for economic revival amid more focused and sincere efforts to address chronic issues on economic front by the new government; however, the path is likely to be tough and with a number of potentially unpopular policy steps.

We believe equity markets preempted the economic conditions and as such it is important to consider whether all the economic developments are priced in or not. Therefore, overall valuations and fundamentals of universe companies do play an important role. The overall strategy should tilt towards defensive sectors (E&Ps, Power, Fertilizers) while sector which will benefit from changing dynamics on macro front such as rising interest rates (Commercial Banks) should be overweight. In addition to that, government's strong focus on reviving exports should provide a boost to the outlook of export oriented sectors such as Textiles & IT. Despite being negative on cyclical sectors, we believe there will be distressed assets and quality companies which should be looked into as they have a tendency to provide abnormal returns.

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 18, 2019

ڈائریکٹرز رپورٹ
برائے ششماہی اختتام پذیر 31 دسمبر 2018ء

شعبوں کے حوالے سے منفی سوچ کے باوجود ہم سمجھتے ہیں کہ کچھ اثاثہ جاتی اور quality کمپنیاں مشکلات سے دو چار ہوں گی جن پر توجہ دی جانی چاہیے کیونکہ یہ غیر معمولی منافع کی صلاحیت رکھتی ہیں۔

اظہار تشکر

بورڈ فنڈ کے قابل قدر سرمایہ کاروں، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اور فنڈ کے ٹرسٹیز کی مسلسل پشت پناہی اور تعاون کے لئے شکر گزار ہے۔ علاوہ ازیں، ڈائریکٹرز مینجمنٹ ٹیم کی کاوشوں کو بھی سراہتے ہیں۔

من جانب ڈائریکٹرز،



محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

18 فروری، 2019ء

ایکویٹی فنڈ

زیر جائزہ مدت کے دوران ایکویٹی سب-فنڈ کا 10.68% منفی منافع تھا، جبکہ KSE-100 کا 11.56% منفی منافع تھا۔ سب-فنڈ کی ایکویٹیز میں مجموعی سرمایہ کاری کو 96.9% سے بڑھا کر 98.0% کر دیا گیا۔

31 دسمبر 2018ء کو فنڈ کے net اثاثہ جات 737.05 ملین روپے تھے، جو 30 جون 2018ء کو 742.09 ملین روپے کے مقابلے میں 0.68% کمی ہے۔

31 دسمبر 2018ء کو Net اثاثہ جاتی قدر (NAV) فی یونٹ 457.02 روپے تھی، جو 30 جون 2018ء کو 511.85 روپے فی یونٹ ابتدائی NAV کے مقابلے میں 54.65 روپے فی یونٹ کمی ہے۔

بازار اور معیشت - مستقبل کا منظر

حکومت اگلی ششماہی کے لیے خاطر خواہ مالیاتی فراہمی کا انتظام کر پائی ہے جس کی معاونت دوست ممالک کی طرف سے تاخیر سے ادائیگی کی سہولیات، قرضوں اور deposits سے ہوتی ہے۔ تاہم کارگری کا وٹ کے توازن میں مزید بہتری درکار ہے تاکہ مستقبل میں مالیات کی فراہمی اور خساروں کی قابل بقاء سطحوں تک رسائی ہو سکے۔ برآمدات میں بہتری کا رجحان متوقع ہے جس کی معاونت روپے کی قدر میں کمی، برآمدکاروں کو ٹیکس کی واپسی، توانائی کی بہتر فراہمیوں اور توانائی کی قیمتوں میں علاقائی فریقوں سے مساوات کے سسٹ اثر سے ہوگی۔ درآمدات میں سال کے نصف آخر میں سسٹ روی متوقع ہے کیونکہ یکبارگی کمی پیشیوں اور تیل کی قیمتوں کے اثرات توازن پیدا کریں گے، اور ساتھ ساتھ روپے کی قدر میں کمی کا اثر مزید واضح ہوگا۔ مالی سال 2019ء میں کرنٹ اکاؤنٹ کا متوقع خسارہ 13 بلین ڈالر ہے، اور اگلے نصف سال کے لیے CAD نصف اڈل کے 8 بلین ڈالر کے مقابلے میں سسٹ روی کا شکار ہو کر 5 بلین ڈالر رہ جائے گا۔ بعد ازاں، اگلے نصف سال میں REER کے بنیادی قدر کے قریب ہونے کی صورت میں پاکستانی روپے / امریکی ڈالر میں تقریباً 5% ایڈجسٹمنٹ متوقع ہے۔

حکومت نے اعلان کیا ہے کہ ادائیگیوں کے توازن میں معاونت کے معاشی پروگرام کے لئے آئی ایم ایف سے رجوع کیا جائے گا۔ آئی ایم ایف پروگرام کی بدولت پالیسی کے انتظام میں بہتری ہوگی جس سے معیشت کی ساخت سے متعلق مسائل سے نمٹا جاسکے گا اور ذمہ دارانہ مالیاتی انتظام ممکن ہو سکے گا۔ علاوہ ازیں، آئی ایم ایف پروگرام میں داخل ہونے سے پاکستان کو دیگر کثیرالاجبت ایجنسیوں سے مالیات حاصل کرنے میں مدد ملے گی جس کی بدولت خارجی اکاؤنٹ کا بہتر انتظام ممکن ہو سکے گا۔

افراط زر کے دباؤ سال کے نصف آخر میں مزید واضح ہونے کی توقع ہے کیونکہ کرنسی کی قدر میں کمی، گیس کی قیمت میں اضافے اور بجلی کی قیمتوں میں کمی بیشی کے سسٹ اثرات کا احاطہ کیا جائے گا۔ تاہم مالیاتی تنگی کا اکثر حصہ مکمل کیا جا چکا ہے جس میں آنے والے افراط زر کے دباؤ کی عکاسی ہوتی ہے، اور مزید تنگی 50 bps کی حد میں رہے گی۔

سال کے باقی حصے میں معاشی ترقی متوقع طور پر نسبتاً سسٹ روی کا شکار رہے گی کیونکہ کرنسی میں کمی بیشی اور مالیاتی پالیسی میں مزید تنگی صرف رجحان پر حاوی رہے گی۔ تاہم بجلی کی پہلے سے زیادہ فراہمی کے ساتھ ساتھ معیشت کی دستاویزی کی بدولت اس مشکل موڑ پر معاشی منتظمین کو سہولت فراہم ہوگی۔ نئی حکومت معاشی میدان کے دیرینہ مسائل کے حل پر توجہ دینے کی زیادہ مرکوز اور مخلص کاوشیں کر رہی ہے، چنانچہ ہم بہتر حکومت داری اور معاشی بحالی کے طویل المیعاد امکانات کے حوالے سے پُر امید ہیں؛ تاہم راستہ متوقع طور پر دشوار اور ممکنہ ناپسندیدہ پالیسی اقدامات سے پُر ہوگا۔

ہم سمجھتے ہیں کہ ایکویٹی مارکیٹس نے معاشی حالات کی قبل از وقت حفاظت کی؛ چنانچہ یہ دیکھنا ضروری ہے کہ تمام معاشی ترقیات قیمت شدہ ہیں یا نہیں۔ لہذا مجموعی تخمینہ جات اور عالمگیر کمپنیوں کی بنیاديات اہم کردار ادا کرتی ہیں۔ مجموعی لائحہ عمل کا جھکاؤ دفاعی شعبوں کی طرف ہونا چاہیے (E&Ps، بجلی، کھاد)، جبکہ وہ شعبے جو کلاں معاشیات کے میدان میں تبدیل ہوتے ہوئے خزرات مثلاً انٹریٹ کی شرحوں میں اضافے سے مستفید ہوں گے (کمرشل بینک) ان کا وزن زیادہ ہونا چاہیے۔ علاوہ ازیں، برآمدات کی بحالی پر حکومت کی بھرپور توجہ کی بدولت برآمداتی شعبوں مثلاً ٹیکسٹائل اور IT کے لیے مستقبل کے امکانات روشن ہوں گے۔ گردشی

ایکویٹی مارکیٹ کا جائزہ

سال رواں میں بیج مارک انڈیکس KSE100 نے 8.4% خسارہ پوسٹ کیا، اور یوں متواتر دوسرے سال کا اختتام منفی صورتحال پر ہوا۔ ششماہی اور سہ ماہی منافع بالترتیب 9.5% اور 11.5% تھا۔ دسمبر 2018ء سال کا بدترین مہینہ تھا کیونکہ KSE100 میں 8.5% تنزلی ہوئی کیونکہ ماگزشتہ کے دوران 150 bps غیر متوقع مالیاتی تنگی کے باعث ایکویٹیز کے لیے منفی ماحول پیدا ہو گیا تھا۔ حتیٰ کہ متحدہ عرب امارات کی طرف سے 3 بلین ڈالر کے تعاون کے اعلان سے بھی کوئی خاص فائدہ نہیں ہوسکا کیونکہ معیشت میں مجموعی طور پر غیر یقینی صورتحال منڈلاتی رہی۔ نصف اول کے دوران غیر ملکی فروخت جاری رہی؛ غیر ملکیوں نے 404 ملین ڈالر مالیت کی ایکویٹیز فروخت کیں جن میں سے انشورنس کمپنیوں نے 173 ملین ڈالر افراد نے 152 ملین ڈالر مالیت کی ایکویٹیز خریدیں۔ ایکویٹیز کے حجم کا اوسط تقریباً 179 ملین حصص تھا جبکہ ایکویٹیز کی قدر کا اوسط تقریباً 7.68 ملین روپے تھا، جو نصف اول کے مقابلے میں 6 سے 7 فیصد کی اچھی خاصی کمی ہے۔

نصف اول میں اکثر بڑے شعبہ جات مثلاً ریٹائرمنٹ، آٹوز، OMCs، E&Ps اور سیمنٹ نے مارکیٹ کے مقابلے میں کمزور کارکردگی کا مظاہرہ کیا اور بالترتیب 29%، 27%، 20%، 18% اور 16% منفی منافع دیا۔ ریٹائرمنٹ مال کی پست سطح اور فرنیس آئل کے محدود offtake کے باعث پلانٹس بند ہو جانے سے متاثر ہوئیں۔ E&Ps تیل کی بین الاقوامی قیمتوں میں 30% کمی سے متاثر ہوئیں، اور آٹوز، سیمنٹ اور OMCs کے شعبے بھی اسی ضمن میں معاشی سست روی کے باعث تنزلی کا شکار ہوئے۔ دوسری جانب صرف ٹیکسٹائل Composites مثبت احاطے میں رہے اور 20% مثبت منافع حاصل کیا جس کی وجہ روپے کی قدر میں 15% کمی اور منتخب حکومت کی برآمدات کی معاونت کرنے والی پالیسیاں ہیں۔

فنڈ کی کارکردگی

Debt فنڈ

زیر جائزہ مدت کے دوران Debt سب-فنڈ کا ایک سال پر محیط منافع 6.47% تھا۔ سب-فنڈ کی ٹریڈری بلز میں سرمایہ کاری کو 19.9% سے بڑھا کر 21.8% کر دیا گیا، جبکہ ٹرم فنانس سرٹیفکیٹس (TFCs) میں سرمایہ کاری کو 17.8% سے بڑھا کر 18.5% کر دیا گیا۔ فنڈ کی سب سے زیادہ سرمایہ کاری نقد میں تھی (51.2%)۔

31 دسمبر 2018ء کو فنڈ کے net اثاثہ جات 557.74 ملین روپے تھے، جو 30 جون 2018ء کو 590.36 ملین روپے کے مقابلے میں 5.53% کمی ہے۔ 31 دسمبر 2018ء کو Net اثاثہ جاتی قدر (NAV) فی یونٹ 207.49 روپے تھی، جو 30 جون 2018ء کو 239.67 روپے فی یونٹ ابتدائی NAV کے مقابلے میں 7.82 روپے فی یونٹ اضافہ ہے۔

Money مارکیٹ فنڈ

زیر جائزہ مدت کے دوران Money مارکیٹ سب-فنڈ کا منافع 6.44% تھا۔ فنڈ کی ٹریڈری بلز میں سرمایہ کاری کو 29.0% سے کم کر کے 0% کر دیا گیا، جبکہ ٹی بلز کے مقابلے میں ڈپازٹ کی بلند شرحوں کو مد نظر رکھتے ہوئے نقد میں سرمایہ کاری کو 42.9% سے بڑھا کر 76.3% کر دیا گیا۔ 31 دسمبر 2018ء کو فنڈ کے net اثاثہ جات 211.06 ملین روپے تھے، جو 30 جون 2018ء کو 239.70 ملین روپے کے مقابلے میں 11.95% اضافہ ہے۔

31 دسمبر 2018ء کو Net اثاثہ جاتی قدر (NAV) فی یونٹ 226.54 روپے تھی، جو 30 جون 2018ء کو 219.42 روپے فی یونٹ ابتدائی NAV کے مقابلے میں 7.12 روپے فی یونٹ اضافہ ہے۔

ڈائریکٹر رپورٹ برائے ششماہی اختتام پذیر 31 دسمبر 2018ء

عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی جانب سے پاکستان پینشن فنڈ کی 31 دسمبر 2018ء کو اختتام پذیر ہونے والی مدت کی نصف سالانہ رپورٹ پیش خدمت ہے۔

بازار اور معیشت کا جائزہ

معیشت اور بازار زر کا جائزہ

مالی سال 2019ء کا آغاز مثبت فضا سے ہوا کیونکہ انتخابی عمل کی بلار کاؤٹ تکمیل کے نتیجے میں مارکیٹ کے فریقوں نے اطمینان کا سانس لیا۔ نئی حکومت کو متعدد معاشی مسائل وراثت میں ملے، خاص طور پر خارجی میدان میں۔ درپیش مشکلات سے نبرد آزما ہوتے ہوئے اہم پالیسی اقدامات کیے گئے (روپے کی قدر میں 15% کمی کے ساتھ ساتھ انٹریسٹ کی شرح میں 250 bps اضافہ) تاکہ عدم توازن سے نمٹا جاسکے۔ مزید برآں، اہم ترین کامیابی دوست اتحادیوں سے سفارتی تعلقات قائم کرنے سے حاصل ہوئی۔ نتیجتاً، پاکستان کو سعودی عرب، متحدہ عرب امارات اور چین سے ادائیگیوں کے توازن میں معاونت کے لیے 14 بلین ڈالر کے ہیکل حاصل ہوئے، جبکہ سعودی عرب اور متحدہ عرب امارات نے 20 سے 30 بلین ڈالر کی براہ راست غیر ملکی سرمایہ کاری کا وعدہ کیا۔

موجودہ مالی سال کی پہلی ششماہی کے لیے CPI کا اوسط 6% تھا۔ لیکن دوسری ششماہی میں پست base effect اور کرنسی میں کمی بیشی کے سبب اثر کے باعث اس اوسط میں اضافہ متوقع ہے۔ مزید برآں، حکومت کی طرف سے بجلی کی قیمتوں میں کمی بیشی ہونا باقی ہے کیونکہ پیداوار کی بنیادی چنگی اور اصل قیمت کے درمیان فاصلے میں اچھا خاصا اضافہ ہو گیا ہے۔ مالی سال 2019ء کی دوسری ششماہی کے لیے CPI کا اوسط بجلی میں کمی بیشی کے اثر کا احاطہ کرنے کے بعد 8.5% متوقع ہے۔

پہلے چھ ماہ میں کرنٹ اکاؤنٹ کا خسارہ 8 بلین ڈالر تھا، جو گزشتہ سال کی مماثل مدت کے مقابلے میں 4.4% بہتری ہے۔ CAD کو ترسیل زر میں 10% اضافے کی بھرپور معاونت حاصل ہوئی۔ تاہم تیل کی بلند قیمتیں اور موجودہ اکاؤنٹس میں سابقہ مدتوں کی ادائیگیوں کی عکاسی خارجی صورتحال میں بہتری کی بھرپور اثر پذیری میں رکاوٹ بنے۔ Non-oil درآمدات میں گزشتہ سال کی نسبت 5% کمی حوصلہ افزا رہا۔ تیل کی بلند قیمتوں اور محدود مالی بہاؤ کی عکاسی کرتے ہوئے دوران مدت ذخائر میں 2.7 بلین ڈالر کمی، اور اس کے نتیجے میں روپے کی قدر میں 13.7% کمی ہوئی۔

مجموعی مانگ کو مستحکم کرنے کی حکومتی توجہ کے نتیجے میں بڑے پیمانے پر ہونے والی مینوفیکچرنگ (LSM) متاثر ہوئی جس میں مالی سال 2019ء کے ابتدائی پانچ ماہ میں 0.9% YoY کمی ہوئی۔ اس کمی کی وجہ تیل کی مصنوعات کی پیداوار میں کمی اور اس کے باعث گاڑیوں، دواسازی اور صارفنی مصنوعات میں سست روی ہے۔ LSM میں ترقی معیشت میں مجموعی سست روی کی عکاسی کر رہی ہے جس کی پیش بینی خارجی عدم توازن پر قابو پانے کے لیے حکام کے اقدامات سے ہوتی ہے۔ دوران ششماہی مالیاتی تنگی میں اضافے کے حوالے سے مارکیٹ کے فریقوں کی توقع برقرار رہی، چنانچہ پیداواری ٹم بلندی کی طرف مائل ہوا۔ ابتدائی چھ ماہ کے دوران اسٹیٹ بینک آف پاکستان نے پالیسی کی شرح کو بازار کے زیادہ تر حصے کی توقعات کے مطابق بڑھا کر 350 bps کر دیا۔ زیر جائزہ مدت کے دوران پاکستان انویسٹمنٹ بانڈز (PIB) کی اکثر نیلامیوں کو اسٹیٹ بینک آف پاکستان نے کمزور حجم اور بلند سطح پر شرکت کے باعث مسترد کر دیا۔ تین سالہ، پانچ سالہ اور دس سالہ PIB کو دسمبر 2018ء میں ہونے والی نیلامی میں بالترتیب 12.25%، 12.70% اور 13.15% پر قبول کیا گیا۔ مالی سال 2019ء کی پہلی ششماہی کے دوران Two Floater شرح کے PIB کی نیلامیاں منعقد ہوئیں۔ پہلی کو بیچ مارک شرح 70 bps + پر قبول کیا گیا۔ دوسری کو شرکت کی بلند سطح کے باعث مسترد کر دیا گیا۔ خارجی صورتحال پر خدشات کے باعث طویل تر ميعاد کے ٹریڈری انسٹرومنٹس میں بازار کی شرکت متاثر ہوئی اور 3 ماہ یا اس سے کم مدت کے دستاویزات میں بدستور اضافہ ہوا۔

اسٹیٹ بینک آف پاکستان کے باقاعدگی سے منعقدہ OMOs کی بدولت نقدیت پوری مدت کے دوران سہل سطح پر رہی۔ دوسری سہ ماہی کے دوران 117.7 بلین مالیت کے حکومت پاکستان کے فلوٹر ریٹ اجارہ سلک کی مدت تکمیل ہوئی۔ حکومت پاکستان کے تازہ اجارہ سلک کا اجراء نہیں کیا گیا جبکہ اسٹیٹ بینک آف پاکستان نے Bai Muajjal کی نیلامی منعقد کی جس میں 76.55 بلین کی کل شرکت میں سے 72.55 بلین قبول کیے گئے۔



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INDEPENDENT AUDITORS' REVIEW REPORT

To the Participants of Pakistan Pension Fund

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim Statement of Assets and Liabilities of **Pakistan Pension Fund** (the Fund) as at **31 December 2018**, and the related condensed interim Income Statement, condensed interim Statement of Comprehensive Income, condensed interim Statement of Cash flows and condensed interim Statement of Movement in Participants' Sub-funds for the period then ended together with the notes forming part thereof (here-in-after referred to as the "interim financial statements"). Pension Fund Manager is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended 31 December 2018 and 31 December 2017 have not been subject to limited scope review by the external auditors as we are only required to review the cumulative figures for the six-months period ended 31 December 2018.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements 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 statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.


A member firm of Ernst & Young Global Limited



-: 2 :-

Other matter

The condensed interim financial statements for the half year ended 31 December 2017 and the annual financial statements for the year ended 30 June 2018 of the Fund were reviewed and audited respectively by another firm of Chartered Accountants, whose review report dated 26 February 2018 and audit report dated 14 September 2018 expressed an unmodified conclusion and an unmodified opinion respectively, on the aforementioned financial statements.

The engagement partner on the audit resulting in this independent auditor's report is Shaikh Ahmed Salman.

Chartered Accountants

Date: 21 February 2019

Karachi

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2018

December 31, 2018 (Un-Audited)						
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	June 30, 2018 (Audited)
Note		----- (Rupees) -----				
Assets						
Balances with banks	4	16,264,001	369,075,097	162,870,787	548,209,885	603,608,432
Investments	5	722,410,032	345,180,874	48,875,454	1,116,466,360	1,126,810,052
Dividend receivable		1,682,637	-	-	1,682,637	526,244
Interest receivable		249,080	5,720,548	1,198,504	7,168,132	5,450,298
Receivable against sale of investment		1,599,997	-	-	1,599,997	94,964,090
Advances, deposits and other receivables		3,013,355	900,525	251,611	4,165,491	4,061,895
Total assets		745,219,102	720,877,044	213,196,356	1,679,292,502	1,835,421,011
Liabilities						
Payable to Pension Fund Manager		1,113,789	801,106	300,088	2,214,983	2,164,038
Payable to Central Depository Company of Pakistan Limited - Trustee		98,624	70,900	26,555	196,079	191,104
Annual fee payable to the Securities and Exchange Commission of Pakistan		131,224	94,654	34,517	260,395	482,132
Payable against purchase of investment		-	157,472,000	-	157,472,000	247,349,750
Accrued expenses and other liabilities	6	6,820,851	4,696,662	1,778,085	13,295,598	13,083,528
Total liabilities		8,164,488	163,135,322	2,139,245	173,439,055	263,270,552
Net assets		737,054,614	557,741,722	211,057,111	1,505,853,447	1,572,150,459
Participants' sub funds (as per condensed interim Statement of Movement in Participants' sub funds)						
		<u>737,054,614</u>	<u>557,741,722</u>	<u>211,057,111</u>		
----- (Number of units) -----						
Number of units in issue	10	<u>1,612,115</u>	<u>2,253,637</u>	<u>931,641</u>		
----- (Rupees) -----						
Net assets value per unit		<u>457.2000</u>	<u>247.4900</u>	<u>226.5400</u>		
Contingencies and commitments						

The annexed notes from 1 to 16 form an integral part of these interim financial statements.

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



Chief Executive Officer



Director

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	Half year ended December 31, 2018				Half year ended December 31, 2017
	Equity Sub-Fund	Debt Sub-Fund	Market Sub-Fund	Total	
Note	(Rupees)				
Income					
Investments at fair value through profit or loss:					
- Net capital loss on sale of investments	(6,822,249)	(178,099)	(95,461)	(7,095,809)	(39,938,695)
- Dividend income on shares	20,048,592	-	-	20,048,592	16,058,285
- Income from Government Securities	-	7,770,314	4,290,040	12,060,354	6,415,514
- Income from Term Finance Certificates	-	5,847,729	-	5,847,729	3,224,842
- Income on Commercial Papers	-	1,567,708	263,985	1,831,693	5,912
- Unrealised loss on revaluation of investments - net	(93,273,826)	(7,111)	-	(93,280,937)	(33,259,435)
Profit on bank and term deposits	1,332,287	8,855,485	4,127,888	14,315,660	13,795,575
Other Income	-	2,531	-	2,531	-
Total income	(78,715,196)	23,858,557	8,586,452	(46,270,187)	(33,698,002)
Expenses					
Remuneration of Pension Fund Manager	5,911,336	4,254,200	1,554,833	11,720,369	10,564,222
Sales tax and Federal Excise Duty on remuneration of Pension Fund Manager	768,474	553,047	202,128	1,523,649	1,373,349
Remuneration of Central Depository Company Limited - Trustee	521,227	374,973	137,119	1,033,319	956,649
Sales tax on remuneration of trustee	67,761	48,880	17,824	134,465	124,330
Annual fee - Securities and Exchange Commission of Pakistan (SECP)	131,224	94,654	34,517	260,395	234,526
Auditors' remuneration	107,663	77,570	28,196	213,429	204,968
Custody and settlement charges	238,982	183,390	4,520	426,892	392,378
Securities transaction cost	870,703	4,059	3,050	877,812	1,097,427
Impairment loss on 'available-for-sale' investment	-	-	-	-	6,604,305
Provision for Sindh Workers' Welfare Fund	-	183,050	-	183,050	313,504
Bank charges	7,251	45,340	37,811	90,402	78,828
Total expenses	8,624,621	5,819,163	2,019,998	16,463,782	21,944,486
Net (loss) / income from operating activities	(87,339,817)	18,039,394	6,566,454	(62,733,969)	(55,642,488)
Element of income / (loss) and capital gains / (losses) included in the prices of units sold less those in units redeemed - net	17,924,845	(8,936,592)	(13,243,859)	(4,255,606)	(127,643)
Net (loss) / income for the period before taxation	(69,414,972)	9,102,802	(6,677,405)	(66,989,575)	(55,770,131)
Taxation	-	-	-	-	-
Net (loss) / income for the period	(69,414,972)	9,102,802	(6,677,405)	(66,989,575)	(55,770,131)
(Losses) / earnings per unit					

The annexed notes from 1 to 16 form an integral part of these interim financial statements.

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



Chief Executive Officer



Director

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED DECEMBER 31, 2018

	Quarter ended December 31, 2018				Quarter ended December 31, 2017
	Equity Sub-Fund	Debt Sub-Fund	Market Sub-Fund	Total	
Note	(Rupees)				
Income					
Investments at fair value through profit or loss:					
- Net capital (loss) / gain on sale of investments	(5,279,140)	121,476	(115,686)	(5,273,350)	(33,700,918)
- Dividend income on shares	9,995,821	-	-	9,995,821	11,198,568
- Income from Government Securities	-	4,424,345	1,943,012	6,367,357	3,107,386
- Income from Term Finance Certificates	-	3,120,254	-	3,120,254	1,558,229
- Income on Commercial Papers	-	1,063,979	194,303	1,258,282	5,912
- Unrealised (loss) / gain on revaluation of investments - net	(86,845,757)	665,621	7,419	(86,172,717)	19,317,147
Profit on bank and term deposits	820,192	4,365,141	2,553,046	7,738,379	7,027,525
Total income	(81,308,884)	13,760,816	4,582,094	(62,965,974)	8,513,849
Expenses					
Remuneration of Pension Fund Manager	2,965,118	2,108,124	764,633	5,837,875	5,217,596
Sindh sales tax and Federal Excise Duty on remuneration of Pension Fund Manager	385,466	274,057	99,402	758,925	678,287
Remuneration of Central Depository Company Limited - Trustee	261,673	185,632	67,498	514,803	473,871
Sales tax on remuneration of trustee	34,017	24,296	8,778	67,091	61,616
Annual fee - Securities and Exchange Commission of Pakistan (SECP)	65,823	47,006	16,971	129,800	115,832
Auditors' remuneration	54,018	38,451	13,773	106,242	105,769
Custody and settlement charges	115,820	91,695	1,695	209,210	198,653
Securities transaction cost	382,386	2,408	2,683	387,477	510,397
Impairment loss on available-for-sale investment	-	-	-	-	6,604,305
Provision for Sindh Workers' Welfare Fund	(330,846)	183,050	-	(147,796)	154,318
Bank charges	2,113	25,313	24,436	51,862	32,680
Total expenses	3,935,588	2,980,032	999,869	7,915,489	14,153,324
Net (loss) / income from operating activities	(85,244,472)	10,780,784	3,582,225	(70,881,463)	(5,639,475)
Element of (loss) / income and capital (losses) / gains included in the prices of units sold less those in units redeemed - net	(10,942,389)	13,239,642	8,576,016	10,873,269	(1,344,256)
Net (loss) / income for the period before taxation	(96,186,861)	24,020,426	12,158,241	(60,008,194)	(6,983,731)
Taxation	-	-	-	-	-
Net (loss) / income for the period	(96,186,861)	24,020,426	12,158,241	(60,008,194)	(6,983,731)
(Losses) / earnings per unit					

The annexed notes from 1 to 16 form an integral part of these interim financial statements.

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



Chief Executive Officer



Director

CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	Half year ended December 31, 2018				Half year ended December 31, 2017
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	
	(Rupees)				
Net (loss) / income for the period after taxation	(69,414,972)	9,102,802	(6,677,405)	(66,989,575)	(55,770,131)
Other comprehensive income for the period					
Items to be reclassified to profit or loss in subsequent period					
Unrealised diminution on revaluation of investments classified as available for sale - net	-	-	-	-	(46,783,200)
Total comprehensive (loss) / income for the period	(69,414,972)	9,102,802	(6,677,405)	(66,989,575)	(102,553,331)

The annexed notes from 1 to 16 form an integral part of these interim financial statements.

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



Chief Executive Officer



Director

CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED) FOR THE QUARTER ENDED DECEMBER 31, 2018

	Quarter ended December 31, 2018				Quarter ended December 31, 2017
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	
	(Rupees)				
Net (loss) / income for the period after taxation	(96,186,861)	24,020,426	12,158,241	(60,008,194)	(6,983,731)
Other comprehensive income for the period					
<i>Items to be reclassified to profit or loss in subsequent period:</i>					
Unrealised diminution on revaluation of investments classified as fair value through other comprehensive income / available for sale - net	-	(310,793)	-	(310,793)	(7,316,303)
Total comprehensive (loss) / income for the period	<u>(96,186,861)</u>	<u>23,709,633</u>	<u>12,158,241</u>	<u>(60,318,987)</u>	<u>(14,300,034)</u>

The annexed notes from 1 to 16 form an integral part of these interim financial statements.

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



Chief Executive Officer



Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	Half year ended December 31, 2018				Half year ended December 31, 2017
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	
Note	----- (Rupees) -----				
CASH FLOWS FROM OPERATING ACTIVITIES					
Net (loss) / income for the period	(69,414,972)	9,102,802	(6,677,405)	(66,989,575)	(55,770,131)
Adjustments for non cash and other items:					
Net capital loss / (gain) on sale of investments at fair value through profit or loss	6,822,249	(178,099)	(95,461)	6,548,689	39,938,695
Unrealised loss on revaluation of investments - at fair value through profit or loss - net	93,273,826	7,111	-	93,280,937	33,259,435
Impairment loss on 'available-for-sale' investment	-	-	-	-	6,604,305
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those redeemed:	(17,924,845)	8,936,592	13,243,859	4,255,606	127,643
	82,171,230	8,765,604	13,148,398	104,085,232	79,930,078
(Increase) / decrease in assets					
Investments	(86,699,436)	(52,955,021)	90,167,306	(49,487,151)	83,381,793
Dividend receivable	(1,156,393)	-	-	(1,156,393)	1,327,052
Interest receivable	(72,322)	(1,020,778)	(575,463)	(1,668,563)	(807,430)
Receivable against sale of investment	(1,599,997)	-	94,964,090	93,364,093	(7,499,997)
Advance, deposits and other receivables	(2,339)	3	(149,315)	(151,651)	(25,589,364)
	(89,530,487)	(53,975,796)	184,406,618	40,900,335	50,812,054
(Decrease) / increase in liabilities					
Payable to Pension Fund Manager	2,434,606	2,425,735	1,167,068	6,027,409	(37,478)
Payable to Central Depository Company of Pakistan Limited - Trustee	1,551	1,956	1,468	4,975	(829)
Annual fee - Securities and Exchange Commission of Pakistan	(113,556)	(82,783)	(25,398)	(221,737)	(205,401)
Payable against purchase of investments	-	9,062,150	(98,939,900)	(89,877,750)	6,616,974
Payable against redemption of units	-	-	(22,097)	(22,097)	22,098
Accrued and other liabilities	(2,583,886)	(2,074,093)	(1,084,317)	(5,742,296)	236,045
	(261,285)	9,332,965	(98,903,176)	(89,831,496)	6,631,409
Net cash (used in) / generated from operating activities	(77,035,514)	(26,774,425)	91,974,435	(11,835,504)	81,603,410
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts from issuance of units	128,306,836	46,398,989	27,969,364	202,675,189	92,934,862
Payments on redemption of units	(46,002,804)	(97,053,791)	(63,181,637)	(206,238,232)	(48,419,626)
Net cash generated from / (used in) financing activities	82,304,032	(50,654,802)	(35,212,273)	(3,563,043)	44,515,236
Net increase / (decrease) in cash and cash equivalents	5,268,518	(77,429,227)	56,762,162	(15,398,547)	126,118,646
Cash and cash equivalents at beginning of the period	10,995,483	446,504,324	146,108,625	603,608,432	207,741,805
Cash and cash equivalents at end of the period	16,264,001	369,075,097	202,870,787	588,209,885	333,860,451

The annexed notes from 1 to 16 form an integral part of these interim financial statements.

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



Chief Executive Officer



Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB-FUNDS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	Half year ended December 31, 2018				Half year ended December 31, 2017
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	
	----- (Rupees) -----				
Net assets at the beginning of the period	742,090,399	590,357,130	239,702,930	1,572,150,459	1,451,307,304
Amount received on issuance of units	128,306,836	46,398,989	27,969,364	202,675,189	92,934,862
Amount paid on redemption of units	(46,002,804)	(97,053,791)	(63,181,637)	(206,238,232)	(48,419,626)
	82,304,032	(50,654,802)	(35,212,273)	(3,563,043)	44,515,236
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	(17,924,845)	8,936,592	13,243,859	4,255,606	127,643
Unrealised diminution during the period in the market value of investments classified as available for sale - net	-	-	-	-	(46,783,200)
Net (loss) / income for the period	(69,414,972)	9,102,802	(6,677,405)	(66,989,575)	(55,770,131)
Net assets at the end of the period	737,054,614	557,741,722	211,057,111	1,505,853,447	1,393,396,852

The annexed notes from 1 to 16 form an integral part of these interim financial statements.

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



Chief Executive Officer



Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2018

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** The Pakistan Pension Fund (the Fund) was established under a Trust Deed executed between MCB-Arif Habib Savings and Investments Limited as Pension Fund Manager and Muslim Commercial Financial Services (Private) Limited (MCFSL) as Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on May 24, 2007 and was executed on June 04, 2007 under the Voluntary Pension System Rules, 2005 (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** The Fund is an open-end pension fund consisting of three sub-funds namely; Equity Sub-Fund, Debt Sub-Fund and 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 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.
- 1.4** Pakistan Credit Rating Agency (PACRA) Limited has assigned Management quality rating of 'AM2++' dated October 08, 2018 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

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

- International Accounting Standard (IAS) 34, 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- the requirements of the Trust Deed, voluntary pension system Rules, 2005 (VPS Rules) and the directives issued by the SECP.

Wherever the requirements of the Trust Deed, the VPS Rules or the directives issued by the SECP differ with the requirements of IFRS. The requirements of the Trust Deed, the VPS Rules (2005) or the requirements of the said directives prevail.

- 2.2** These 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, 2018.
- 2.3** These condensed interim financial statements are un-audited but subject to limited scope review by the auditors. Figures for the quarters ended December 31, 2018 and December 31, 2017 as reported in these interim financial statements have not been subject to limited scope review by the external auditors.
- 2.4** These interim financial statements are presented in Pak Rupee, which is the functional and presentation currency of the Fund.

3. ACCOUNTING POLICIES AND ESTIMATES

The accounting policies, basis of accounting estimates applied and methods of computation adopted in the preparation of these interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the period ended June 30, 2018, except as described in notes 3.1 and 3.2 below:

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2018

3.1 IFRS 9 Financial Instruments

Effective from July 01, 2018, the Fund has adopted IFRS 9: "Financial Instruments" which has replaced IAS 39: "Financial Instruments: Recognition and Measurement". The standard prescribes accounting and reporting requirements for recognition, classification, measurement and derecognition of financial assets and financial liabilities.

"The IFRS 9 has replaced current categories of financial assets (Fair Value Through Profit or Loss (FVPL), Available For Sale (AFS), held-to-maturity and amortised cost) by the following classifications of Financial Assets:

- 1) Debt instruments at amortised cost
- 2) Debt instruments at Fair Value Through Other Comprehensive Income (FVOCI), with gains or losses recycled to profit or loss on derecognition
- 3) Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition
- 4) Financial assets at Fair Value through Profit or Loss

The accounting for financial liabilities remains largely the same as it was under IAS 39."

Under IFRS 9, the classification is based on two criteria, a) the entity's business model for managing the assets; and b) whether the instruments' contractual cashflows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion'). The assessment of the Fund's business model was made as at the date of initial application i.e. 01 July 2018.

As a result of the above assessment, the management has concluded as follows:

- All equity and debt investments previously classified at Fair Value Through Profit or Loss - Held For Trading will continue to be classified at Fair Value Through Profit or Loss as such investments are managed on a fair value basis and are held for trading purposes in accordance with the objectives of the Fund.
- All equity investments previously classified at Available for Sale will be re-classified at Fair Value Through Profit or Loss as such investments are managed on a fair value basis and are held for trading purposes in accordance with the objectives of the Fund.
- Investment in Commercial Paper and Term Deposit Receipt will be classified at Amortised Cost as such investments are not managed on a fair value basis and fall under SPPI criterion in accordance with the objectives of the Fund.

While the SECP vide its letter dated November 21, 2017, has deferred the applicability of requirements relating to impairment for debt securities on mutual funds till further instructions, the management has made an assessment of impairment under expected credit loss model of IFRS 9 for financial assets other than debt securities i.e. Balances with banks and other financial assets, and concluded that impact is not material to the interim financial statements.

The table below shows information relating to financial assets that have been reclassified as a result of transition to IFRS 9:

	As at June 30, 2018	Change (Rupees)	As at July 01, 2018
Impact on Statement of Assets and Liabilities			
Investments - 'Available for sale'	132,736,336	(132,736,336)	-
Investments - 'At fair value through profit or loss'	603,070,463	132,736,336	735,806,799

3.2 New / Revised Standards, Interpretations and Amendments

The Fund has adopted the following standards and amendment to IFRSs which became effective for the current period:

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2018

Standard or Interpretation

IFRS 2 Share-based Payments – Classification and Measurement of Share-based Payments Transactions – (Amendments)

IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)

IFRS 9 Financial Instruments

IFRS 15 Revenue from Contracts with Customers

IAS 40 Investment Property: Transfers of Investment Property (Amendments)

IFRIC 22 Foreign Currency Transactions and Advance Consideration

Improvements to Accounting Standards Issued by the IASB in December 2016

IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters

IFRS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment - by - investment choice

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any effect on the interim financial statements, other than IFRS 9, the impact of which has been disclosed in note 3.1 above.

- 3.3** 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, 2018.

4. BALANCES WITH BANKS

These are the savings accounts and carry interest at the rate ranging from 8.00% to 10.80% (June 30, 2018: 3.75 to 7.50%) per annum. These include balances of Rs.492,756 (June 30, 2018: Rs.258,509) and Rs.10,079 (June 30, 2018: Rs.10,042) held with MCB Bank Limited and MCB Islamic Bank Limited respectively, related parties.

5. INVESTMENTS

December 31, 2018 (Un-audited)						
	Note	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	(Audited) June 30, 2018
		(Rupees)				
At fair value through profit or loss						
Listed equity securities	5.1	722,410,032	-	-	722,410,032	603,070,463
Government securities	5.2	-	162,492,385	-	162,492,385	247,812,032
Debt securities - Term Finance Certificates / Sukuks	5.3	-	133,248,720	-	133,248,720	132,802,858
		722,410,032	295,741,105	-	1,018,151,137	983,685,353
Available for sale						
Listed equity securities	3.1	-	-	-	-	132,736,336
Government securities	5.4	-	-	-	-	10,388,363
		-	-	-	-	143,124,699
At amortised cost						
Commercial Paper	5.5	-	49,439,769	8,875,454	58,315,223	-
Term deposit receipt	5.6	-	-	40,000,000	40,000,000	-
		-	49,439,769	48,875,454	98,315,223	
		722,410,032	345,180,874	48,875,454	1,116,466,360	1,126,810,052

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2018

5.1 Listed equity securities - at fair value through profit or loss

Equity Sub-Fund

Name of the Investee Company	Number of shares					Balance as at December 31, 2018				Market value as a % of net assets of the sub-fund	Market value as a % of the paid up capital of the investee company	
	As at July 01, 2018	Re-classified under IFRS 9 (see note 3.1)	Purchased during the period	Bonus / right issue during the period	Sold during the period	As at December 31, 2018	***** (Rupees) *****					***** (%) *****
							Carrying Value	Market value	Unrealised (loss) / gain			
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise												
Automobile assembler												
Atlas Honda Limited	11,500	-	-	-	-	11,500	5,865,000	4,312,500	(1,552,500)	0.59%	0.42%	
Hinopak Motors Limited	-	1,080	-	-	250	830	670,399	457,953	(212,446)	0.1%	0.37%	
Millat Tractors Limited	12,000	-	-	-	12,000	-	-	-	-	0.00%	0.00%	
							6,535,399	4,770,453	(1,764,946)	0.69%	0.79%	
Automobile parts and accessories												
Agriauto Industries Limited (Par value of Rs.5)	12,000	-	-	-	-	12,000	3,540,000	2,664,600	(875,400)	0.36%	1.85%	
The General Tyre and Rubber Company of Pakistan Limited	22,400	-	-	70	22,300	170	16,620	13,741	(2,879)	0.00%	0.00%	
Atlas Battery Limited	-	12,700	-	5,080	4,000	13,780	4,035,571	2,646,587	(1,388,984)	0.36%	1.09%	
							7,592,191	5,324,928	(2,267,263)	0.72%	2.94%	
Cement												
Kohat Cement Company Limited	96,700	-	-	29,010	-	125,710	11,900,865	10,677,807	(1,223,058)	1.45%	0.53%	
Lucky Cement Limited	31,500	13,800	55,000	-	17,500	82,800	40,782,900	35,990,676	(4,792,224)	4.88%	1.11%	
Maple Leaf Cement Factory Limited	310,000	-	300,000	-	310,000	300,000	11,016,240	12,195,000	1,178,760	1.65%	0.18%	
Fauji Cement Company Limited	1,500	-	-	-	1,500	-	-	-	-	0.00%	0.00%	
Pioneer Cement Limited	11,000	-	-	-	11,000	-	-	-	-	0.00%	0.00%	
Cherat Cement Company Limited	32,500	-	-	-	32,500	-	-	-	-	0.00%	0.00%	
							63,700,005	58,863,483	(4,836,522)	7.98%	1.82%	
Chemical												
Dynea Pakistan Limited	7,000	-	-	-	-	7,000	889,700	539,000	(350,700)	0.07%	0.57%	
Engro Polymer & Chemicals Limited	332,214	-	754,714	-	314,714	772,214	22,732,436	28,680,028	5,947,592	3.89%	0.32%	
Archroma Pakistan Limited	-	10,500	-	-	-	10,500	5,302,500	5,355,000	52,500	0.73%	1.57%	
Biafo Industries Limited	-	81	-	16	-	97	25,918	20,782	(5,136)	0.00%	0.01%	
ICI Pakistan Limited	-	7,000	-	-	7,000	-	-	-	-	0.00%	0.00%	
							28,950,554	34,594,810	5,644,256	4.69%	2.47%	
Commercial banks												
Meezan Bank Limited	-	20	-	2	-	22	1,634	2,033	399	0.00%	0.00%	
Allied Bank Limited	101	-	153,500	-	3,601	150,000	14,475,000	16,120,500	1,645,500	2.19%	0.14%	
Askari Bank Limited	671,500	-	200,000	-	-	871,500	19,286,644	20,846,280	1,559,636	2.83%	0.17%	
Bank Alfalah Limited	1,097,500	-	-	109,750	-	1,207,250	57,388,319	49,002,278	(8,386,041)	6.65%	0.28%	
Bank AL Habib Limited	280,000	-	-	-	-	280,000	22,072,400	19,261,200	(2,811,200)	2.61%	0.17%	
The Bank of Punjab	1,300,000	-	750,000	-	-	2,050,000	24,366,300	24,538,500	172,200	3.33%	0.09%	
Faysal Bank Limited	9,900	-	455,000	-	-	464,900	11,943,653	11,190,143	(753,510)	1.52%	0.07%	
Habib Bank Limited	353,200	-	25,000	-	220,000	158,200	25,775,384	19,055,190	(6,720,194)	2.59%	0.13%	
United Bank Limited	85,000	-	345,000	-	100	429,900	66,890,935	52,722,936	(14,167,999)	7.15%	0.43%	
							242,200,269	212,739,060	(29,461,209)	28.87%	1.48%	
Engineering												
International Industries Limited	33,200	30,000	-	-	-	63,200	14,680,728	9,735,960	(4,944,768)	1.32%	0.81%	
Fertilizer												
Engro Corporation Limited	114,700	-	-	-	11,500	103,200	32,390,352	30,039,456	(2,350,896)	4.08%	0.57%	
Engro Fertilizer Limited	354,000	-	260,000	-	-	614,000	46,875,462	42,396,700	(4,478,762)	5.75%	0.32%	
Fauji Fertilizer Company Limited	231,000	-	160,000	-	160,000	231,000	22,011,135	21,448,350	(562,785)	2.91%	0.23%	
Dawood Hercules Corporation Limited	-	1,200	-	-	1,200	-	101,276,949	93,884,506	(7,392,443)	12.74%	1.12%	

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2018

Name of the Investee Company	Number of shares					Balance as at December 31, 2018				Market value as a % of net assets of the sub-fund	Market value as a % of the paid up capital of the investee company
	As at July 01, 2018	Re-classified under IFRS 9 (see note 3.1)	Purchased during the period	Bonus / right issue during the period	Sold during the period	As at December 31, 2018	----- (Rupees) -----				
							Carrying Value	Market value	Unrealised (loss) / gain		
----- (%) -----											
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise											
Food and personal care products											
Al Shaheer Corporation Limited	300,000	-	-	-	-	300,000	8,175,000	7,179,000	(996,000)	0.97%	0.51%
National Foods Limited	-	-	56,000	11,200	-	67,200	15,960,000	13,137,600	(2,822,400)	1.78%	2.11%
Shezan International Limited	16,300	-	-	1,205	4,250	13,255	6,868,500	6,133,751	(734,749)	0.83%	6.98%
							31,003,500	26,450,351	(4,553,149)	3.58%	9.60%
Leather and tanneries											
Bata Pakistan Limited	1,340	-	-	-	-	1,340	2,546,000	2,070,300	(475,700)	0.28%	27.4%
Service Industries Limited	6,700	3,200	-	-	-	9,900	7,771,302	7,178,886	(592,416)	0.97%	5.97%
							10,317,302	9,249,186	(1,068,116)	1.25%	8.71%
Miscellaneous											
Shifa International Hospitals Limited	-	21,603	-	-	21,600	3	810	619	(191)	0.00%	0.00%
Oil and gas exploration companies											
Oil & Gas Development Company Limited	296,000	111,000	110,000	-	162,100	354,900	55,031,717	45,427,200	(9,604,517)	6.16%	0.11%
Pakistan Oilfields Limited	30,544	39,906	37,590	-	25,500	82,540	43,948,935	35,064,643	(8,884,292)	4.76%	1.24%
Pakistan Petroleum Limited	154,823	-	219,723	-	-	374,546	67,143,101	56,054,554	(11,088,547)	7.61%	0.25%
Mani Petroleum Company Limited	-	1,620	-	162	1,780	2	2,739	2,472	(267)	0.00%	0.00%
							166,126,492	136,548,869	(29,577,623)	18.53%	1.60%
Oil and gas marketing companies											
Shell Pakistan Limited	13,000	-	-	-	-	13,000	4,109,170	3,985,800	(123,370)	0.54%	0.37%
Sui Northern Gas Pipelines Limited	292,700	-	180,000	-	290,000	182,700	15,714,502	15,419,412	(295,090)	2.09%	0.24%
Pakistan State Oil Company Limited	-	-	68,400	-	-	68,400	19,094,380	14,080,689	(5,013,691)	1.91%	0.36%
							38,918,052	33,485,901	(5,432,151)	4.54%	0.97%
Paper and board											
Century Paper & Board Mills Limited	113,500	-	53,500	-	-	167,000	10,789,586	9,236,770	(1,552,816)	1.25%	0.63%
Cherat Packaging Limited	75	-	-	11	-	86	10,777	14,743	3,966	0.00%	0.00%
Security Papers Limited	-	33	-	-	-	33	3,994	2,937	(1,057)	0.00%	0.00%
							10,804,357	9,254,450	(1,549,907)	1.25%	0.63%
Pharmaceuticals											
AGP Limited	86,045	-	16,000	-	102,000	45	4,074	3,934	(140)	0.00%	0.00%
IBL HealthCare Limited	7,235	910	-	-	-	8,145	653,473	406,924	(246,549)	0.06%	0.08%
The Searle Company Limited	20,000	201	30	-	20,000	231	68,240	56,731	(11,509)	0.01%	0.00%
							725,787	467,589	(258,198)	0.07%	0.08%
Power generation and distribution											
The Hub Power Company Limited	352,995	49,400	69,000	-	-	471,395	43,227,110	40,440,977	(2,786,133)	5.49%	0.35%
Altern Energy Limited	-	10,500	-	-	-	10,500	398,475	388,500	(9,975)	0.05%	0.01%
							43,625,585	40,829,477	(2,796,108)	5.54%	0.36%
Leasing companies											
Orix Leasing Pakistan Limited	238,908	-	-	-	238,908	-	-	-	-	0.00%	0.00%
Refinery											
Attock Refinery Limited	100	-	-	25	-	125	21,531	18,440	(3,091)	0.00%	0.00%
Sugar and allied industries											
Faran Sugar Mills Limited	38,000	-	-	-	-	38,000	3,157,800	3,111,820	(45,980)	0.42%	1.24%

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2018

Name of the Investee Company	Number of shares					Balance as at December 31, 2018			Market value as a % of net assets of the sub-fund	Market value as a % of the paid up capital of the investee company
	As at July 01, 2018	Re-classified under IFRS 9 (see note 3.1)	Purchased during the period	Bonus / right issue during the period	Sold during the period	As at December 31, 2018	Carrying Value	Market value		
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise										
Technology and communication										
Hum Network Limited (Par value of Re.1)	925,000	-	-	-	-	925,000	7,483,250	4,070,000	(3,413,250)	0.55%
Systems Limited	59,500	138,955	-	-	8,500	189,955	19,227,245	20,870,356	1,643,111	2.83%
Avanceon Limited	-	293,125	-	-	289,442	3,683	243,962	304,510	60,548	0.04%
							26,954,457	25,244,866	(1,709,591)	3.42%
Textile composite										
Kohinoor Textile Mills Limited	42,400	148,400	-	-	-	190,800	10,492,090	8,601,264	(1,890,826)	1.17%
Gul Ahmad Textile Limited	-	-	200,000	-	-	200,000	8,600,000	9,234,000	634,000	1.25%
							19,092,090	17,835,264	(1,256,826)	2.42%
Total as at December 31, 2018 (Un-Audited)										
							815,683,858	722,410,032	(93,273,826)	
Total as at June 30, 2018 (Audited)										
							627,627,844	603,070,463	(24,557,381)	

5.1.1 Following shares have been pledged with National Clearing Company of Pakistan Limited (NCCPL) as security against settlement of the Sub-Fund's trades in terms of Circular No. 11 dated October 23, 2007 issued by SECP:

	(Un-Audited)		(Audited)		(Un-Audited)		(Audited)	
	December 31, 2018		June 30, 2018		December 31, 2018		June 30, 2018	
	----- (Number of shares) -----		----- (Rupees) -----		----- (Rupees) -----		----- (Rupees) -----	
Oil & Gas Development Company Limited	100,000	100,000	100,000	100,000	12,800,000	15,662,000	10,229,299	25,891,299
The Hub Power Company Limited	110,995	110,995	110,995	110,995	9,522,261	10,229,299	25,891,299	25,891,299
	210,995	210,995	210,995	210,995	22,322,261	25,891,299	25,891,299	25,891,299

5.2 Government securities - at fair value through profit or loss

Debt Sub-Fund

Name of security	Issue date	Face value				Balance as at December 31, 2018			Market value as % of net assets of sub-funds
		As at July 01, 2018	Purchased during the period	Sold / matured during the period	As at December 31, 2018	Carrying Value	Market value	Unrealised (loss) / gain	
----- % -----									
----- (Rupees) -----									
Pakistan Investment Bonds									
Pakistan Investment Bonds - 10 years	19-Jul-2012	400,000	-	400,000	-	-	-	0.00%	
Pakistan Investment Bonds - 15 years	31-Oct-2006	-	3,500,000	-	3,500,000	3,562,021	3,325,004	(237,017)	0.60%
Pakistan investment bonds - 20 years	10-Jun-2004	-	1,900,000	-	1,900,000	1,929,205	1,698,581	(230,624)	0.30%

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2018

Name of security	Issue date	Face value				Balance as at December 31, 2018		Market value as % of net assets of sub-funds
		As at July 01, 2018	Purchased during the period	Sold / matured during the period	As at December 31, 2018	Carrying Value	Unrealised (loss) / gain	
					(Rupees)			***** % *****
Market Treasury Bills - 3 months	7-Jun-2018	150,000,000	-	150,000,000	-	-	-	0.00%
	19-Jul-2018	-	155,000,000	155,000,000	-	-	-	0.00%
	19-Jul-2018	-	155,000,000	155,000,000	-	-	-	0.00%
	19-Jul-2018	-	40,000,000	40,000,000	-	-	-	0.00%
	11-Oct-2018	-	150,000,000	150,000,000	-	-	-	0.00%
	11-Oct-2018	-	260,000,000	260,000,000	-	-	-	0.00%
	11-Oct-2018	-	110,000,000	110,000,000	-	-	-	0.00%
	6-Dec-2018	-	160,000,000	-	160,000,000	157,472,000	157,468,800	28.23%
						157,472,000	(3,200)	28.23%
Total as at December 31, 2018 (Un-Audited)						162,963,226	162,492,385	(470,841)
Total as at June 30, 2018 (Audited)						456,266	443,770	(12,496)

Money Market Sub-Fund

Name of security	Issue Date	Face value				Balance as at December 31, 2018		Market value as % of net assets of sub-funds
		As at July 01, 2018	Purchased during the period	Sold / matured during the period	As at December 31, 2018	Carrying Value	Unrealised (loss) / gain	
					(Rupees)			%
Treasury Bills								
Market Treasury Bills - 3 months	7-Jun-2018	100,000,000	-	100,000,000	-	-	-	0.00%
	19-Jul-2018	-	80,000,000	80,000,000	-	-	-	0.00%
	19-Jul-2018	-	80,000,000	80,000,000	-	-	-	0.00%
	19-Jul-2018	-	35,000,000	35,000,000	-	-	-	0.00%
	19-Jul-2018	-	45,000,000	45,000,000	-	-	-	0.00%
	11-Oct-2018	-	75,000,000	75,000,000	-	-	-	0.00%
	11-Oct-2018	-	40,000,000	40,000,000	-	-	-	0.00%
	11-Oct-2018	-	50,000,000	50,000,000	-	-	-	0.00%
	11-Oct-2018	-	100,000,000	100,000,000	-	-	-	0.00%
	11-Oct-2018	-	30,000,000	30,000,000	-	-	-	0.00%
Total as at December 31, 2018 (Un-Audited)						-	-	-
Total as at June 30, 2018 (Audited)						98,939,900	98,947,135	7,235

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2018

5.3 Debt securities - Term finance certificates / Sukuks - at fair value through profit or loss

Debt Sub-Fund

Name of security	Issue date	Number of certificates				Balance as at December 31, 2018			Market value as % of net assets of sub-funds
		As at July 01, 2018	Purchased during the period	Sold / matured during the period	As at December 31, 2018	Carrying Value	Market value	Unrealised gain / (loss)	
Term finance certificates									
Bank AL Habib Limited	17-Mar-16	5,580	-	-	5,580	27,831,295	29,531,605	1,700,310	5.29%
Bank Alfalah Limited	20-Feb-13	3,000	-	-	3,000	15,051,204	14,445,041	(606,163)	2.59%
Habib Bank Limited	19-Feb-16	150	-	-	150	14,797,688	14,544,516	(253,172)	2.61%
The Bank of Punjab	23-Dec-16	50	-	-	50	4,902,330	4,793,087	(109,243)	0.86%
Askari Bank Limited	30-Sep-14	5,003	-	-	5,003	24,984,417	24,850,176	(134,241)	4.46%
Jahangir Siddiqui & Company Limited	18-Jul-17	5,000	-	-	5,000	25,091,900	24,937,700	(154,200)	4.47%
Sukuks									
Aspin Pharma (Private) Limited	30-Nov-17	130	-	-	130	12,911,756	12,946,206	34,450	2.32%
Dawood Hercules Corporation Limited	16-Nov-17	72	-	-	72	7,214,400	7,200,389	(14,011)	1.29%
Total as at December 31, 2018 (Un-Audited)						132,784,990	133,248,720	463,730	
Total as at June 30, 2018 (Audited)						133,942,968	132,802,858	(1,140,110)	

5.3.1 Significant terms and conditions of term finance certificates / sukuks outstanding at the period end are as follows:

Name of security	Number of certificates	Face / redemption value (Rupees)		Interest rate per annum	Maturity	Secured / unsecured	Rating
		Per certificate	Total				
Un-listed							
Bank AL Habib Limited	5,580	4,995	27,872,100	6M KIBOR + 0.75%	17-Mar-26	Unsecured	AA
Bank Alfalah Limited	3,000	4,989	14,967,000	6M KIBOR + 1.25%	20-Feb-21	Unsecured	AA
Habib Bank Limited	150	99,900	14,985,000	6M KIBOR + 0.50%	19-Feb-26	Unsecured	AA+
The Bank of Punjab	50	99,940	4,997,000	6M KIBOR + 1.00%	23-Dec-26	Unsecured	AA-
Aspin Pharma (Private) Limited	130	100,000	13,000,000	3M KIBOR + 1.50%	30-Nov-23	Secured	A
Listed							
Askari Bank Limited	5,003	4,992	24,974,976	6M KIBOR + 1.20%	30-Sep-24	Unsecured	AA-
Jahangir Siddiqui & Company Limited	5,000	5,000	25,000,000	6M KIBOR + 1.40%	18-Jul-22	Secured	AA+
Dawood Hercules Corporation Limited	72	100,000	7,200,000	3M KIBOR + 1.00%	16-Nov-22	Secured	AA

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2018

5.4 Government securities - available for sale

Debt Sub-Fund

Name of security	Issue date	Face value			Balance as at December 31, 2018			Market value as % of net assets of sub-funds	
		As at July 01, 2018	Purchased during the period	Sold / matured during the period	As at December 31, 2018	Cost	Market value		Appreciation / (diminution)
(Rupees)									
Pakistan Investment Bonds									
Pakistan investment bonds - 5 years	18-Jul-2013	960,000	-	960,000	-	-	-	0.00%	
	26-Mar-2015	200,000	-	200,000	-	-	-	0.00%	
					-	-	-	0.00%	
								0.00%	
Pakistan investment bonds - 10 years	30-Aug-2008	3,500,000	-	3,500,000	-	-	-	0.00%	
	19-Jul-2012	30,000	-	30,000	-	-	-	0.00%	
					-	-	-	0.00%	
								0.00%	
Pakistan investment bonds - 15 years	31-Oct-2006	3,500,000	-	3,500,000	-	-	-	0.00%	
Pakistan investment bonds - 20 years	10-Jun-2004	1,900,000	-	1,900,000	-	-	-	0.00%	
Total as at December 31, 2018 (Un-Audited)									
Total as at June 30, 2018 (Audited)									

5.5 Commercial paper - at amortised cost

Debt Sub-Fund

Hascol Petroleum Limited
K-Electric Limited

Money Market Sub-Fund

K-Electric Limited

	December 31, 2018 (Un-Audited)	June 30, 2018 (Audited)
	9,993,453	-
	39,446,316	-
	49,439,769	-
	8,875,454	-

Significant terms and conditions of commercial papers outstanding at the period end are as follows:

Name of security	Interest / mark-up rates	Issue date	Maturity date	Carrying value as a % of net assets of sub-funds
Debt Sub-Fund				
Hascol Petroleum Limited	8.29%	4-Jul-18	4-Jan-19	1.79%
K-Electric Limited	8.95%	29-Aug-18	1-Mar-19	7.07%
Money Market Sub-Fund				
K-Electric Limited	8.95%	29-Aug-18	1-Mar-19	4.21%

5.6 This carries interest at the rate of 11.25% (June 30, 2018: Nil) per annum with maturity on February 06, 2019 (June 30, 2018: Nil).

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2018

		December 31, 2018 (Un-audited)					
		Equity	Debt	Market		June 30, 2018	
		Sub-Fund	Sub-Fund	Sub-Fund	Total	(Audited)	
6.	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	(Rupees)				
	Provision for Sindh Workers' Welfare Fund	6.1	3,766,624	1,862,103	480,397	6,109,124	5,926,074
	Provision for Federal Excise Duty on remuneration of Pension Fund Manager	6.2	2,420,238	2,404,933	1,151,294	5,976,465	5,976,465
	Brokerage payable		28,481	1,626	1,419	31,526	267,154
	Withholding tax payable		283,041	194,605	41,972	519,618	468,401
	Auditors' remuneration		322,467	232,744	80,906	636,117	422,687
	Payable against redemption of units		-	-	22,097	22,097	22,097
	Others		-	651	-	651	650
			6,820,851	4,696,662	1,778,085	13,295,598	13,083,528

6.1 Provision for Sindh Workers' Welfare Fund

There is no change in the status of the SWWF as reported in note 11.1 to the annual financial statements of the Fund for the year ended June 30, 2018. Had the provision not been made, the net assets value per unit of the Fund would have been higher by Rs.2.34 per unit in respect of Equity Sub-Fund, Re.0.83 per unit in respect of Debt Sub-Fund and Re.0.52 per unit in respect of Money Market Sub-Fund as at December 31, 2018 (June 30, 2018: Rs.2.34 per unit in respect of Equity Sub-Fund, Re.0.83 per unit in respect of Debt Sub-Fund and Re.0.52 per unit in respect of Money Market Sub-Fund).

6.2 Provision for Federal Excise Duty on remuneration of Pension Fund Manager

There is no change in the status of the appeal filed by the Federal Board of Revenue in the Honorable Supreme Court of Pakistan in respect of levy of Federal Excise Duty, as reported in note 11.2 to the annual financial statements. Had the provision not been made, the net assets value per unit of the Fund would have been higher by Rs.1.5 (June 30, 2018: Rs.1.7) per unit in respect of Equity Sub-Fund, Rs.1.07 (June 30, 2018: Re.0.97) per unit in respect of Debt Sub-Fund, Rs.1.24 (June 30, 2018: Rs.1.05) per unit in respect of Money Market Sub-Fund as at December 31, 2018.

7. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2018.

8. 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.

9. CONTRIBUTION TABLE

		December 31, 2018 (Unaudited)					
Individuals:	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Total
	Units	(Rupees)	Units	(Rupees)	Units	(Rupees)	(Rupees)
Issuance of units	253,668	128,306,836	191,152	46,398,989	124,886	27,969,364	202,675,189
Redemption of units	(91,375)	(46,002,804)	(400,774)	(97,053,791)	(285,660)	(63,181,637)	(206,238,232)

		December 31, 2017 (Unaudited)					
Individuals:	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Total
	Units	(Rupees)	Units	(Rupees)	Units	(Rupees)	(Rupees)
Issuance of units	92,427	47,190,542	142,174	32,976,581	60,168	12,767,739	92,934,862
Redemption of units	(35,370)	(17,719,184)	(96,672)	(22,467,201)	(38,693)	(8,233,241)	(48,419,626)

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	December 31, 2018 (Unaudited)		
	Equity	Debt	Money
	Sub-Fund	Sub-Fund	Market
	----- (Number of units) -----		
10. NUMBER OF UNITS IN ISSUE			
Total units outstanding at beginning of the period	1,449,822	2,463,259	1,092,415
Units issued during the period	253,668	191,152	124,886
Units redeemed during the period	(91,375)	(400,774)	(285,660)
Total units in issue at end of the period	1,612,115	2,253,637	931,641

	June 30, 2018 (Audited)		
	----- (Number of units) -----		
Total units outstanding at the beginning of the year	1,359,847	2,231,698	808,983
Units issued during the year	265,836	552,620	365,661
Units redeemed during the year	(175,861)	(321,059)	(82,229)
Total units in issue at the end of the year	1,449,822	2,463,259	1,092,415

11. (LOSSES) / EARNINGS PER UNIT

(Losses) / earnings per unit based on cumulative weighted average units for the period has not been disclosed as in the opinion of the Management Company the determination of the same is not practicable.

	December 31, 2018 (Un-audited)				
	Equity	Debt	Money		June 30, 2018
	Sub-Fund	Sub-Fund	Market	Total	(Audited)
			Sub-Fund		
	----- (Rupees) -----				
12. CASH AND CASH EQUIVALENTS					
Balances with banks - savings accounts	16,264,001	369,075,097	162,870,787	548,209,885	603,608,432
Term deposit receipt	-	-	40,000,000	40,000,000	-
	16,264,001	369,075,097	202,870,787	588,209,885	603,608,432

13. TRANSACTIONS WITH CONNECTED PERSONS

Related parties / connected persons of the Fund include the Management Company, other collective investment schemes managed by the Management Company, MCB Bank Limited being the Holding Company of the Management Company, the Trustee, directors, key management personnel and other associated undertakings and connected persons. Connected persons also include any person beneficially owing directly or indirectly 10% or more of the units in the issue / net assets of the Fund.

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, other charges, sale and purchase of investments and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provision of the NBFC Regulations and constitutive documents of the Fund respectively.

Details of transactions and balances at year end with related parties / connected persons, other than those which have been disclosed elsewhere in these financial statements, are as follows:

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2018

13.1 Transactions during the period

	Half year ended December 31, 2018 (Un-Audited)				Half year ended
	Equity	Debt	Money		December 31,
	Sub-Fund	Sub-Fund	Market	Total	2017
			Sub-Fund		(Un-Audited)
	----- (Rupees) -----				
MCB Arif Habib Savings and Investments Limited - Pension Fund Manager					
Remuneration (including indirect taxes)	6,679,810	4,807,247	1,756,961	13,244,018	11,937,571
Central Depository Company of Pakistan Limited - Trustee					
Remuneration (include indirect taxes)	588,988	423,853	154,943	1,167,784	1,080,979
Settlement charges	32,137	3,390	4,520	40,047	31,570
Group / Associated companies					
MCB Bank Limited					
Mark-up earned	44,386	1,379	937	46,702	80,838
Bank charges	3,306	1,525	25	4,856	3,831
Arif Habib Limited - Brokerage House					
Brokerage expense*	6,541	-	1,075	7,616	7,191
Next Capital Limited - Brokerage House					
Brokerage expense*	102,501	-	1,581	104,082	104,082

13.2 Balances outstanding at period end:

	December 31, 2018 (Un-Audited)				
	Equity	Debt	Money		June 30, 2018
	Sub-Fund	Sub-Fund	Market	Total	(Audited)
			Sub-Fund		
	(Rupees)				
MCB Arif Habib Savings and Investments Limited - Pension Fund Manager					
Remuneration payable	985,656	708,943	265,564	1,960,163	1,915,079
Sindh sales tax payable on remuneration	128,133	92,163	34,524	254,820	248,959
Central Depository Company of Pakistan Limited - Trustee					
Remuneration payable	87,280	62,617	23,522	173,419	169,135
Sindh sales tax payable on remuneration	11,344	8,283	3,033	22,660	21,969
Security deposit	200,000	200,000	200,000	600,000	500,000
Group / Associated companies					
MCB Bank Limited					
Bank Balance	198,513	129,669	174,653	502,835	258,509
Profit Receivable	1,552	-	-	1,552	9,937
MCB Islamic Bank Limited					
Bank Balance	-	-	-	-	10,042
Arif Habib Limited - Brokerage House					
Brokerage payable*	28,481	-	-	28,481	8,207
Next Capital Limited - Brokerage House					
Brokerage payable*	-	-	-	-	13,140

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* The amount disclosed represents the amount of brokerage paid / payable to connected persons and not the purchase or sale value of securities transacted through them. The purchase or sale value has not been treated as transactions with connected persons as the ultimate counter-parties are not connected persons.

13.3 Unit Holders' Fund

FOR THE HALF YEAR ENDED DECEMBER 31, 2018 (Un-Audited)

As at July 01, 2018	Issued for cash	Redeemed	As at December 31, 2018	As at July 01, 2018	Issued for cash	Redeemed	As at December 31, 2018
(Units)				(Rupees)			

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

- Pakistan Pension Fund - Equity	252,196	-	-	252,196	129,086,523	-	-	115,304,011
- Pakistan Pension Fund - Debt	253,109	-	-	253,109	60,662,634	-	-	62,641,946
- Pakistan Pension Fund - Money Market	300,000	-	-	300,000	65,826,000	-	-	67,962,000

Key management personnel

- Pakistan Pension Fund - Equity	14,449	3,072	11,110	6,411	7,183,815	1,440	5,085	2,931,109
- Pakistan Pension Fund - Debt	3,950	663	1,782	2,831	772,456	162	441	700,644
- Pakistan Pension Fund - Money Market	199	82	-	281	45	18	-	63,658

FOR THE HALF YEAR ENDED DECEMBER 31, 2017 (Un-Audited)

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

MCB Arif Habib Savings and Investments Limited - Pension Fund Manager

- 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

* The unit holder also holds 10% or more of the units in the Plan.

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as

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

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

Level 1: quoted prices in active markets for identical assets or liabilities;

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2018

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

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

As at December 31, 2018 and June 30, 2018, the Fund held the following instruments measured at fair values:

December 31, 2018 (Un-Audited)					
		Level 1	Level 2	Level 3	Total
	Note	(Rupees)			
Equity Sub-Fund					
Listed equity securities		722,410,032	-	-	722,410,032
Debt Sub-Fund					
Government Securities -					
Pakistan Investment Bonds	14.1.1	-	5,023,585	-	5,023,585
Government Securities - Treasury bills	14.1.1	-	157,468,800	-	157,468,800
Term Finance Certificates	14.1.2	-	133,248,720	-	133,248,720
		722,410,032	295,741,105	-	1,018,151,137
June 30, 2018 (Audited)					
Equity Sub-Fund					
Listed equity securities		735,806,888	-	-	735,806,888
Debt Sub-Fund					
Government Securities -					
Pakistan Investment Bonds		-	10,832,133	-	10,832,133
Government Securities - Treasury bills		-	148,421,127	-	148,421,127
Term Finance Certificates		-	132,802,858	-	132,802,858
Money Market Sub-Fund					
Government Securities - Treasury bills		-	98,947,135	-	98,947,135
		735,806,888	391,003,253	-	1,126,810,141

During the period ended December 31, 2018, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

14.1 Valuation techniques used in determination of fair values within level 2

14.1.1 Fair values of Pakistan Investment Bonds and Market Treasury Bills are derived using PKRV rates (Reuters page).

14.1.2 Investments in term finance certificates issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital, are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.

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

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2018

15. GENERAL

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

15.2 Certain prior year's figures have been re-arranged / re-classified, wherever necessary, to facilitate comparison in the presentation in the current period. However, there are no material re-arrangements / re-classifications to report other than as disclosed in note 3.1.

16. DATE OF AUTHORISATION FOR ISSUE

These interim financial statements were authorized for issue on February 18, 2019 by the Board of Directors of the Pension Fund Manager.

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



Chief Executive Officer



Director

MCB-Arif Habib Savings and Investments Limited

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